

Collaboration in the Supply Chain

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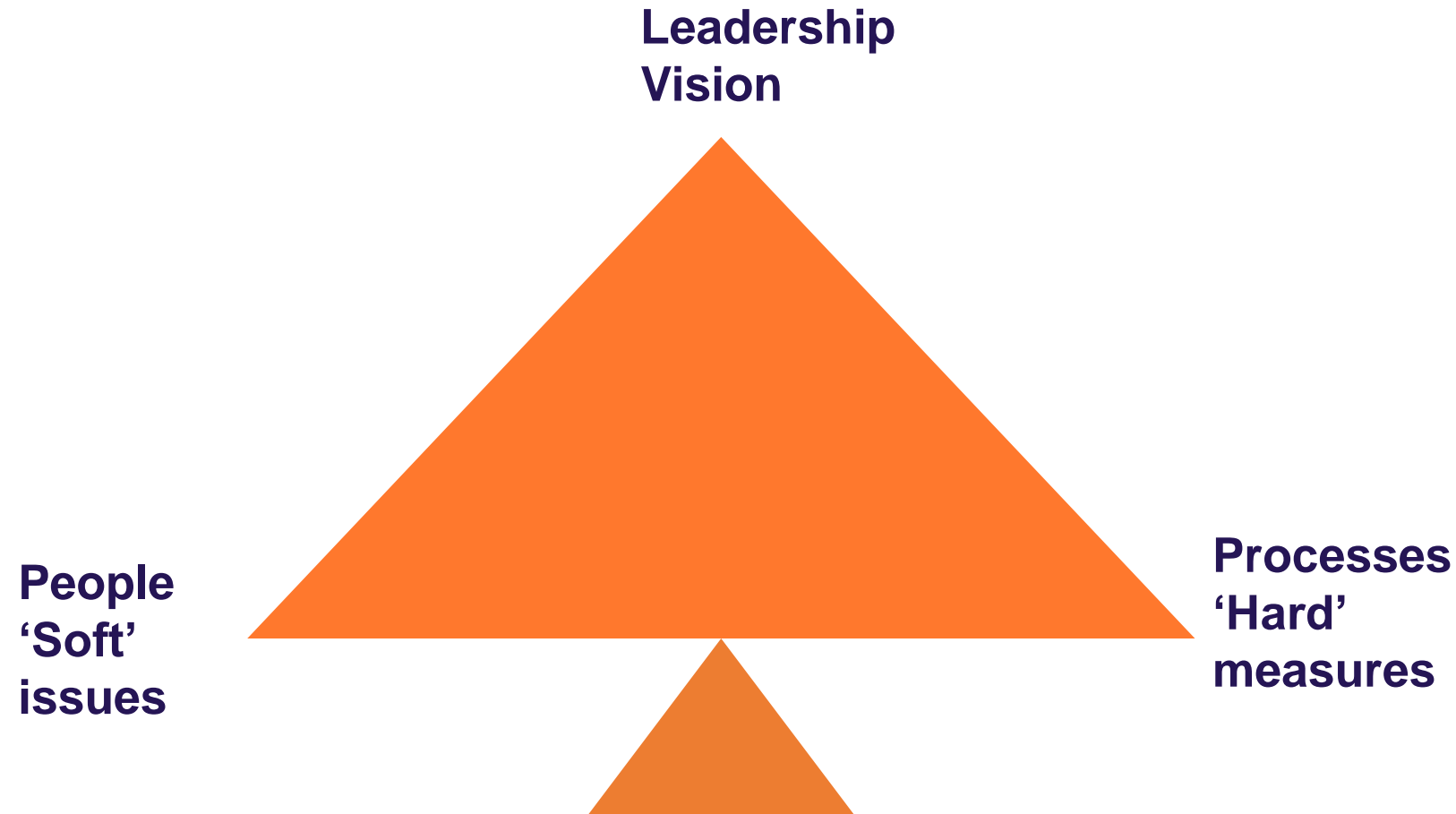
Constructing Excellence South West

Chair BIM4Housing

Collaborative working

An umbrella term for working together in a seamless team to common objectives that deliver benefits for all

