

CCG New Zealand International Construction Industry Benchmarking Programme 2015

Introduction

The Construction Clients' Group invites you to participate in the **2015 National Industry Performance Report**. Data is currently being collected for projects completing in calendar year 2014.

The 2015 report will be available for you to benchmark your own project and organisational performance in December this year.

PLEASE RESPOND NOW TO ENSURE YOU RECEIVE YOUR FREE COPY OF THE REPORT IN NOVEMBER.

Figure 1. Available performance data for NZ projects completing 2004 to 2013.

Background

Performance KPIs were originally introduced into the New Zealand construction industry in 2004 by CAE, (Centre for Advanced Engineering). Following a gap in the programme, the programme was reinitiated by The Construction Clients' Group NZ, (CCG) in 2011. It has since gone from strength to strength.

The programme, previously funded in full by Branz, is now sponsored by industry with the full national data set being made freely available up to and including the 2013 data set published by CCG last year. The programme is now seeking data on projects completed in **Calendar Year 2014**.

Figure 1. shows the available results for the NZ Construction Industry to date. (Note: No data was collected 2007 to 2010).

The KPIs were originally developed by an industry wide steering group. They were adapted from a suite published year on year since 1999 in the UK following an industry change movement led by the then Government as part of the 'Rethinking Construction' movement, (see www.kpizone.com)

NZ continues to benchmark with the UK showing international differences. Whilst, NZ began by demonstrating a relatively low-scoring position in comparison to UK, recent years seem to show the reverse. However, there is some evidence to suggest that performance in NZ is related to Boom-Bust, whereby higher performance is achieved in times of lower work and vice versa. NZ is currently experiencing a significant Boom and the 2014 data will enable this theory to be further tested.

KPI Suite	KPI	Measure - % Projects	2004	2005	2006	2011	2012	2013	This Year	All Years
SATISFACTION	S1 Client Satisfaction - Consultant	% Scoring 8/10 or better	62%	79%	39%	65%	56%	74%	↑	↑
	S2 Client Satisfaction -Contractor	% Scoring 8/10 or better	62%	79%	39%	66%	74%	58%	↓	↓
	S3 Client Satisfaction - Delivery Team	% Scoring 8/10 or better	-	-	-	80%	72%	67%	↓	↓
	S4 Delivery Team Satisfaction with Client	% Scoring 8/10 or better	-	-	-	-	78%	57%	↓	↓
	S5 Use Lead Consultant Again?	% Scoring 8/10 or better	-	-	-	-	74%	66%	↓	↓
	S6 Client Satisfaction Use Contractor Again?	% Scoring 8/10 or better	-	-	-	79%	86%	79%	↓	↔
	S7 Client Satisfaction Value for Money	% Scoring 8/10 or better	-	-	-	75%	88%	77%	↓	↔
QUALITY	Q1 Client Satisfaction Product	% Scoring 8/10 or better	73%	82%	88%	79%	83%	71%	↑	↔
	Q2 Impact of Defects on Handover	% Scoring 8/10 or better	40%	78%	31%	72%	80%	72%	↓	↑
	Q3 Defects Clearance Period	% where defects are cleared within 14 days	-	-	-	60%	55%	75%	↑	↑
SAFETY	HSE1 Safety LTIs	% Projects with zero LTIs (Lost Time Incidents)	33%	-	41%	77%	87%	93%	↑	↑
COST	C1 Predictability Design Cost	% on target or better	53%	55%	55%	81%	79%	57%	↓	↔
	C2 Predictability Construction Cost	% on target or better	42%	54%	39%	53%	61%	66%	↑	↑
	C3 Predictability Project Cost	% on target or better	33%	48%	40%	42%	68%	71%	↔	↑
TIME	T1 Predictability Design Time	% on target or better	38%	52%	22%	72%	67%	68%	↔	↑
	T2 Predictability Construction Time	% on target or better	65%	73%	53%	65%	63%	62%	↔	↔
	T3 Predictability Project Time	% on target or better	34%	50%	23%	47%	69%	42%	↓	↑
PROFIT	*P1 Profit (Pre-tax Profit) Company KPI*	Median % profit before interest & tax	10%	10%	7%	-	6.6%	-	-	↓

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Business Case for Benchmarking

There are a significant number of organisations including construction clients and major contractors who are using the national KPIs to benchmark, manage and improve their performance.

