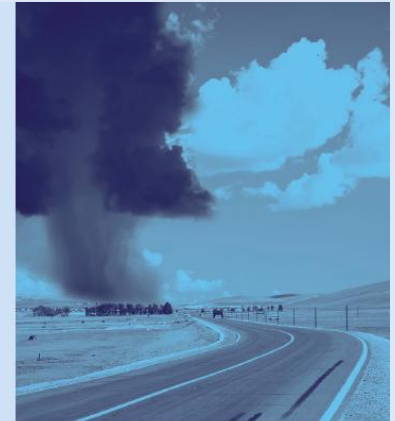


# “Never waste a good crisis”

Don Ward  
Chief Executive

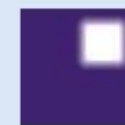
[don.ward@constructingexcellence.org.uk](mailto:don.ward@constructingexcellence.org.uk)  
[#constructingexc](https://twitter.com/constructingexc)



Never Waste a Good Crisis

A Review of Progress since *Rethinking Construction*  
and Thoughts for Our Future

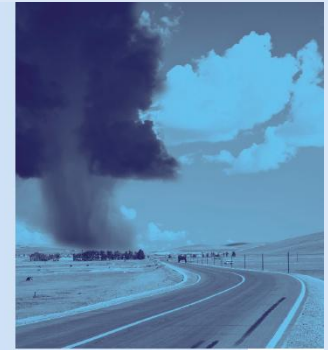
 **CONSTRUCTING  
EXCELLENCE**  
in the built environment



**CONSTRUCTING  
EXCELLENCE**  
in the built environment

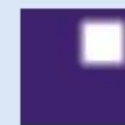
# “Never waste a good crisis”

- The industry has improved over the last decade
- 4 blockers have slowed the pace of change
- Recession should provide the impetus needed for further change
- Collaborative working is even more important for this next era



Never Waste a Good Crisis  
A Review of Progress since Rethinking Construction  
and Thoughts for Our Future

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# “Constructing Excellence”

A national, regional and local  
**enabler for much improved performance**  
to deliver better built environments  
**through collaborative working**

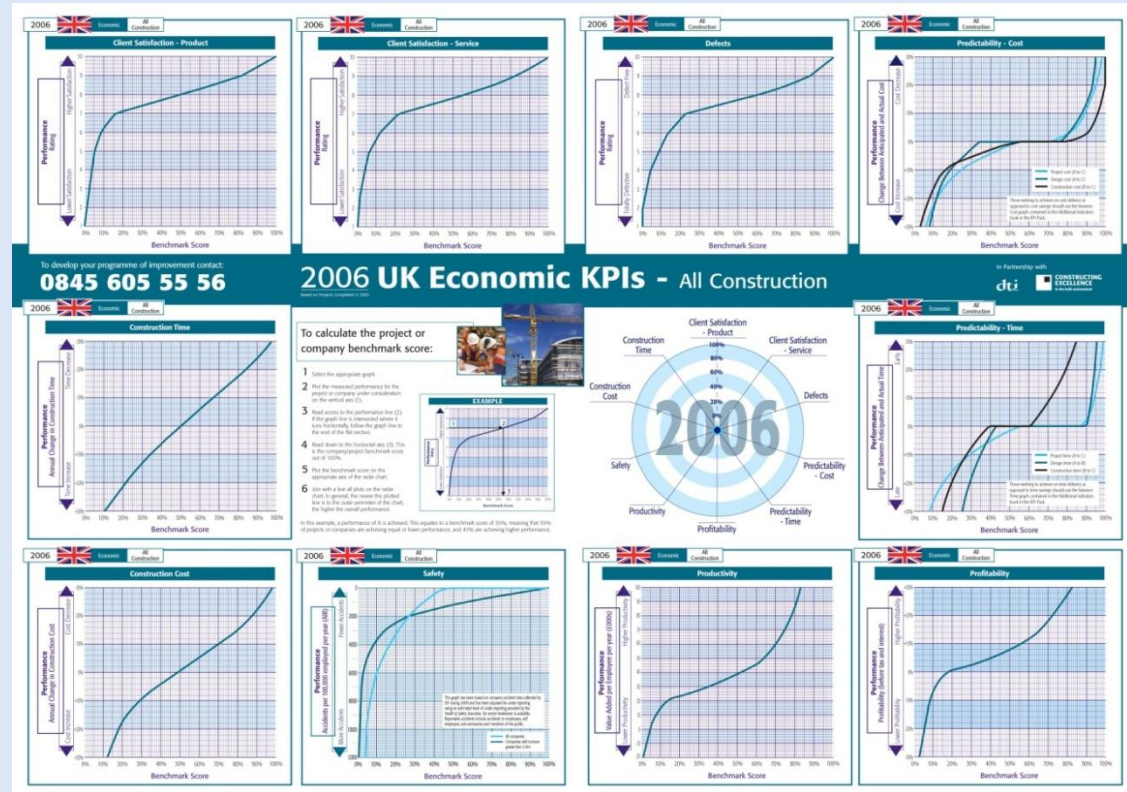
# Industry reform can be charted by a number of key reports



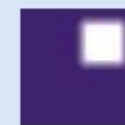
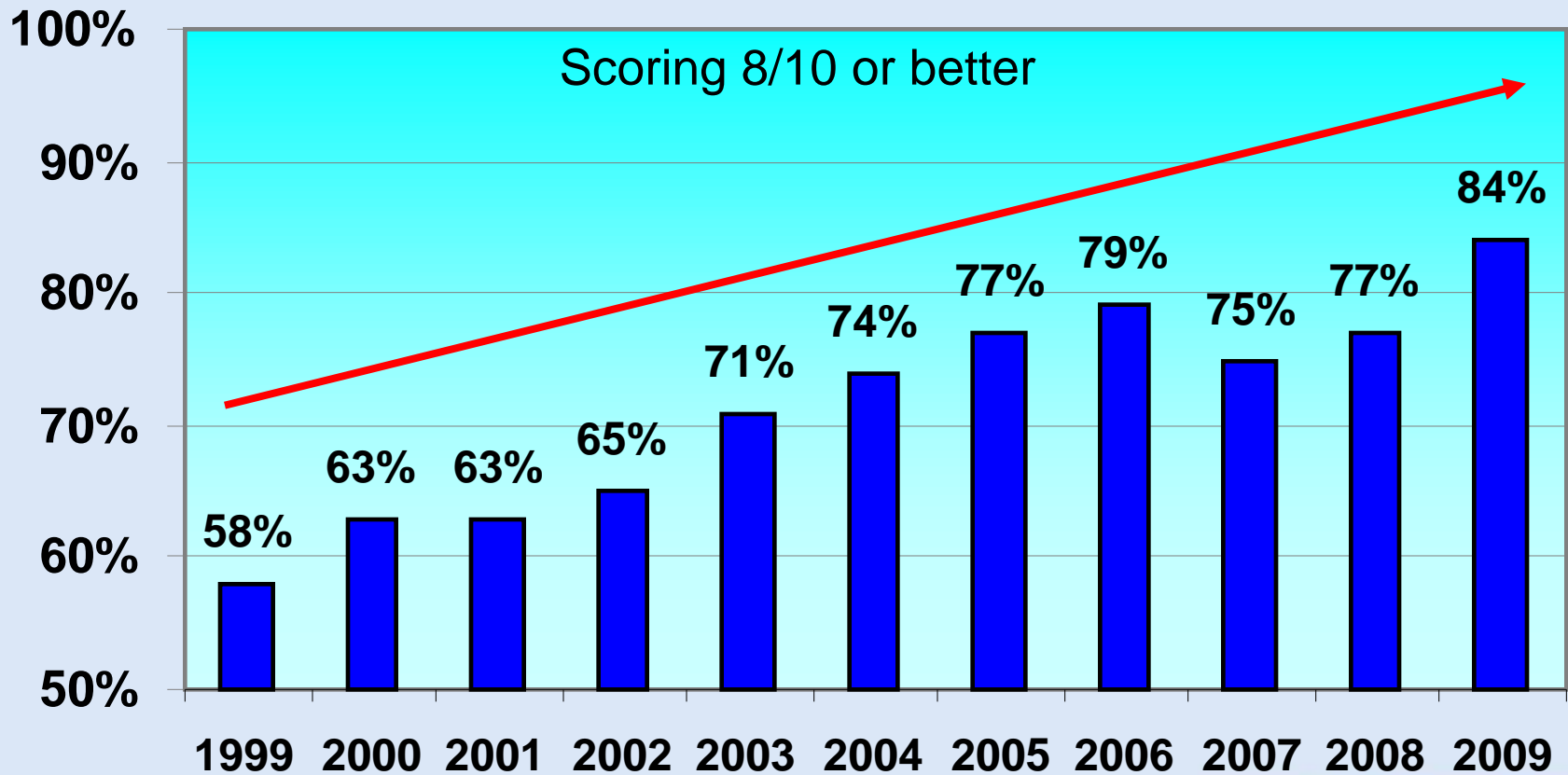
1994.....2010