Collaborative working key principles

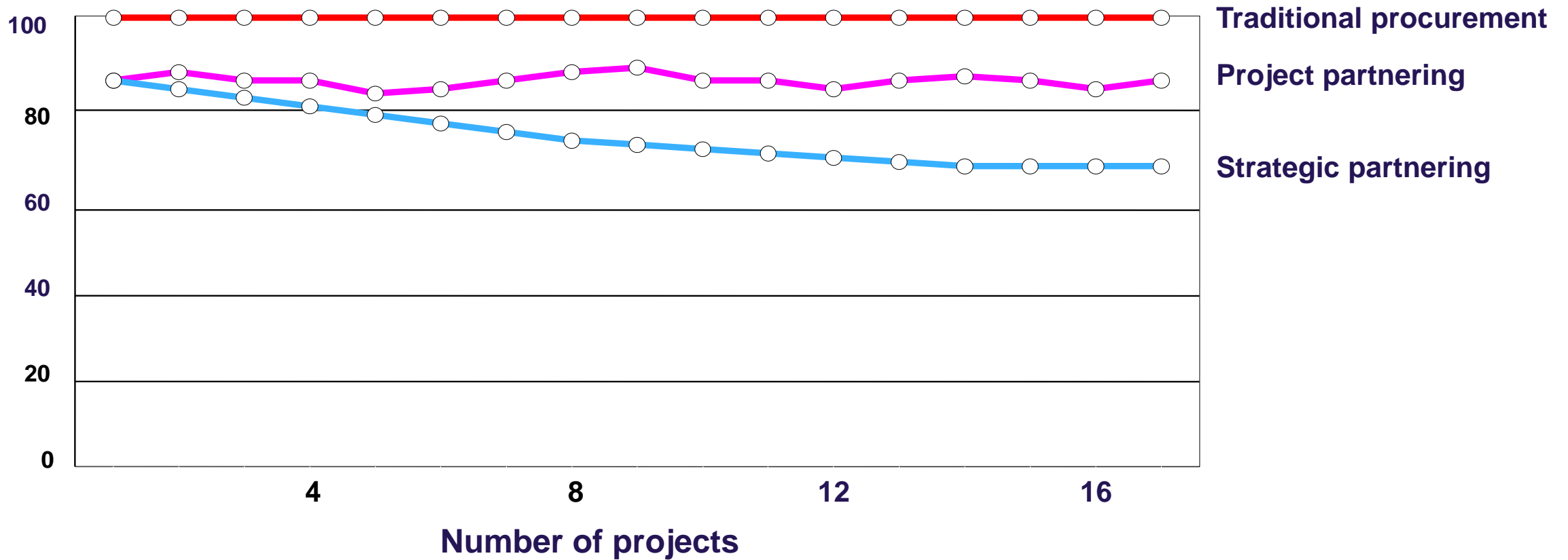


Collaborative working

- Critical success factors
- Early involvement
- Selection by value
- Common processes and tools
- Measurement of performance } continuous
- Long-term relationships } improvement
- Modern commercial arrangements

Cost benefits of 'partnering'

