

Meeting No. 5 Meeting Notes & Feedback

'What makes a good construction client?'

16th February 2006



Group A sharing ideas on 'What makes a good client'

Dear all,

Thank you for your contributions to the sixth CCG meeting on 16th February & thank you to Adam Tyrie who was our host and gave us an excellent presentation on the procurement at Auckland International Airport Limited (AIAL) showing an innovative approach that delivered a successful outcome for all.

The meeting was well attended by both clients and invited supply chain members and between them, they developed the key attributes of a 'good construction client', the first step to our draft charter is now underway.

1. Meeting Notes & Your Feedback

Thanks to all who attended the meeting and for your great contribution to the workshop on 'What makes a good Client'. It was incredibly helpful to have so many prominent members of the construction supply team with us (and was considered to be a good formula for future meetings by the Steering Group).

The satisfaction scores for this meeting are set out in the table to the right and your comments are included towards the end of the note.

A key lesson learned from your feedback is that no matter how tempting, we will stick to just two sessions rather than trying to have three. We can then devote more quality time to the two sessions.

A summary of each session of the meeting is set out to the right:

Session 1 Learning & Sharing with AIAL	Session 2 UK Study Tour	Session 3 Workshop - What makes a good client
8	8	9
8	8	9
8	8	8
8	8	8
8	7	8
8	7	8
8	7	8
8	7	7
7	7	7
7	5	7
8	7	8

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SESSION 1 LEARNING & SHARING WITH ADAM TYRIE, AUCKLAND INTERNATIONAL AIRPORT

Adam was well received with an average score of 80%.

Adam describes a classic 'Egan*' approach to delivering a successful carpark via an alternative procurement route:

**Extract from the ['Egan Report' Rethinking Construction](#), which has served to radically transform UK construction industry:*

"Drivers of Change No. 3. Integrate the process and the team around the product: the most successful enterprises do not fragment their operations - they work back from the customer's needs and focus on the product and the value it delivers to the customer. The process and the production team are then integrated to deliver value to the customer efficiently and eliminate waste in all its forms.

The Task Force has looked for this concept in construction and sees the industry typically dealing with the project process as a series of sequential and largely separate operations undertaken by individual designers, constructors and suppliers who have no stake in the long term success of the product and no commitment to it. Changing this culture is fundamental to increasing efficiency and quality in construction."

Adam used his latest project as a case study, the new short term carpark at the domestic terminal. The project was delivered by design led, design & build by a company whose philosophy is directly aligned with the Egan principles set out above – 'Product Integration'. He began by describing the key drivers for AIAL.

CLIENT DRIVERS

Quality was key. The airport is trying to get people out of executive cabs and into the carparks. The parking product is needed to give reassurance to customers that they can safely park quality cars & stay under cover to their destination.

Predictable Cost It was important that costs did not go over the budget (based on a combination of business case, benchmarking & a broad QS estimate), therefore the airport looked for a type of procurement that could deliver a predictable cost as early as possible.

Delivery Speed This was very important in a live environment. The site had to go from 120 to 842 car parks in 5 months.

Safety & Profile during construction was paramount. Everyone including Adam's main board members drove past the site each day. It had to be and be seen to be a safe, tidy and productive site.

Trust As with most clients, Adam described how it was essential to the project that he & his team felt that they could trust the team to deliver this important and high profile project.



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PROCUREMENT ROUTE

AIAL were originally thinking along the traditional lines of procurement, but after initial interviews with 3 design consultants, one of them put forward an alternative solution of design led, design & build. AIAL decided to go down this route, and to look no further than the organisation offering the solution, Worldwide Parking Group (WPG). AIAL proceeded on a negotiated price basis with WPG

To many, especially public sector organisations, this would represent a radical move. Why did AIAL decide to go down this route, how could they do it & what were the outcomes?

It is important to say here that Adam had the authority to make the decision on the procurement route without having to go back to the board. His delegated authority meant that he was required to deliver the project within budget to an agreed specification on function and aesthetics, but the method of delivery was left to him & his team.