# Egan inspired the Construction Industry Key Performance Indicators

- Client satisfaction
  - Product
  - Service
- Defects
- Predictability
  - Cost
  - Time
- Profitability
- Productivity
- Safety
- Construction Cost
- Construction Time

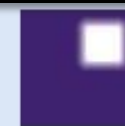
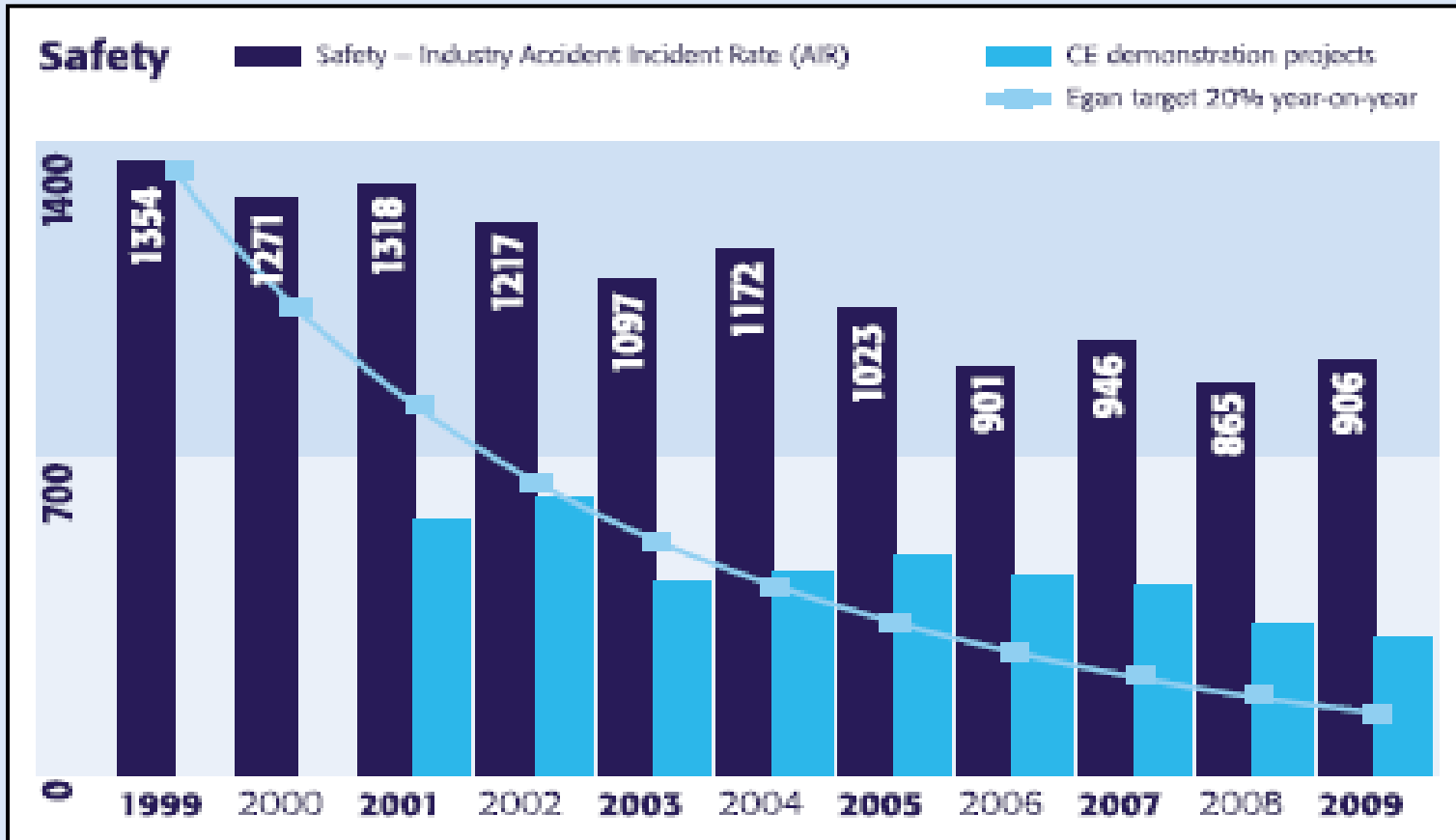


# Client satisfaction with the service (and the product) they receive is up



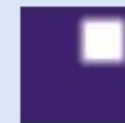
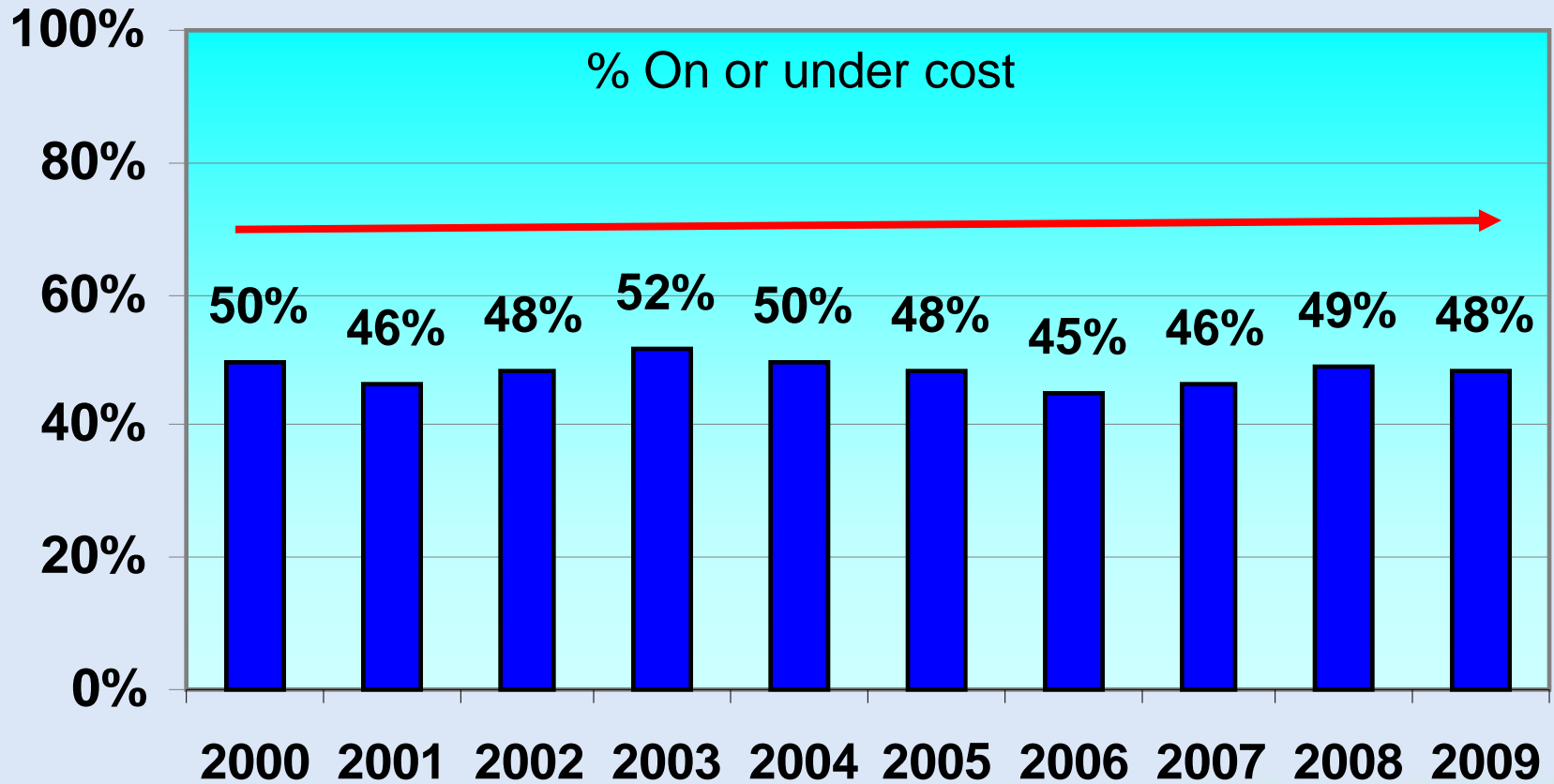
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in the built environment