From *Trusting the team*, Reading Construction Forum, 1995



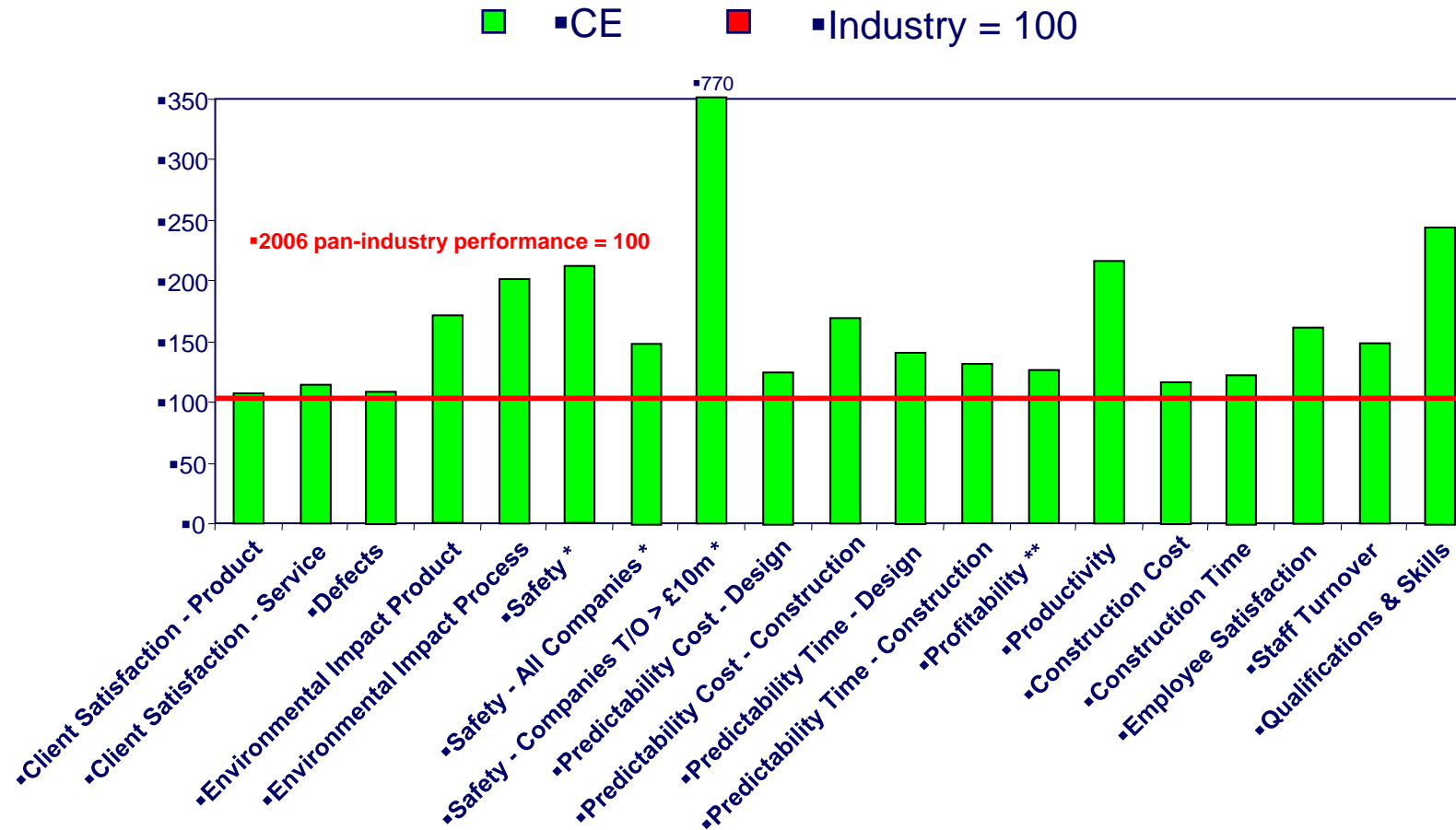
Pioneering projects

- BAA: Pavement Team, Genesis, mid 1990s onwards
 - After 7 years frameworks saved 55% on time and 60% on design and management costs
- GlaxoWellcome: Fusion, mid-late 1990s
 - 3 projects worth total £50M saved £8.7M plus 13 months worth a further £2.25M
- MOD
 - Building Down Barriers, late 1990s (see following slide)