To ensure probity, Adam had a third party estimate developed by RDT Pacific and employed an independent engineer to the contract who also assessed the cost estimates and project managed.

At the meeting, many clients expressed how much easier their life would be if they too were afforded this level of delegated authority. It must be one of CCG's main aims to be able to convince 'non-technical' boards through case studies such as this one that given certain guidelines, their professional property teams can deliver successful projects more often and more consistently if they are given such delegated authority.

WHY DESIGN LED DESIGN & BUILD WITH WORLDWIDE PARKING GROUP (WPG)?

Key benefits offered by this route were:

- **Known product** – Due to the vertically integrated nature of the organisation WPG, the organisation was focussed on product rather than just part of the process as most construction supply organisations are today. This means that the product was a known quantity with quality aesthetics and live examples that could be visited & inspected. Effectively, the question should be asked of any construction product – 'why reinvent the wheel?' If there is a company offering a pre-designed product that can be adapted cost effectively to your requirements, why start from scratch with all the associated risks involved?
- **'Speed to market'** – One of the key drivers was speed of delivery due to the nature of the live facility. Design & Build reduced the up front preconstruction period considerably.
- **Flexibility & Fixed Price** – Very early on, the client and WPG were able to define the product required, add in any extras required by AIAL (such as the covered bridge to retain 'dry' customers) and agree a fixed price.

Also, Adam described how the culture of the delivery organisation fitted well with him & his team. Very early on, the team engendered a feeling of mutual trust.

DELIVERY

To give the client a level of probity, they chose to use an engineer to the contract, Connell Wagner. Aspec construction was used as a main subcontractor for WPG. It is not know whether, WPG have a long term relationship with Aspec, but it would be expected to be the case.

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To start the project, the team held a day workshop to ensure integration around the product and its objectives. They developed a project charter (a copy will be made available on the web site www.clientsuccess.org.nz)

The form of contract was a modified 3910, but, like all good projects was not needed to be referred to during the project. The project was operated under Open Book principles.

When questioned, Adam explained that if he were to consider using a new form of contract that he might look at the UK based NCE which caters for partnering, however the most important aspect was to establish a culture so that the contract 'never comes out of the drawer'. Adam recognised that any form of change of an accepted standard contract for a client organisation can cause distress and extra work and need to be made with careful consideration. Alternatives discussed were FIDIC and NZIA 61.

One of Adam's key challenges was the sheer number of stakeholders at the airport "everyone wants to get involved" which can lead to design changes if not managed carefully.

RESULTS

✓**Quality** 😊 - **ACHIEVED QUALITY in function, aesthetics and build quality.** A key aspect to the project was that the team needed to maximise the value for the budget of \$15m. The client did not want 'savings' but did want the best product possible for the money available. Adam & his team believe that this was achieved highly successfully.

✓**Delivery Speed** 😊 - **DELIVERED WITHIN PROGRAMME** The project was successfully delivered within the allocated timescale and faster than it would have been delivered following a traditional route.

✓**Fixed Cost** 😊 – **DELIVERED WITHIN BUDGET** One of the key things that Adam was keen to point out under this heading was that if that the project had been delivered under a traditional form of contract, there would have been quite a bit of redesign and the budget would mostly likely have been blown. However, because of the nature of the way the team was procured and established, the team were able to accommodate the change within the budget and timescale.

✓**Safety & Profile** 😊 **A SAFE & WELL MANAGED SITE** The project had a safety manager who offered a fresh pair of eyes. Overall, the project worked well from the point of view of being internally safe and having a good external profile.

✓**Trust** 😊 Adam explained that trust was developed very quickly throughout the team and that the workshop helped this considerably. Overall, Adam explained that this was a project that everyone was willing to say proudly "I was involved with that".