# The industry has improved its safety performance...



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EXCELLENCE**  
in the built environment

# But cost (and time) predictability remains a problem



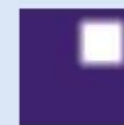
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in the built environment

# Egan called for demonstration projects to prove the case

- Implementing the principles of *Rethinking Construction*
  - 525 Projects since 1998, incl. 203 housing sector
- Value over £14bn
  - 430 completed, c100 live
  - Involvement of over 1300 organisations UK-wide
  - 176 case histories
  - 63 associated reports and publications

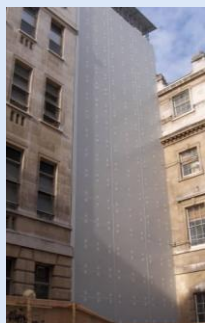


Silk Stream Flood Alleviation Scheme

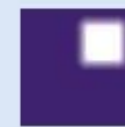
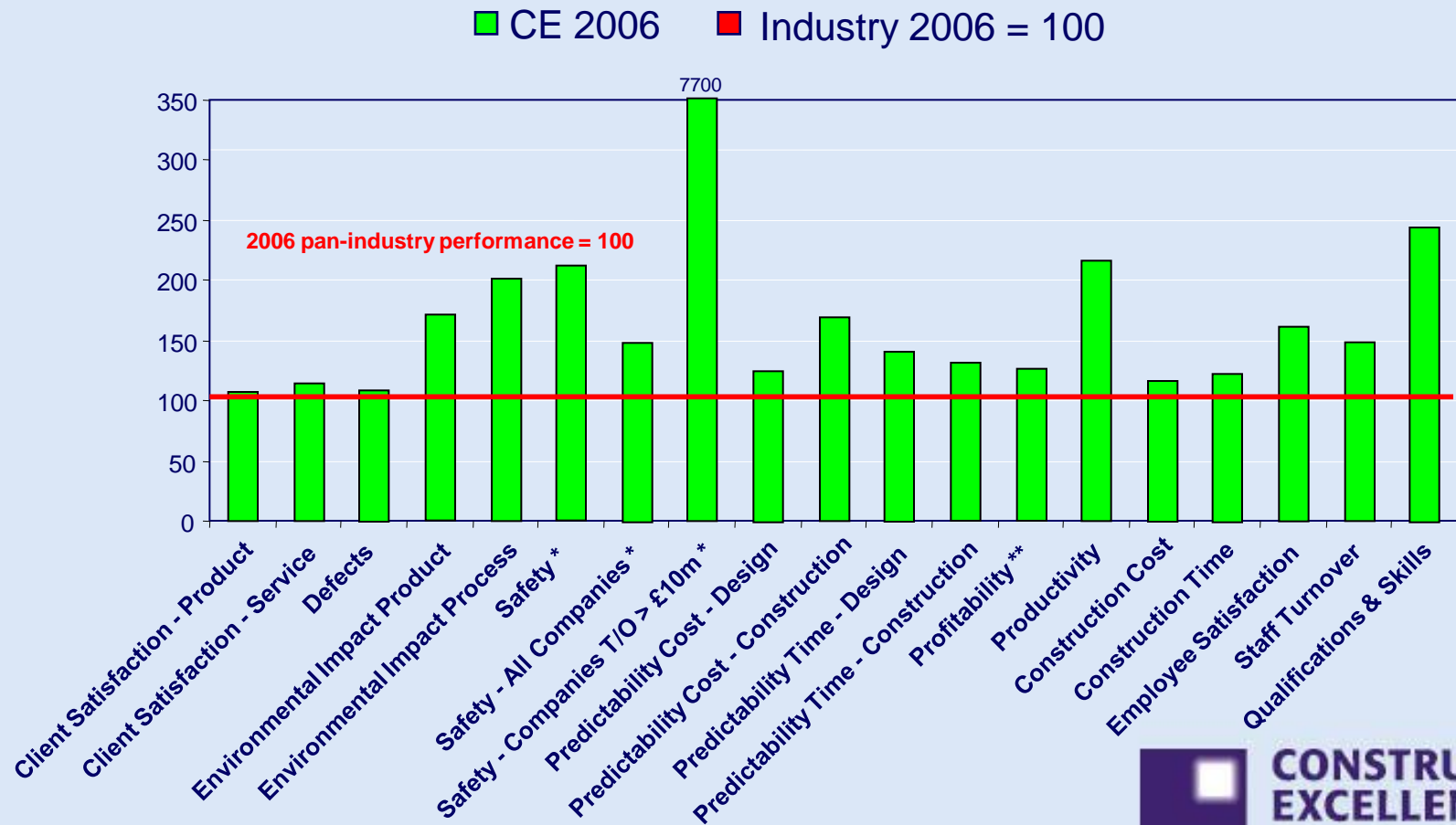


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# Demonstrations cover all sectors, regions and sizes

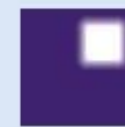
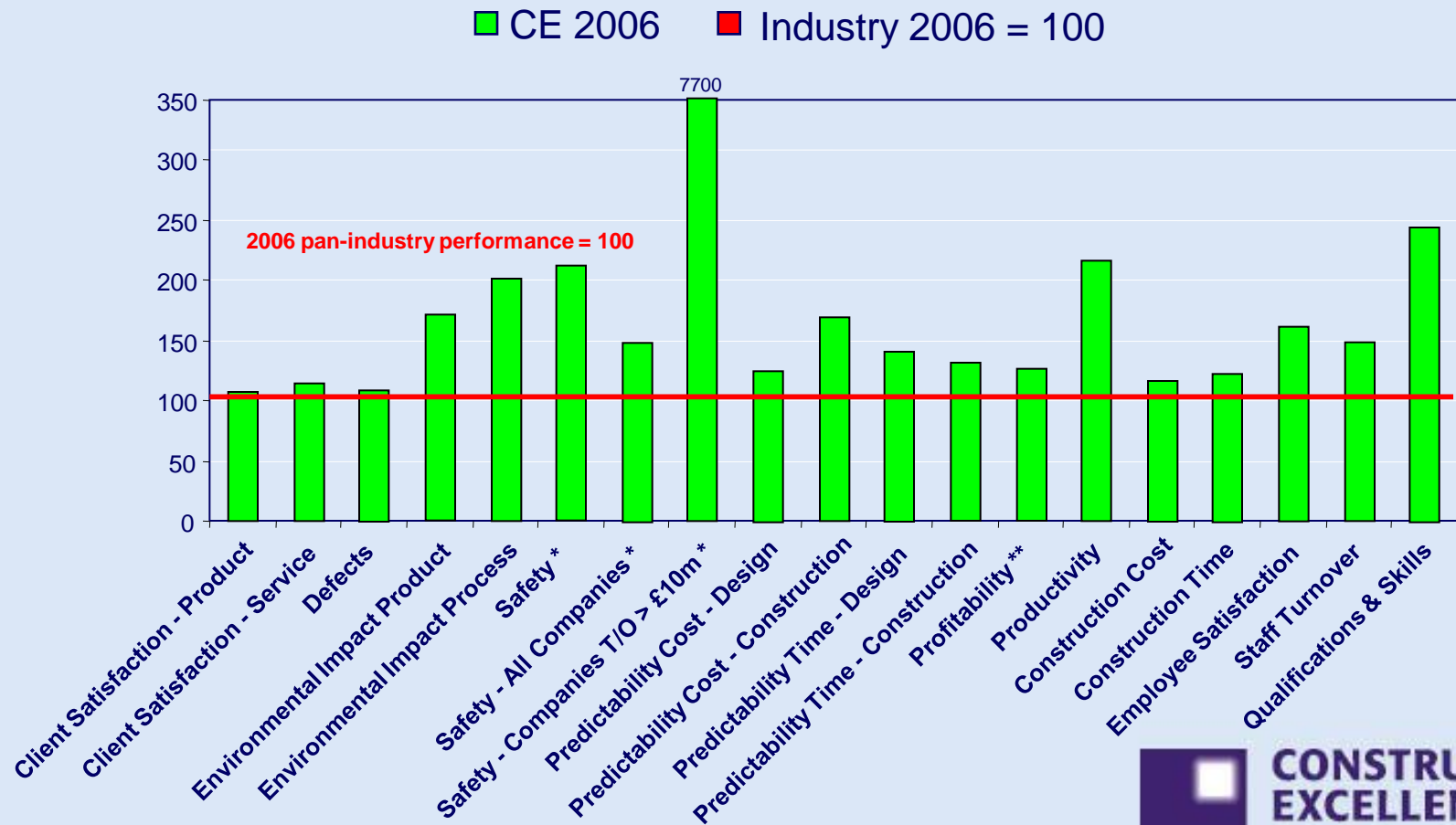