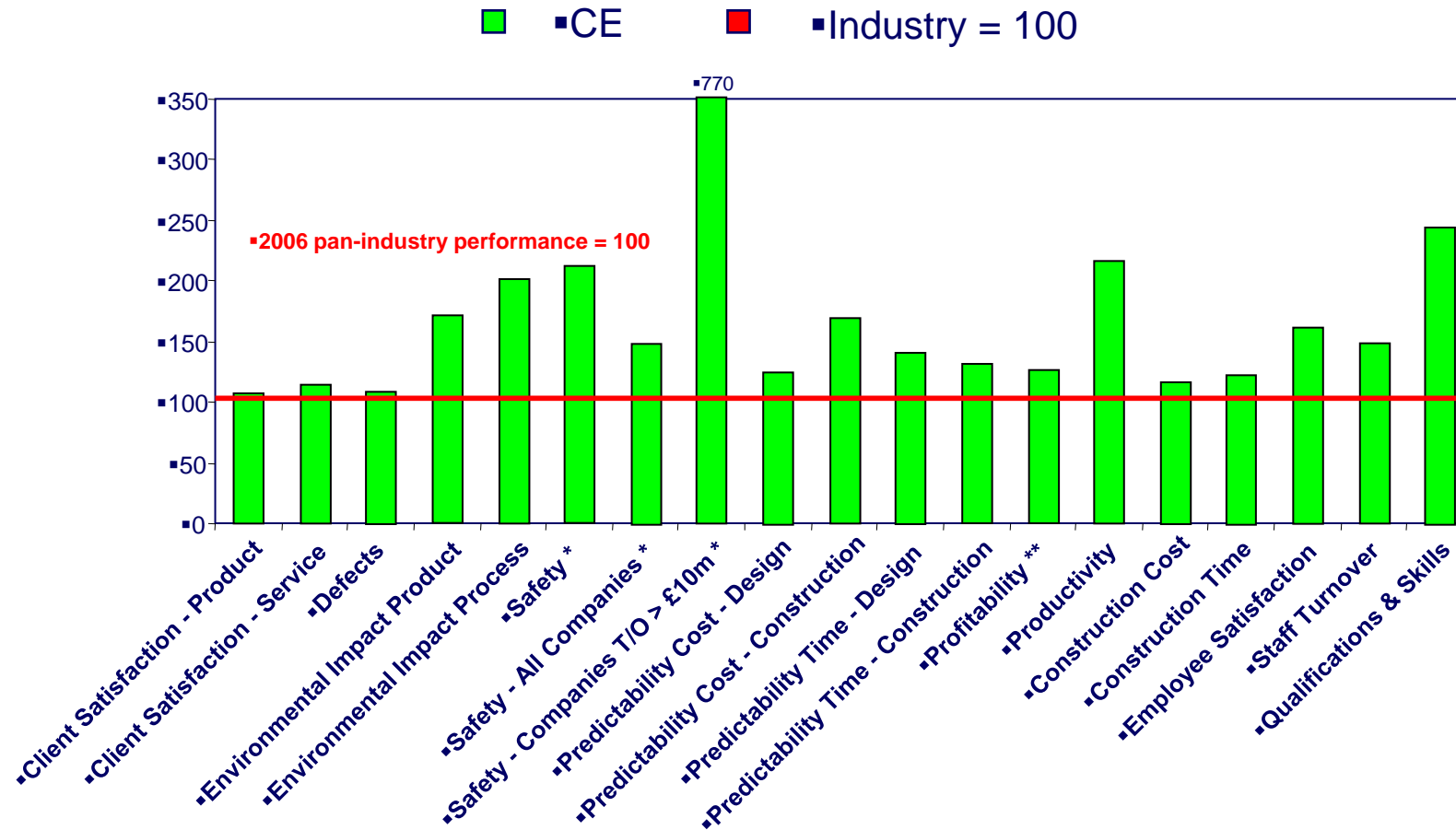
What was achieved by the Building Down Barriers Pilot Projects?

- Enhanced functionality of design (VFM)
- Clients “delighted” with the process
- Enhanced build ability, leading to.....
- Outstanding efficiency on site (65-70% of time on value adding activities c/w BRE benchmark of 54%)
- Lower than predicted TLC as NPV (-14.4%, -7,4%)
- Outstanding safety record on one project
- Programme savings (10 - 25%)
- Fair margins for all (8-14%)

