

Innovation Building Group Best Practices for Modern Methods of Construction



5. Why Procurement Structure Matters More Than Most People Think

Many housing delivery challenges are often attributed to rising material costs, labour shortages, regulatory complexity, or financing pressures. While all of these factors are significant, procurement structure itself frequently has an equally large — and often underestimated — influence on project outcomes.

Over the last decade, we have repeatedly observed that projects with strong early-stage integration generally achieve better results in:

- cost predictability,
- operational performance,
- constructability,
- delivery timelines, and
- long-term maintenance outcomes.

Conversely, fragmented procurement structures often reduce the ability of project teams to optimize the building as a coordinated system.

In conventional delivery models, responsibilities are frequently separated into discrete phases:

- development,
- design,
- costing,
- procurement,
- manufacturing,
- construction, and
- operations.

As these silos increase, decision-making becomes increasingly fragmented. Opportunities for optimization that exist early in the process are often lost before the project reaches construction. This fragmentation can produce:

- repeated redesign cycles,
- disconnected budgeting exercises,
- oversized mechanical systems,
- coordination inefficiencies,
- procurement uncertainty, and
- late-stage constructability conflicts.

Many organizations adopt conventional procurement structures because they are familiar and appear to reduce institutional risk. However, fragmented delivery often shifts risk downstream rather than eliminating it through early integration and coordination.

Our experience has been that some of the most significant project efficiencies occur during the earliest stages of project development, when teams still have flexibility to optimize:

- assemblies,
- system selection,
- manufacturing approaches,

- sequencing,
- operational performance, and
- lifecycle cost exposure.

Once construction documentation and procurement pathways are fixed, many opportunities for simplification become substantially more difficult to implement.

At IBG, some of the strongest project outcomes emerged when:

- development strategy,
- costing,
- constructability,
- building science,
- procurement, and
- operational planning

were integrated into a coordinated process from the outset. This approach has consistently improved cost certainty, operational efficiency, HVAC simplification, coordination quality, and long-term building performance.

The industry challenge moving forward is no longer demonstrating that integrated approaches can work. Multiple completed projects now provide operational and construction evidence supporting these outcomes.

The larger challenge is adapting procurement systems so organizations can adopt integrated delivery models without perceiving themselves as taking on additional institutional risk.

As housing pressures continue to intensify, procurement structure may become one of the most influential variables affecting housing affordability, productivity, and long-term performance.