# Demonstration projects have out-performed the rest of the industry



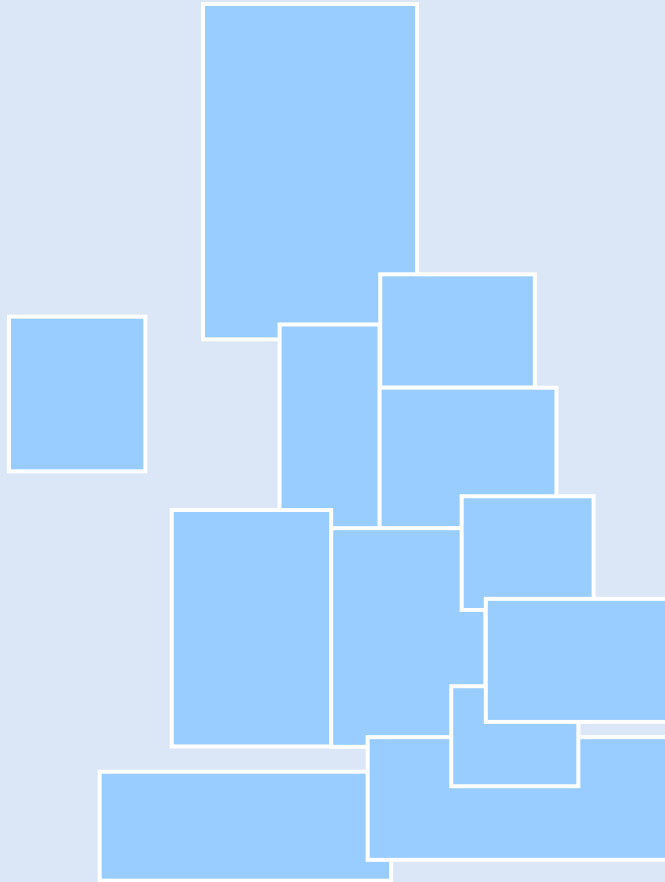
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# Demonstration projects have out-performed the rest of the industry



**CONSTRUCTING  
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in the built environment

The KPIs and demonstrations plus a regional network of 12 partners and over 40 best practice Clubs give us our evidence

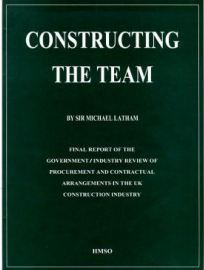
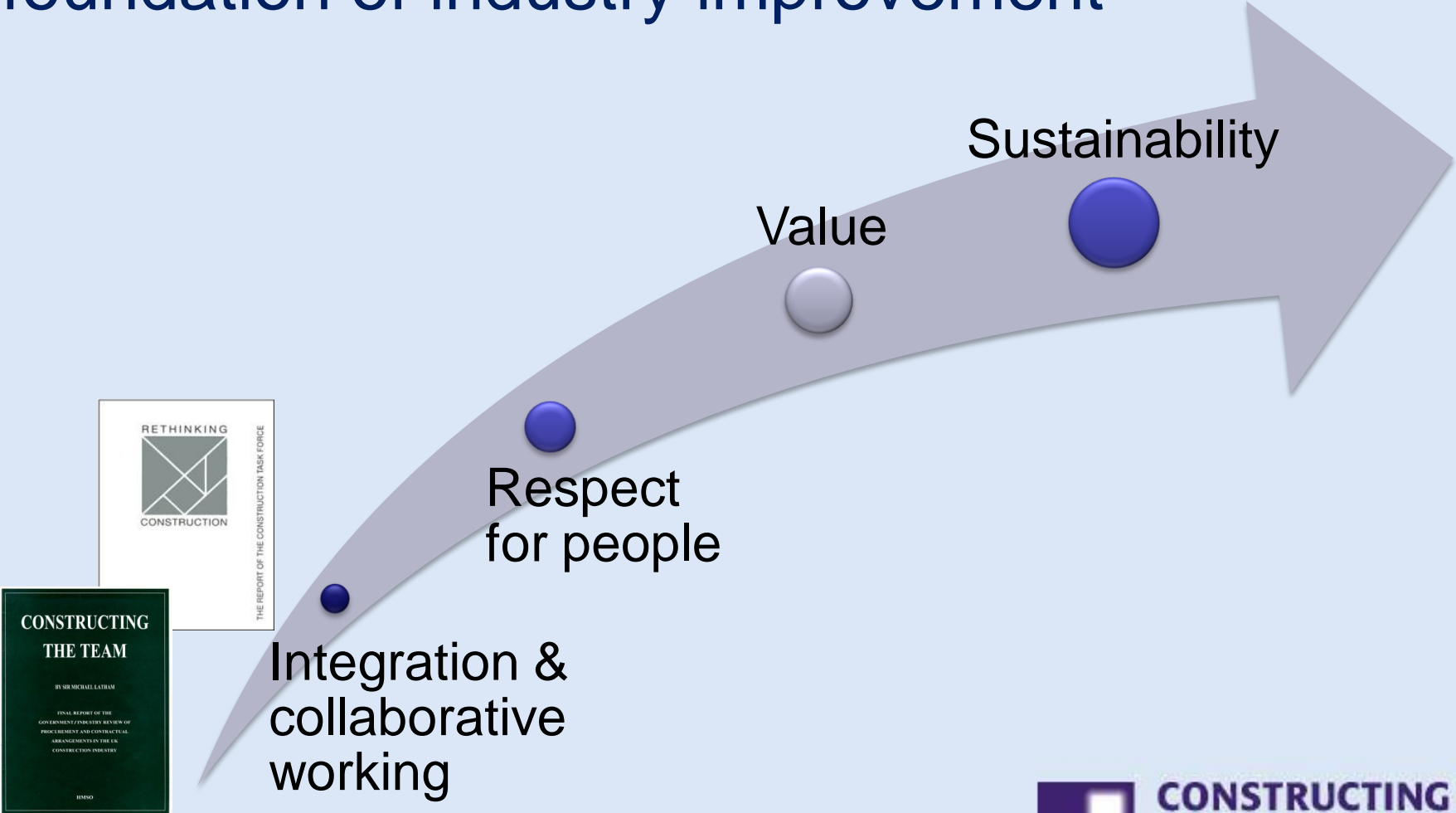