Demonstration projects out-perform the rest of the industry



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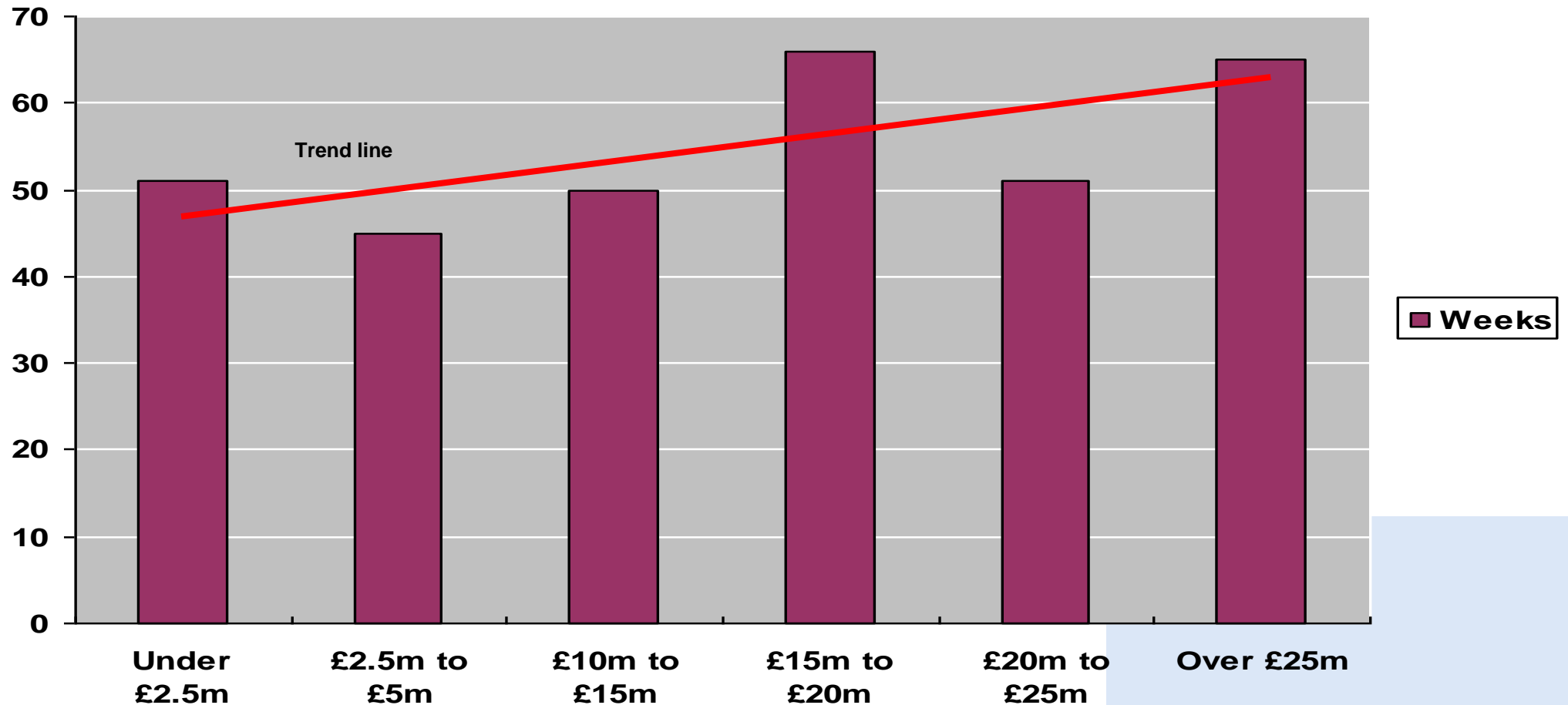


Collaborative working – critical success factors

- **Early involvement**
- Selection by value
- Common processes and tools
- Measurement of performance as basis for continuous improvement
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Pre ProCure - NHS Public Capital Building Contracts

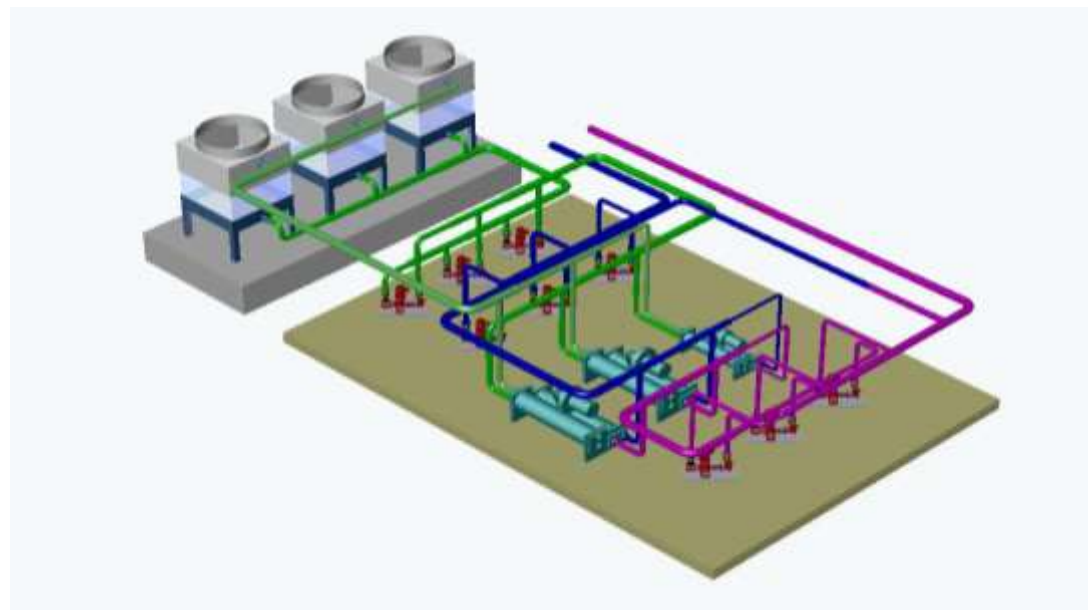
Average number of weeks from OJEU notice to Start on Site, categorised by Tender Sum (OJEU not required on P21 contracts as frameworks pre-tendered; results in time/cost saving)



