Bottom-up projects initiated by architects

A study on the usefulness and necessity of a business case

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To what extent a business case is used in the process of bottom-up projects initiated by architectural firms and how could the implementation of a business case support the likelihood of success?

Problem statement

To react on the changing situation in the construction sector, a new way of thinking is required. Appropriate solutions should be found for the current problems like shrinking regions, scarcity of energy and materials and vacancy of office buildings. A number of young, small architectural firms are looking for new ways of thinking in the real estate sector to strengthen their market position. Bottom-up initiatives are an example of a new way of thinking in the construction industry. In practice it appears that an adequate decision-making tool and an economic model are missing. According to various management strategies a business case is an appropriate document for decision-making.

Research objectives

This research has two purposes. The first goal is to clearly define the concepts of bottom-up and business case. The second goal is to connect a decision-making tool to bottom-up projects initiated by architects.

Research design

Theoretical
literature study on ‘bottom-up’ and ‘business case’

Empirical
case related interviews and document analysis

Main findings

Conclusions from the cross-case analysis on the subject ‘project charter’:
1. Goals are not formulated on the basis of business needs;
2. Cost-benefit analysis is made to a certain extent;
3. The financial model is deliberately chosen;
4. Establishment of a private company or foundation.

Conclusions from the cross-case analysis on the subject ‘success factors’:
1. Clear formulated goals;
2. A deliberately chosen financial model.

Checklist of the bottom-up project charter

- Ambitions are translated into concrete goals
  The goals should be evaluated according to the SMART-principle.
- Financial model fits in the project
  Almost all projects are (co-)financed by crowdfunding.
- A business model is formulated
  This model answers the question: how do we create revenues?
- Responsibilities are defined
  Establish a private company, a foundation, or another legal form.
- External factors are appointed
  Which external factors steer the project?
- Organizational process means are appointed
  What means are required to realize the project?