LESSONS LEARNED

- Working with a specialist integrated team and galvanising them with your own suppliers with workshops and a charter enables trust and flexibility to be built into the project and empowers people to focus on the product rather than a fragmented process. This approach is highly recommended to both clients and as an opportunity for suppliers in the industry to integrate around products.
- When operating in this environment, it is important for the client to acknowledge formal lines of communication. Adam explained that often, the client found themselves talking directly to the constructor Aspec who were in fact a subcontractor to the main design build company, WPG. This was ironed out during the course of the project.

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- Stakeholder communication on behalf of the client is very important. People don't read documents that they have been sent until they see the first signs of activity on site and that is often too late for their responses to be efficiently worked into the project. They need to be actively managed.
- The charter proved very useful for people to form a team. Adam described it as 'the most useful thing that was done. It allowed people to cut through the contract, form a team and deliver'. 'People are individuals who do not get out of bed thinking 'how can I wind up my people today', given the right environment everyone wants to achieve success'

And that is just what was achieved at AIAL – well done Adam and thank you for sharing with us.

Here are your comments about this session:

- Very well structured and presented case study
- Was good - interesting speaker. Maybe more info on contract structure.
- Written Handout would have been good (download presentation from www.clientsuccess.org.nz)
- More detail on procurement methods please
- Possibly more structural breakdown of project components and pros & cons
- I would have liked to have explored whether the approach taken facilitated a faster than normal "concept to resource/building consent" timeframes,
- Time spent digging a little deeper into some of the detail around relationship management, managing a "many-headed" sponsor group
- The real benefits of the approach taken over a traditional design & build approach

For more information about this project, please send your contact details to [Amanda Warren](#) at the CCG or download the presentation from www.clientsuccess.org.nz.

SESSION 2 WHAT ARE CLIENTS DOING IN THE UK & WHAT CAN THEY EXPECT FROM THEIR SUPPLY CHAIN?

This session was a little short on time and this is reflected in the average score of 70%, see comments below for more detail. In light of your feedback, we will be limiting the number of sessions at any one meeting to two in future. There were a number of requests to pick up some of the themes coming through and focus on them in more detail at future meetings e.g. Lean Construction

Amanda Warren, CENZ & Phil Brosnan, Naylor Love describe some of their findings whilst on a study tour in UK in December 2005.



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Here are your comments about this session:

- More Case Studies would be interesting
- More Detail please
- Topical especially last 2-3 slides by Amanda
- More detailed analysis - why T5 has been a success and Wembley stadium a failure. Facts needed to support 'hearsay' need to convince Government
- Very interesting, but more time would have been useful if a comparator on what really made the difference between T5 and Wembley was available.
- Was good
- Limited Time - sacrificed coverage - no real sharing of the learnings (probably understandable)

To download the presentations, [click here](#):

[Presentation by CENZ](#) – 'What can clients expect of UK contractors today?'

[Presentation by Naylor Love](#) – 'Best Practice UK Trip'

SESSION 3 – WORKSHOP – What makes a 'Good Client'?

For the full workshop agenda, [click here](#)

The attendees split into 3 groups to tackle the questions:

- a) What are the attributes, characteristics and behaviours of a good client? and
- b) What do Clients & the Supply Chain need to do to enable good Client behaviour?

Overall, the groups came up with a 9 point plan towards being a 'Good Client'. All the points were considered to be attributes of being a good leader. These can be summarised in order of most important (No. 1 being the most important) as:

1. Have a **Clear Vision** of what you want
2. Engender **Openness, Honesty** and **Trust** in all dealings with the supply chain
3. Have a clear **Structure** and good **Management Systems**
4. Make **Timely Decisions**
5. Appoint **Appropriately Skilled** and **Experienced Individuals**
6. Be **Consistent** (manage all stakeholder input)
7. Know your own **Strengths** and **Weaknesses** and have a plan to progress any weaknesses
8. Create & operate a '**No Blame Culture**'
9. Have clear **Delegation of Authority** which enables fast responses

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Much discussion resulted in a great deal of written comments & ideas about what Clients & the Supply Chain need to do to enable good client behaviour. This information is being reviewed by the Steering Group as material to help with the Client's Charter and will be published as such following the May 18th mtg.