# In October we published a review of progress - “Never waste a good crisis”

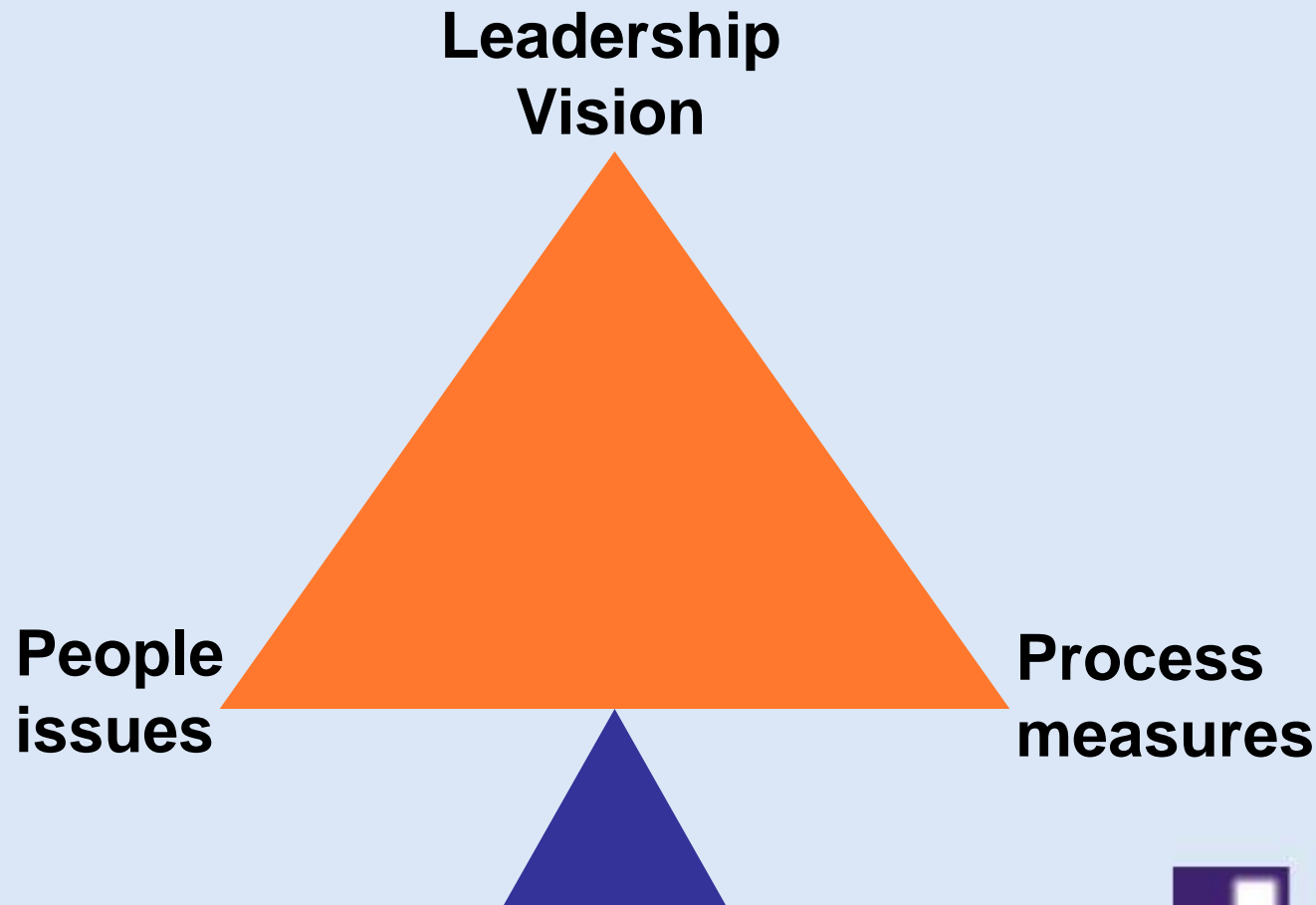
- Improvement has been patchy....
- “Less than I had hoped, more than I had expected”
- Infrastructure sectors have led the way
- “A little less conversation, a LOT more action please”



# Collaborative working has been the foundation of industry improvement



# There are three key principles which define collaborative working



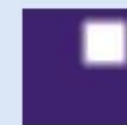
# There are 6 critical success factors for collaborative working

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



MOD Andover North  
Demonstration Project

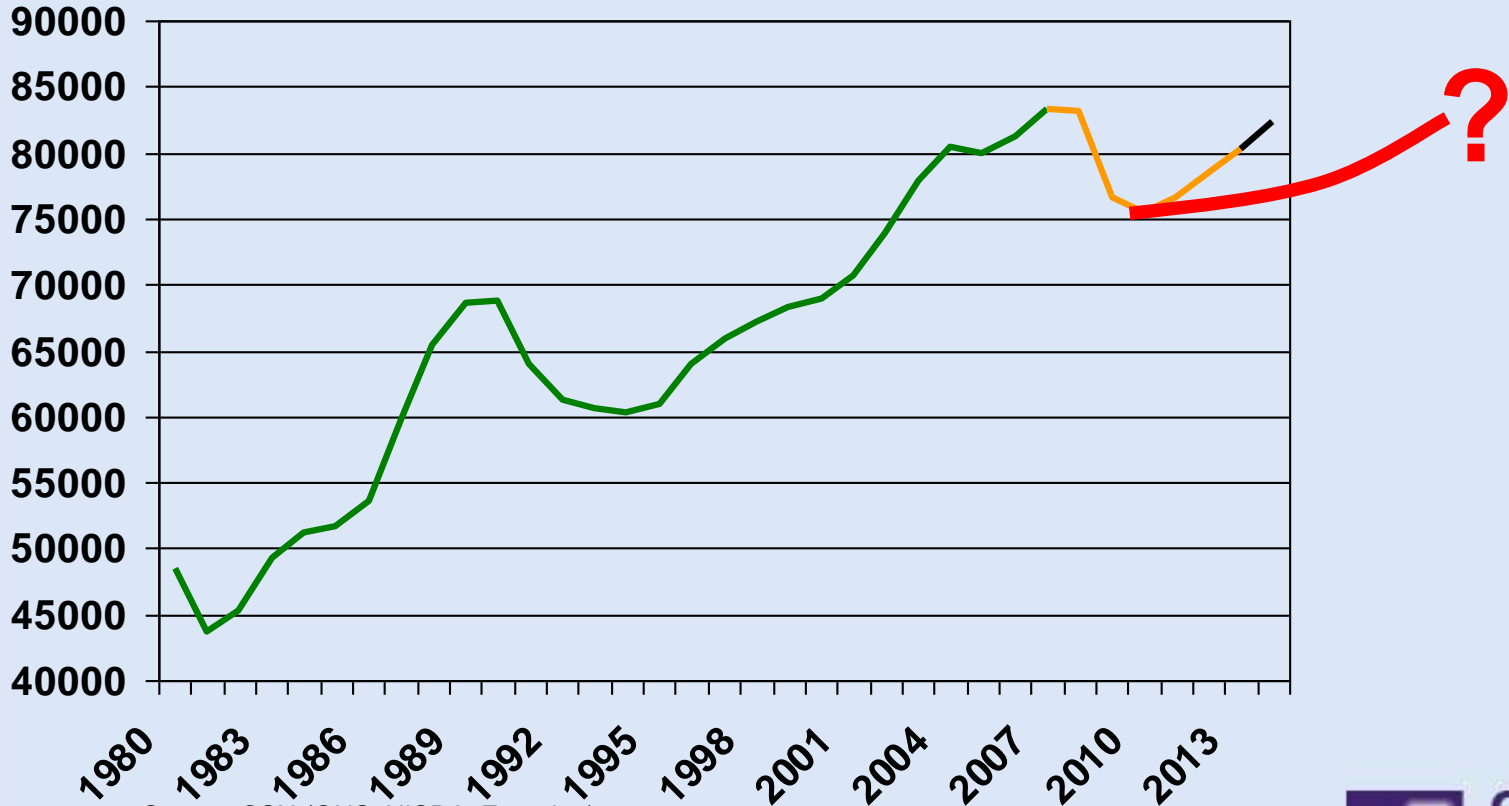
“Alignment”



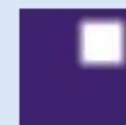
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# The current industry recession is a major threat to the sector

Construction output £m in 2000 prices

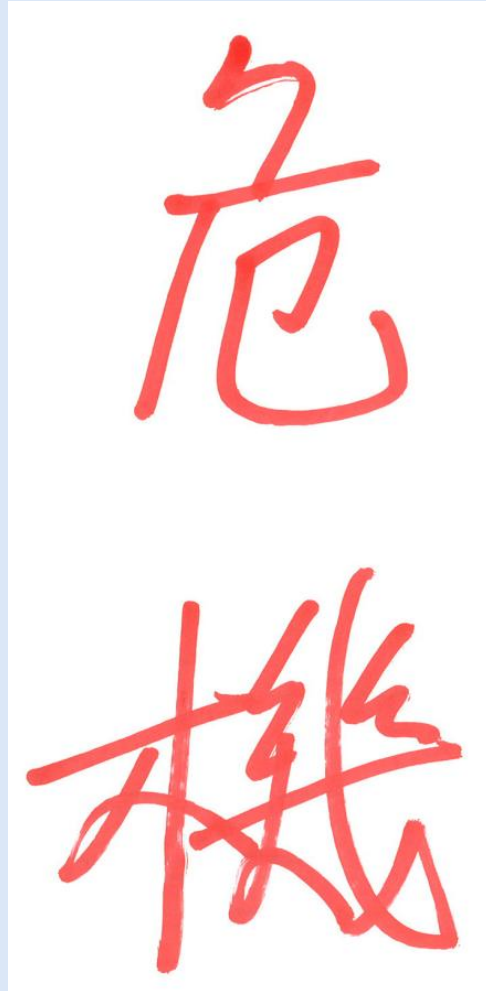


Source: CSN (ONS, NISRA, Experian)