The industry is facing a number of challenges, not least the “Wall of Work” currently being rolled out which includes the multi-billion dollar programmes of the Christchurch Rebuild and the repair of so-called “Leaky Buildings”.

In parallel, the NZ Government, via **The Productivity Partnership** continue to call for an increase in productivity of 20% by the year 2020. (www.BuildingValue.co.nz).

Benchmarking has been proven to drive significant levels of performance improvement and deliver tangible rewards. There are a number of Benchmarking Clubs which have formed in the last two years in the public sector, using these KPIs to improve performance on areas such as road maintenance. (See CSIT and SSIT).

Benchmarking is enabling **Contracting and Consulting organisations** to provide evidence to clients that they are delivering high quality projects on time and budget, safely and to highly satisfied clients. One such organisation reports a regular enhanced margin of some \$50k per project.

Construction Clients such as Auckland Transport, NZTA, NZDF, Christchurch City, Wellington City, Auckland, Christchurch and a whole range of Councils are using benchmarking on schemes to drive performance improvement on their contracts and to

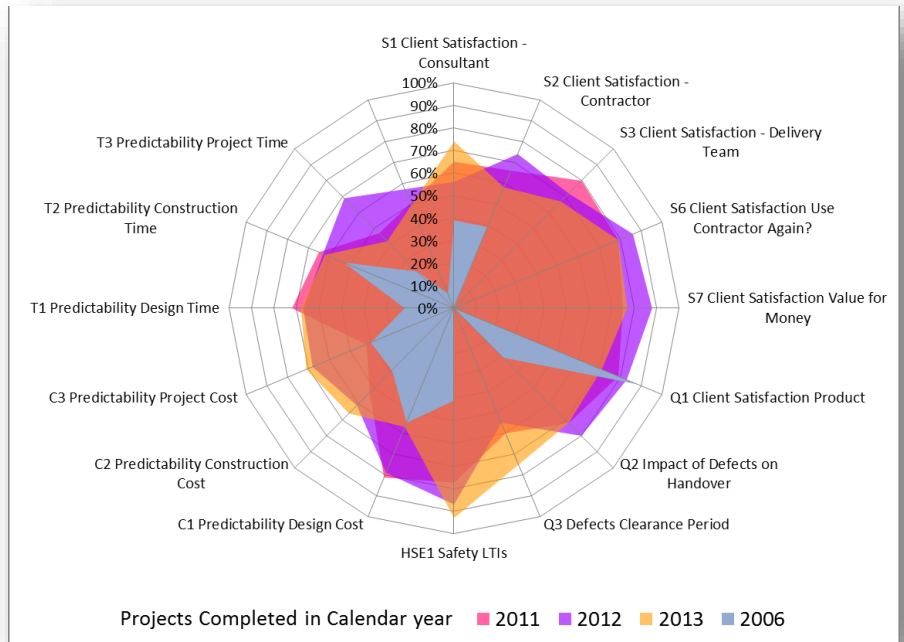


Figure 2 – Showing the industries performance shifts from 2006 to 2011.

deliver enhanced value for money for the tax payers’ dollar.

Benefits

The key benefit of benchmarking is rooted in the improvement in the percentage of projects achieving improved time, cost, quality, H&S, and customer satisfaction results. Over time these can be dramatically increased.

Other Tangible benefits include:

- Performance is lifted across most KPIs, often immediately, as access to performance data provides a focal point for decision making and improvement – ‘you can’t manage it if you’re not measuring it’.
- For **clients**, benchmarking provides an assurance that ‘Best Value’ is being achieved.
- For **suppliers**, profit margin is improved alongside performance.

- KPIs provide a measurement framework for panel and framework contracts to demonstrate year on year improvement, Best Value and continuous improvement.
- Targets can be realistically set based on national performance data.
- Improvement efforts are focused on issues that highlight poorer performance & are critical to success.
- Suppliers can demonstrate differentiation from their competition on performance and non-price attributes.

Call to Action

As a CCG Member, we need your Data and your Support. If you can help by providing data or you would like to become a sponsor of the programme, please complete the form on page 4 and send to Jo Conway or Amanda Warren. Thank You.

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The Programme

The Construction Clients' Group, (CCG) is committed to delivering year on year data in order to provide an up to date National KPI data suite.

This data is made available freely to the industry with a view to benchmarking and a lift in industry performance, in line with the CCG Vision.

The CCG International Benchmarking programme is aligned to the UK and other countries using the same KPI suite and can be used as a method of:

- Reporting Industry Performance trend data.
- Comparing with other countries.
- Encouraging and demonstrating industry improvement.
- Showcasing the business case for change.