Here are your comments about this session:

- *Great session, thank you for having me along. It is wonderful to hear & understand others' views*
- *Good - very professional*
- *Good structure proposed - Well Done!*
- *An excellent opportunity to focus on attributes of a "good client" - but a sense that in many respects the participants were "the converted" anyway.*
- *Presumably the "Client Charter" that you have suggested would arise out of this discussion will become a resource tool for others. I suggest that an explanatory document which builds on this and presents examples of how these principles actually can, and does, make a difference*
- *Larger groups maybe?*
- *More time allocated would have allowed a more complete conclusion*

2. Attendees were:

Arrow International	Hugh Morrison	Managing Director
Auckland International Airport	Adam Tyrie	Engineering Manager
Auckland University	Chris Farhi	Civils Student
Beca Project Management	Peter Burgess	Manager
Building Research	Adrian Bennett	Manager, Policy & Regulation
Connell Wagner	Robert White	Associate
Constructing Excellence NZ	Amanda Warren	Director
Hanover Group Property	Nigel Hughs	Development Manager
Hawkins	Gil Davies	Construction Manager
Housing NZ	Ian Wheeler	Development Manager
Inland Revenue	Gail Calder	Project Director
Mainzeal	Warren Chapman	National Manager
Manukau City	Duncan Stewart	Projects & Contract Performance Manager

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Massey University	Joe Hollander	Director Strategic Facilities Management
Ministry of Education	Karl Hutton	Manager Network Provision Northern Region
Naylor Love	Phil Brosnan	Managing Director
North Shore City Council	Simon Guillemin	Manager – Strategic Projects
North Shore City Council	Adrian Vosloo	
Opus International	Vivienne Elder-Smith	Project Manager
Vector	Doug Ray	OIP Project manager

Apologies

ANZ Bank	Tony Webber	Project Manager
Auckland Airport	Paul Duffy	Engineering Manager
Auckland City Council	Neill Forgie	Professional Services Manager
Auckland University	Suzanne Wilkinson	Senior Lecturer
Fletchers	Dave Jewel	Operations Manager
Manukau City	Robyn McCulloch	Manager Business Performance
Metro water	Anin Nama	Asset Creation Manager
Metro water	Charlie Littlefair	General Manager of Infrastructure Services
NZ Strong	Shane Brealey	Managing Director
Transpower	Robert Deller	Team Leader – Grid Asset Development
Watercare Services	Jim Bell	PM Asset Management

3. Next Meeting

Thursday 23rd March at Site Safe Offices, Penrose Auckland

Theme: The Client's Role in Safety

9.00am to 13.00pm followed by lunch & networking

This meeting will be hosted by Blake Kyle & John Buse at Site Safe

For full agenda click here <http://www.constructing.co.nz/files/Agenda%20CCG230306.pdf>

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4. Future Meetings

Future meeting dates so far are:

- April 20th - Host: TBA, Theme: Best Practice Procurement
- May 18th - Host: North Shore City Council, Theme: The Client's Charter
- June 22nd - Host: Massey University, Theme: Year 2 KPI Survey Results
- July 20th - Host: Vector, Theme: Define Relationship Contracting
- August 24th - Host: Manukau City Council, Theme: ESD/GNCNZ/Sustainability
- September 21st - Host: Inland Revenue, Theme: Delivery vehicles & contract options: Alliancing vs partnering etc
- October 19th - Host: TBA, Theme: Lean Construction
- November 23rd - Host: Ministry of Education, Theme: Annual Review

Your ideas for future meetings are set out below. Any more ideas for future themes just drop me a line.

Future Meetings & Topics
Lean Construction
Project Delivery Options
Development of KPI dataset from client inputs
Risk Management
Watercare/Procurement of Project Hobson - Jim Bell
Case studies of new management systems/contracts overseas
Debate partnering versus alliancing versus other collaborative structures

Finally, thank you once again to those who attended, we look forward to seeing you all again ☺