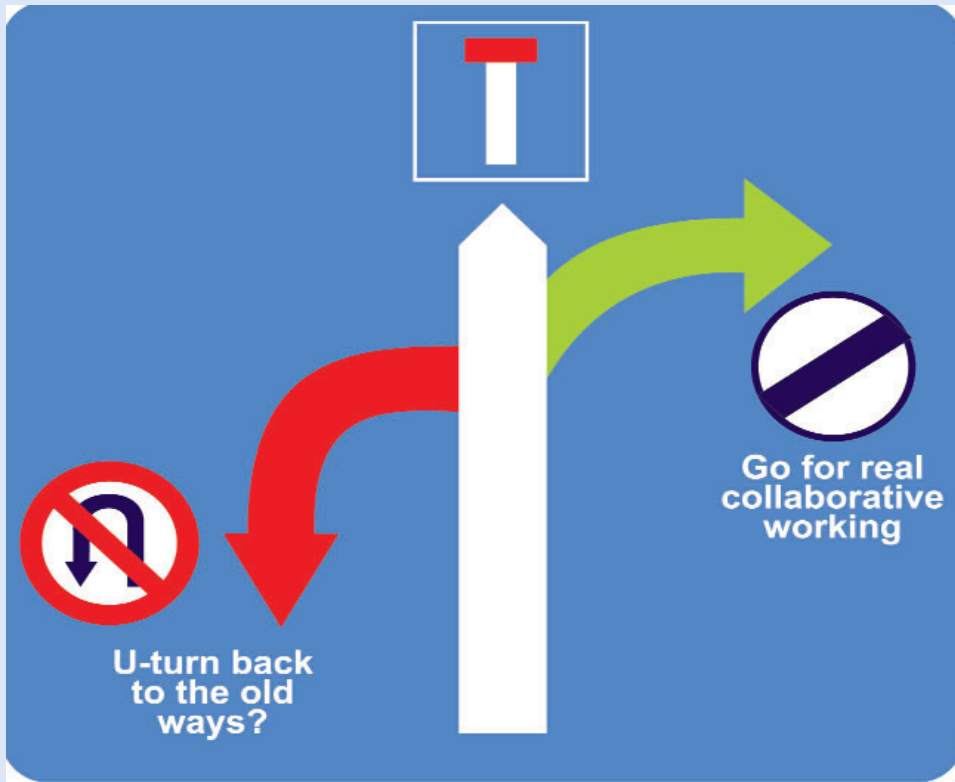


**CONSTRUCTING  
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in the built environment

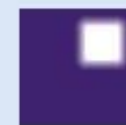
“Crisis” = “danger” + “opportunity”



# This 'economic climate change' means companies face a stark choice



*Collaborative Working Champions 'Survival Guide'*

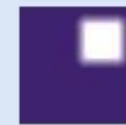


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A not-so-recent challenge

**Q: “What’s next after frameworks?”**

**A: “More frameworks...  
...and do them properly!”**



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# Which do you as customer REALLY want?

1. Lowest lump sum tender price
2. Lowest actual/outturn cost
3. Lowest whole life cost  
(capex/opex)
4. Best whole life value



Redlands Primary School  
Demonstration Project



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# The business case for ~~lowest price~~ **against** lowest price tendering

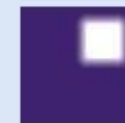


The business case for lowest price tendering?

#### Health Warning.

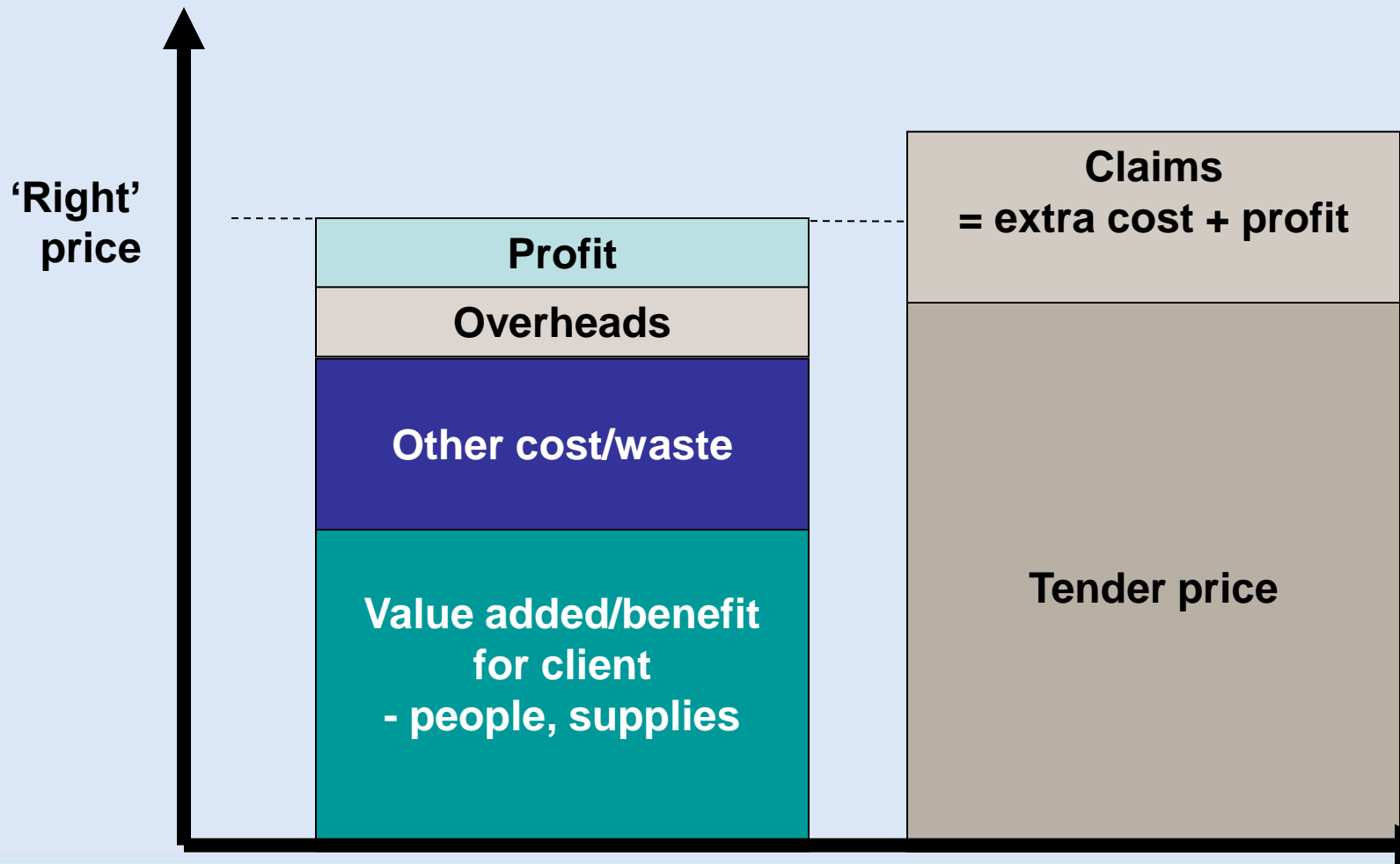
The use of lowest price tendering may seriously damage your financial health and reputation and may have undesirable and unexpected side effects.

Please consider the consequences.

