



Analysis of increased productivity and innovativeness in the transport engineering and construction sector 2016

**Summary
Report 2016:5**

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Summary

In 2014, Transport Analysis was granted a mandate by the Government to analyse and evaluate efforts made by the Swedish Transport Administration, TRA (in Swedish, Trafikverket) over a three year period, to enhance productivity and the level of innovation in the construction market.

In April 2016, Transport Analysis presented in a first report a general overview of TRA's work, addressing productivity and effectiveness matters, as well as some in depth analysis on selected tasks, central to the overall evaluation.

This second report presents a follow-up analysis, looking at some of the projects and other measures initiated by TRA that are likely to have a critical impact on future productivity and propensity to innovate in the Swedish construction sector. These include the Design-Build Contracts in Practices (TEiP) and the Strategic Procurement & Order Development (SISU) projects. The report also describes and evaluates other selected activities and projects that is assumed to play a significant role in the mission to increase productivity and stimulate innovative thinking by entrepreneurs and suppliers in executing Design-Build contracts. These TRA activities often are conducted in close liaison and cooperation with suppliers. A presentation and analysis of how TRA's productivity has developed over the last year also is included in the report.

New procurement processes awaiting full implementation

The TEiP and SISU projects both have achieved their objectives; i.e. producing and delivering templates, guidelines and other relevant documentation to support the implementation of the daunting task to increase productivity for investments in infrastructure. As part of this effort, the project SISU has created a new central procurement organisation, with responsibility to direct and coordinate the purchasing and procurement activities of the TRA.

Transport Analysis has not had access to sufficient meaningful information to enable a more comprehensive assessment of whether or not the new working concept and its associated methods, tools, etc., have been used in practice and, if so, to what extent. We also are not aware of any reported follow-up by TRA concerning how the new working methods have affected business efficiency. These question remain as open issues to be addressed in the next Transport Analysis evaluation.

There is a developed structure to liaise with the suppliers

It is the perception of Transport Analysis picture that TRA's efforts to liaise with the suppliers is well structured and systematic. Hence, there is a defined form and working organisation for cooperation with TRA's suppliers; especially their branch organisations that contribute to enhancing productivity and increasing the level of innovation in the marketplace.

We acknowledge that measures have been undertaken and work has been initiated but so far, we have not been able to trace any systematic presentation and demonstration of results from these activities. It is the experience of Transport Analysis to date that the only effective way to obtain a more comprehensive picture of what the work of TRA has resulted in is by conducting in-depth interviews with managers at TRA as well as with major entrepreneurs. The investigation of cooperative efforts via third party sources, for example website

searches, tend to indicate that little or nothing has happened. In part this may be due to the fact that such publicly available sources are not up-to-date and therefore not representative of the real situation.

The reporting of productivity ought to be developed

Transport Analysis has followed productivity information as reported in the TRA's annual reports. Our 2015 analysis showed that only three of the six measurements that TRA uses to monitor developments are applicable as measures of productivity. These are fundamentally pertinent measures but they contain some flaws and weaknesses in their robustness. Hence, they need to be developed further. Transport Analysis considers that the measures can work relatively well for the TRA's internal control and accounting, provided they are clearly expressed in scorecards but the calculation techniques need to be developed further in order to give the government a clearer picture of the construction industry's actual productivity.

Successive monitoring of strategies and approaches are needed

Transport Analysis concludes that there are indications that the TRA's efforts to enhance productivity have declined in respect of commitment, momentum and determination. There is therefore an urgent task for the TRA to reenergise and progressively follow up and evaluate the current strategy, taking proactive measures to motivate long-term suppliers to adapt to the same long-term perspective, and to align their activities with those of the TRA's new direction.



Transport Analysis is a Swedish agency for transport policy analysis. We analyse and evaluate proposed and implemented measures within the sphere of transport policy. We are also responsible for official statistics in the transport and communication sectors. Transport Analysis was established in April 2010 with its head office in Stockholm and a branch office in Östersund.