Early involvement - design expertise

Piping cost = £155,000

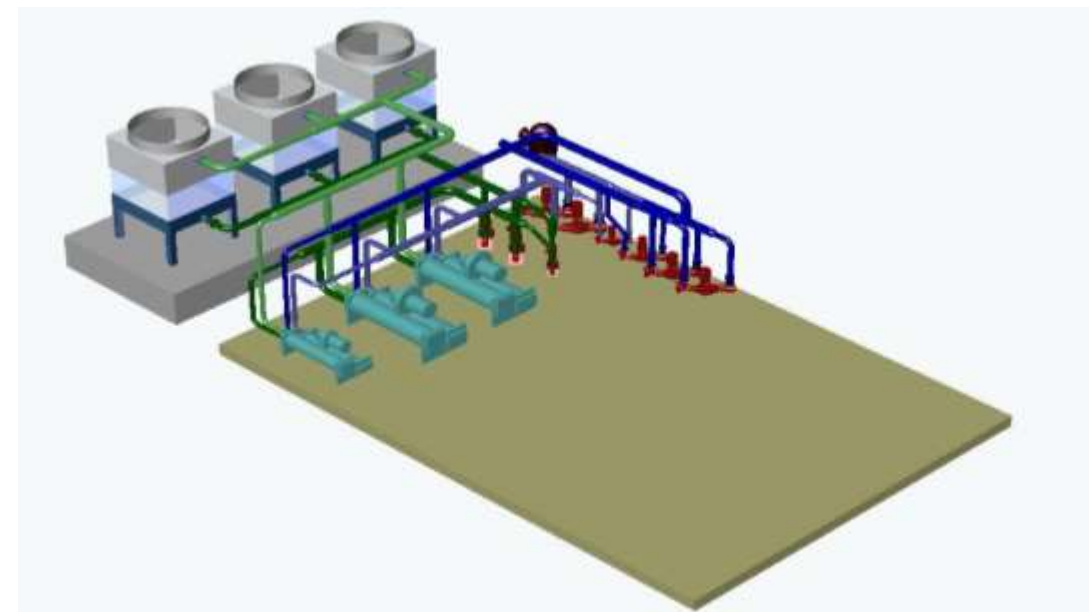
Equivalent length = 700m



ARMSTRONG 

Piping cost = £116,000

Equivalent length = 494m

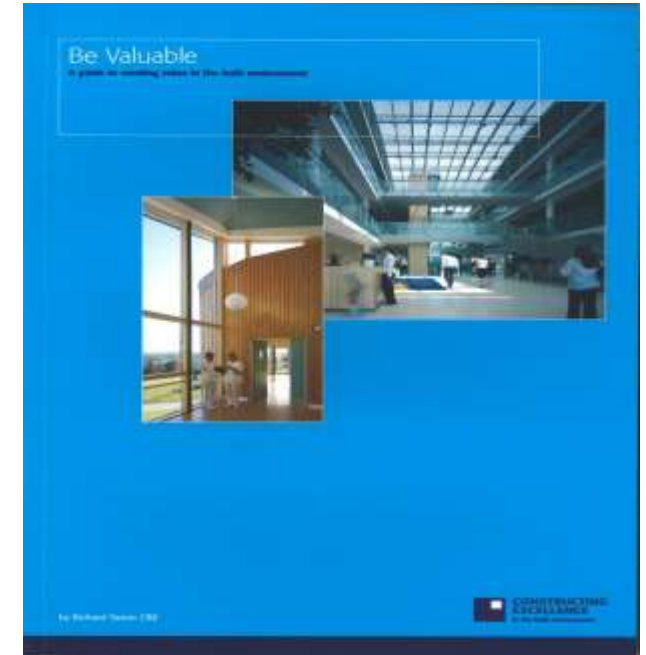


Collaborative working - critical success factors

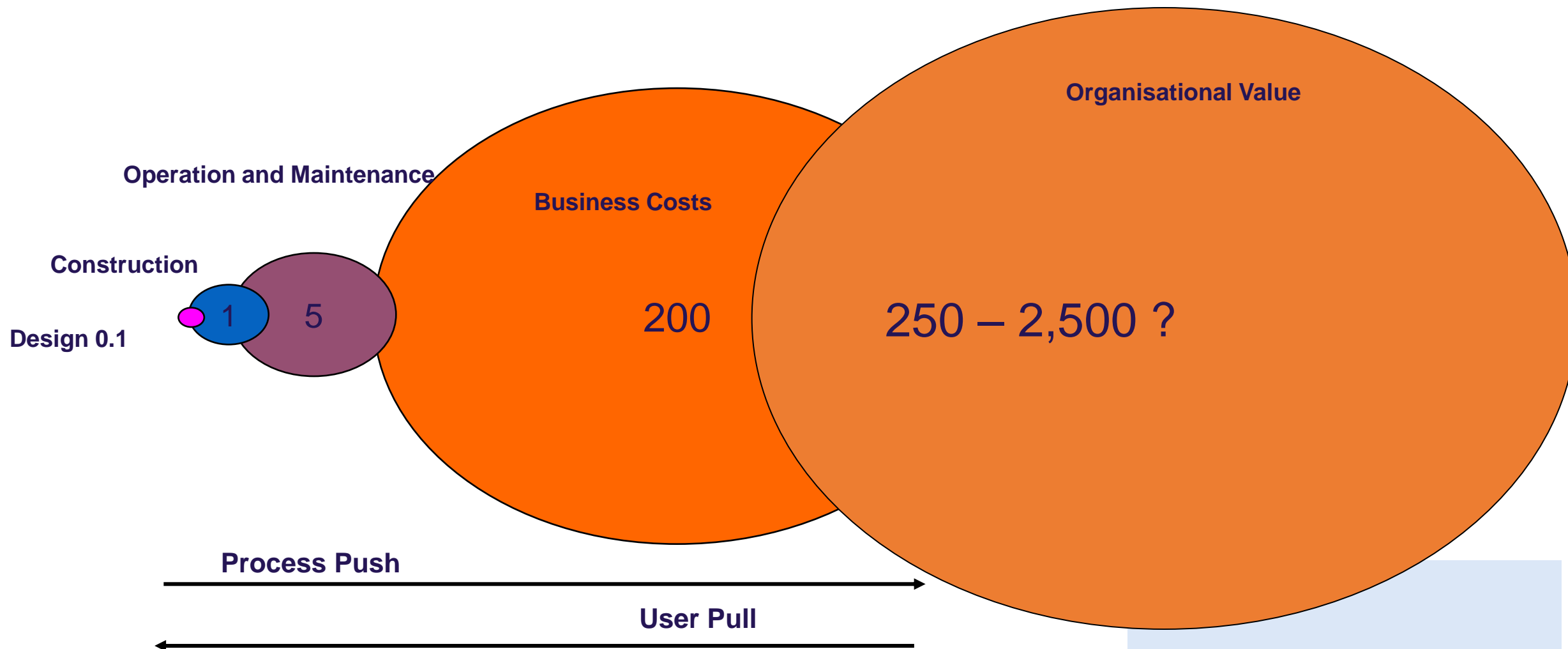
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What is “Value”?

$$\text{Value} = \frac{\text{Benefit}}{\text{Cost}}$$



What the customer really needs



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Merchant transaction costs e.g. tendering vs framework

Worst case

Best case

Average invoice value



Contractor order processing



Merchant order processing



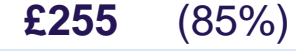
Merchant invoicing



Contractor invoice processing



Product cost, transport, storage, value added services



£135
(45%)

£45
(15%)



The cost of tendering

- Win rates for consultants and contractors average around 1 in 5
- Contractor
 - Average bid is for a £14M job
 - £23,000 to bid, £23,000 to pre-qualify
- Consultant
 - average bid is for £1m of fee income
 - £11,000 to bid, £8,000 to pre-qualify
- **Tendering adds average 3% to construction prices**

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JCT 'Partnering Contract'

be



Be COLLABORATIVE CONTRACT



Overview

Carpe Diem: *Andrew Carpenter, Chief Executive, CESW*

- **Rethinking Construction**



2015

Thought for the day:

***A little less conversation a little more
action please***



Thank you for listening !

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