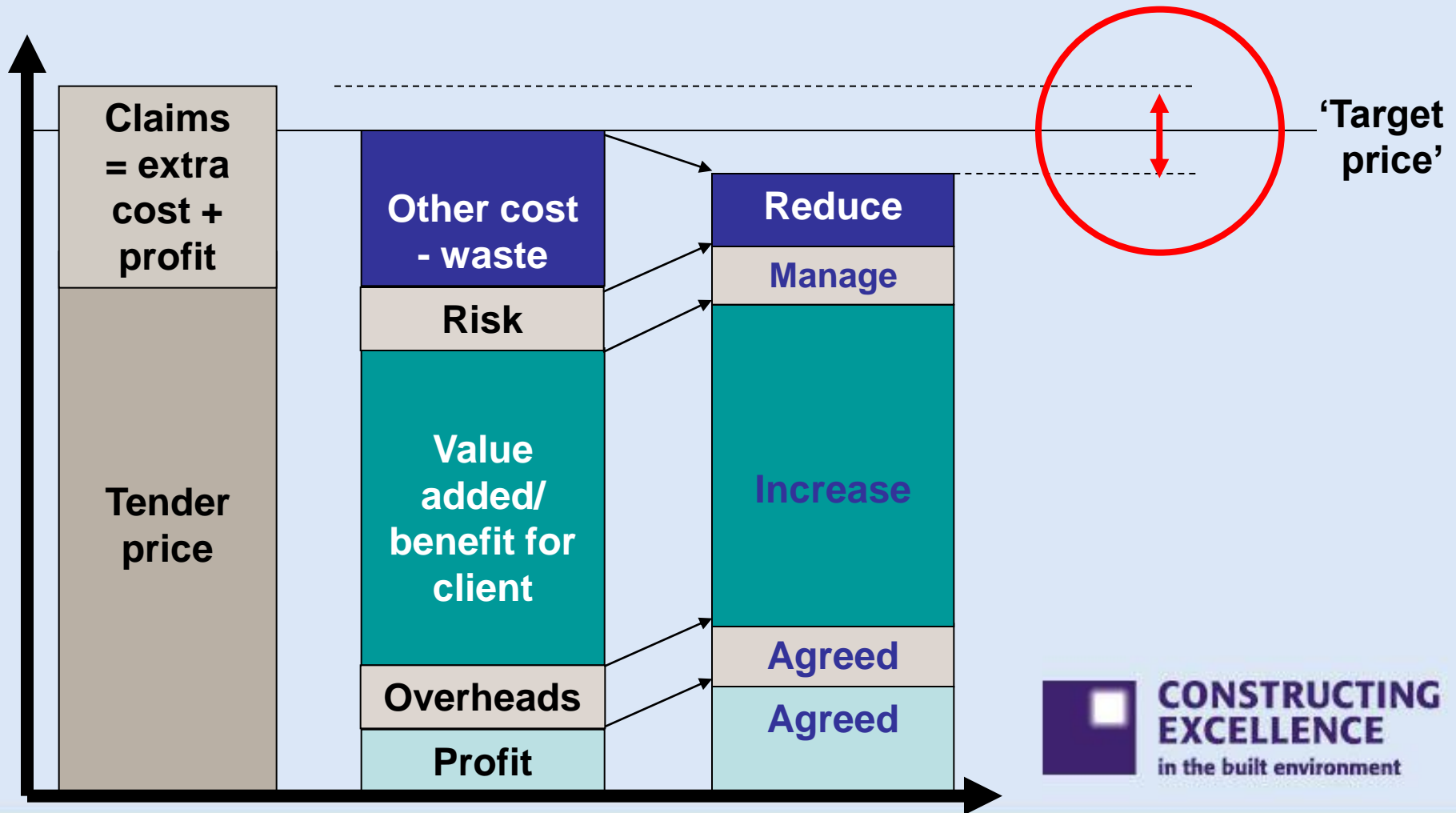


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# Lowest price lump sum tendering incentivises conflict

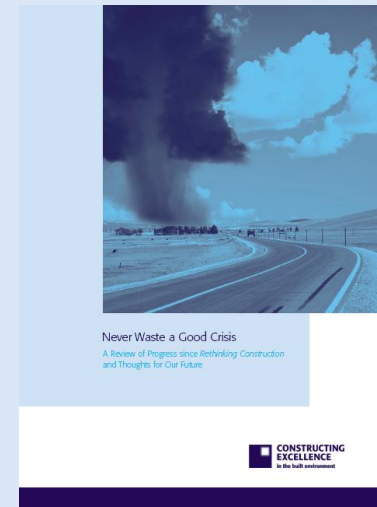


# A fair 'target price' incentivises collaboration



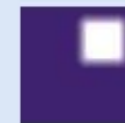
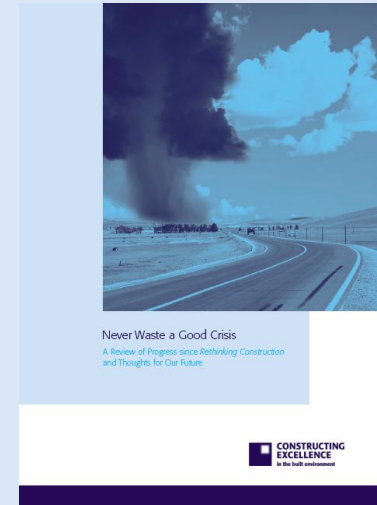
# Four 'blockers' have slowed the pace of change

- Business and economic models
- Capability
- Delivery model
- Industry structure



# We have identified 8 “big themes for future action”

- Understand [value in] the built environment
- Focus much more on the [low carbon] environment
- Find a cohesive voice for our industry
- Adopt new business models that promote change
- Develop a new generation of leaders
- Integrate education and training[/development]
- Procure for value
- Suppliers [all supply side] to take the lead



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in the built environment

Above all, clients want and need value

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

**More  
for less**

**“Good...  
and good enough”**

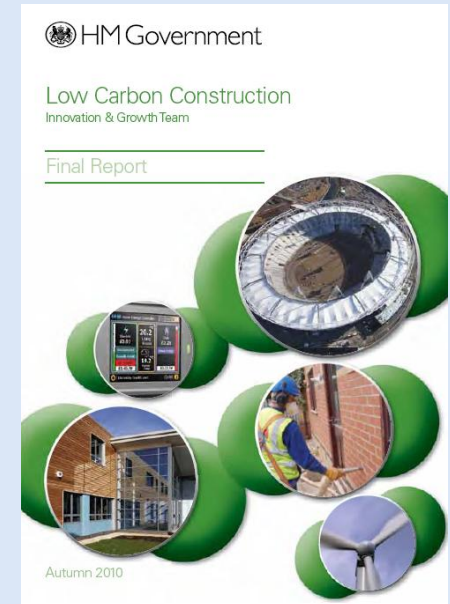


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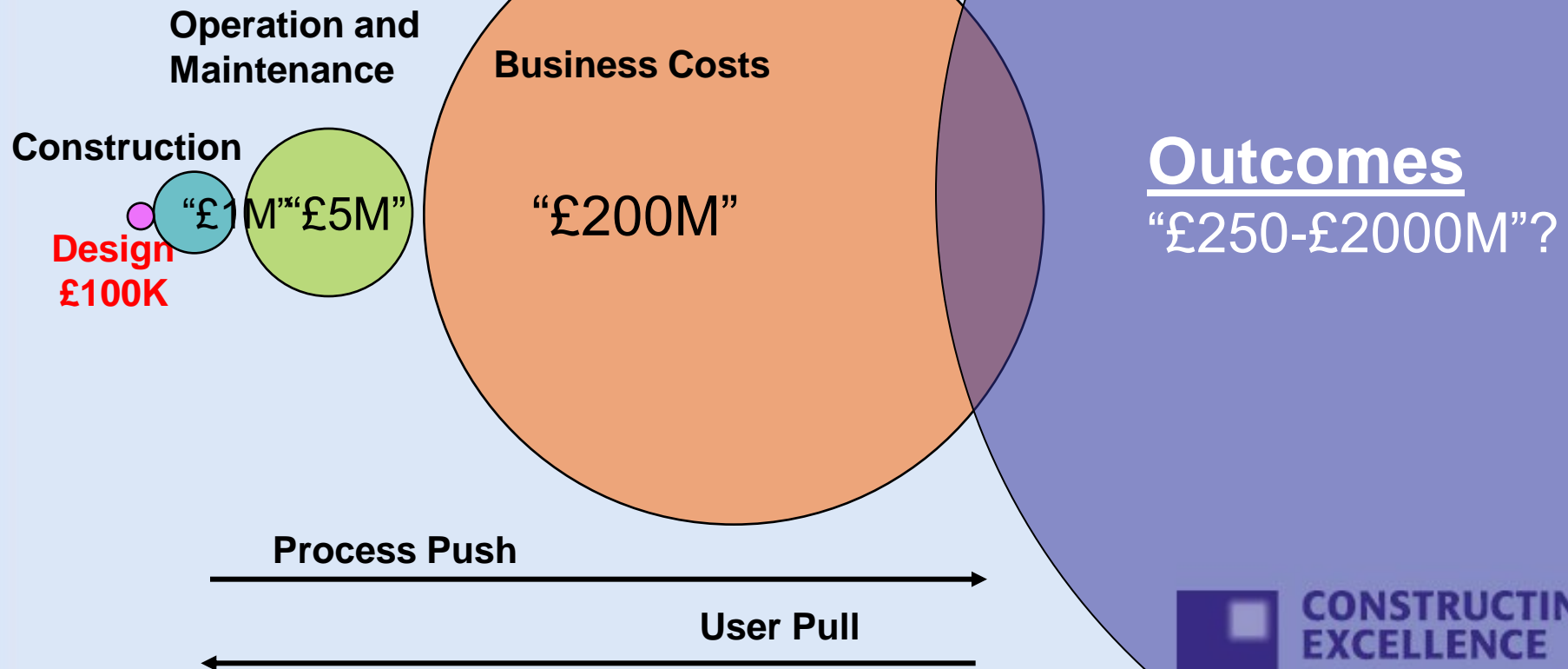
# “Is our sector fit-for-purpose for a future low carbon economy?”

BIS Innovation and Growth Team

- Paul Morrell’s report published Nov 2010
- Sector response to the UK’s low carbon transition strategy
  - “a road map for construction”
- 26% carbon reduction by 2020, 80% by 2050 (1990 baseline)
- “integration [and collaborative working] is key”

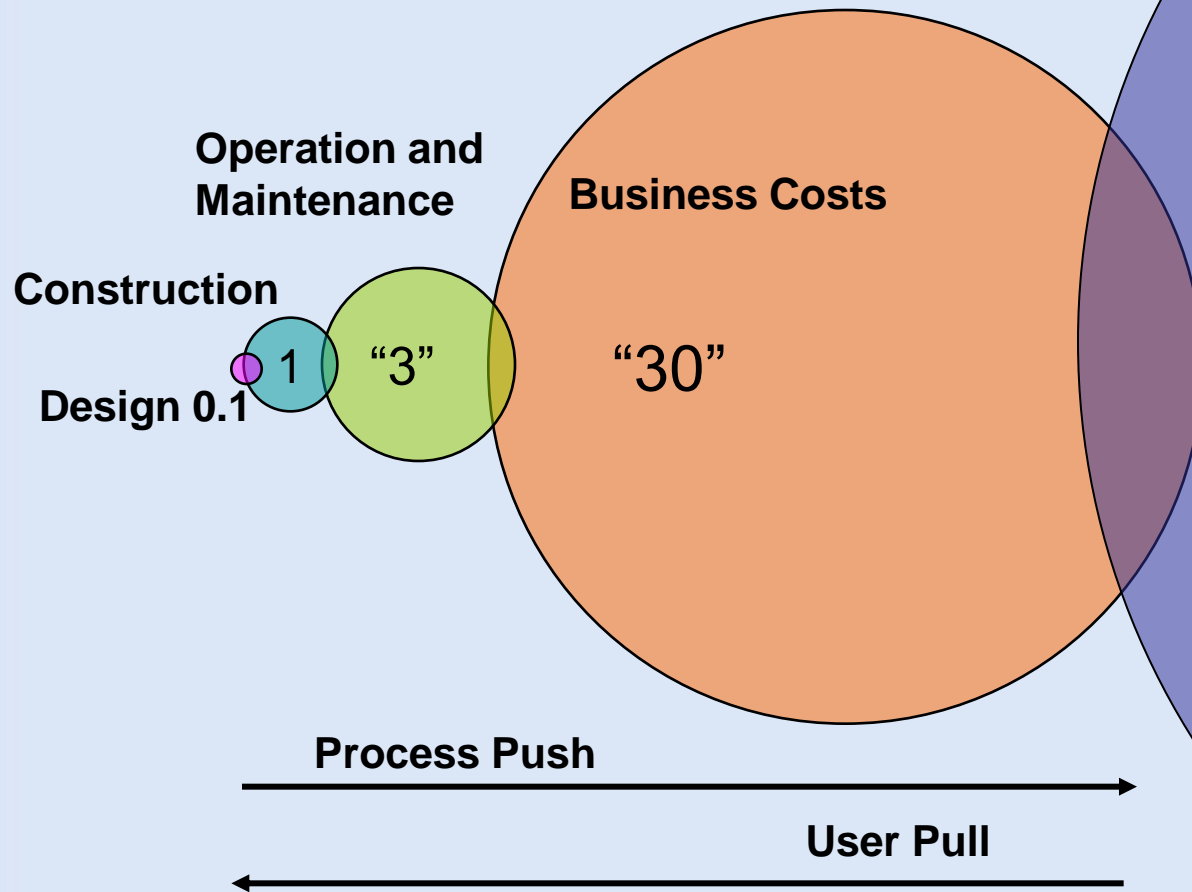


# The value of customer outcomes far outweighs the project costs



# The education customer needs better educational outcomes

department for  
**education and skills**  
creating opportunity, releasing potential, achieving excellence



## Education outcomes

Building Schools

for the Future:

- “enhance teaching + learning
- helps to raise standards
- address workforce issue”



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# St Francis of Assisi Academy, Liverpool, is a good example of value in practice

## Green values help academy top new league table

“A school which offers its pupils a green-focused education has won plaudits for having the best teaching standards in the country....”

*The Independent, 11 Jan 2007*

“The excellent GCSE results and the fact that our students finished top of the national league tables for progress can rightly be attributed to the impact the building had on their studies”

CONSTRUCTING EXCELLENCE in the built environment		demonstration project	
<b>The Academy of St Francis of Assisi</b>			
Contractor	Blue Build	Client	St Francis of Assisi Academy Trust
Case Study Ref. No.	110	Project Number	2005
Publication date	December 2006	Region	North West
Sector	Education	Contract Value	£17.5 million
Project/award date	May 2004 - Sept 2005	Team	Sustainability, Value

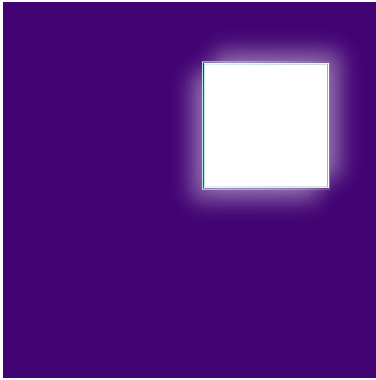
The Academy of St Francis of Assisi is a 900 place Academy for 11-18 year old students in the Kensington area of Liverpool. One of the Government's new flagship academies, it was co-sponsored by the Roman Catholic Church and Church of England, with the DfES.

The building was designed in a context of building with a specific focus on the environment. The brief for the building was to provide a high quality educational environment for the children, and to provide a high level of environmental performance. The building also uses new technologies to support specific learning outcomes for the children who attend at the academy.

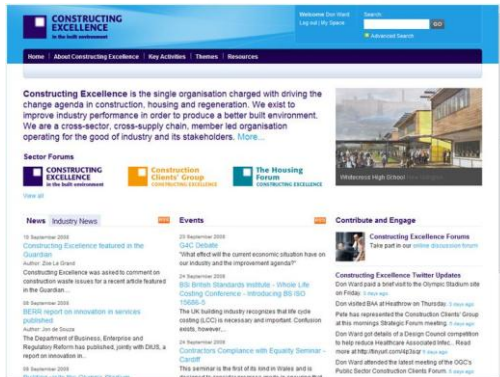
The building is a high quality educational environment for the children who attend at the academy. The building is a high quality educational environment for the children who attend at the academy.

The building is a high quality educational environment for the children who attend at the academy. The building is a high quality educational environment for the children who attend at the academy.





# Who else is going to protect our environment?



[www.constructingexcellence.org.uk](http://www.constructingexcellence.org.uk)  
[don.ward@constructingexcellence.org.uk](mailto:don.ward@constructingexcellence.org.uk)  
[#constructingexc](https://twitter.com/constructingexc)