Sponsorship

Whilst CCG is part-funding the programme, we also require additional funding to ensure that we can deliver a quality product in a timely manner. A sponsorship package has been developed which comprises:

- Sponsor Logos on all programme material and promotion as a Benchmarking Organisation.
- Individual Benchmark report showing the sponsors performance versus the current CCG and UK performance.
- Access to the data tables for inclusion in company reporting systems (enables self-benchmarking).

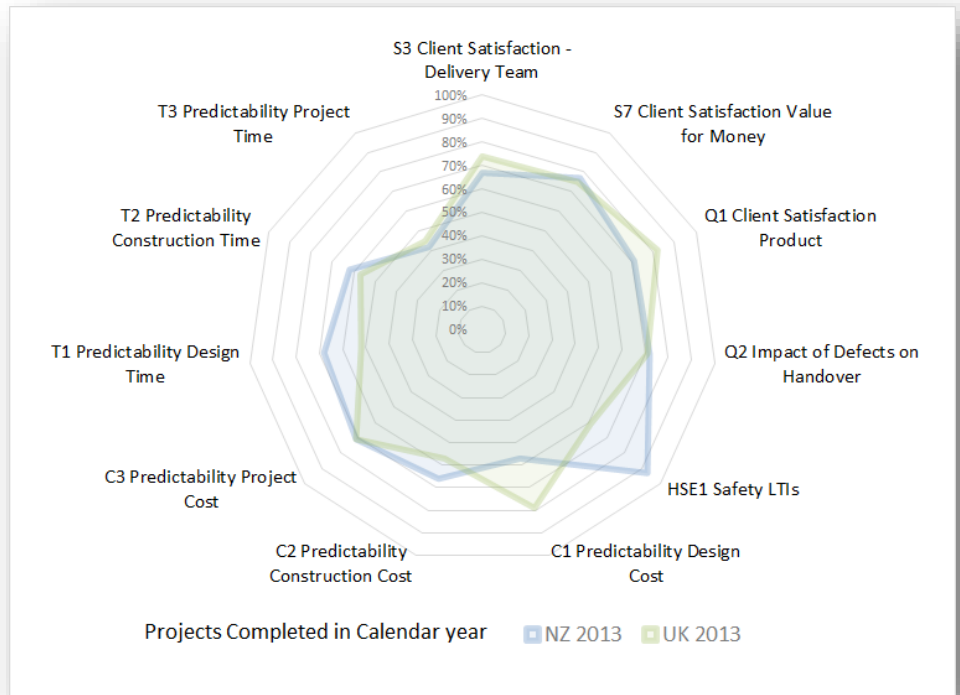


Figure 3 – Showing comparisons between UK and NZ performance.

Programme Deliverables

Free to industry are:

- A CCG National Performance Wallchart enabling all organisations to self-benchmark.
- A CCG National KPI Handbook describing the process.
- Presentation material.
- Suite of data tables for inclusion in in-house benchmark reports.

Data collection and analysis has begun and will run throughout September and October and November 2015.

Publication will be at launch events around the country from December 1st 2015.

New for 2015 report

- NEW separate benchmarks for Vertical, (Buildings) and Horizontal (Infrastructure) Sectors
- NEW Operational Continuity KPIs

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Your Action

SUBMITTING YOUR DATA

We are seeking data on Time, Cost, Quality, Safety and Customer Satisfaction for projects completed in the calendar year 2014. If you already use the NZ Construction Industry KPIs to benchmark your projects, you can supply Summary data in any format in which you keep it. If not, please submit at least one project using a form which we will send to you on request or you can download it from our web site www.constructing.co.nz.

Please note that your data will not be made available to anyone in its raw format. It will be used as part of the CCG national data set which and not be identifiable as an individual project performance. There are two ways of submitting data. These are:

- As a spreadsheet or other if you already measure project performance and wish to submit multiple projects.
- As a single project on the form which we will forward to you by email or download from www.constructing.co.nz. NB We can help you to complete the form.

Yes, we already use the National Construction Industry KPIs and would like to contribute Data to the Programme. Please contact

Name: _____ **Tel:** _____ **Email:** _____

Yes, we would like to contribute Data to the Programme via the attached form for a single project. Please contact

Name: _____ **Tel:** _____ **Email:** _____

SPONSORSHIP

We are also seeking Sponsors to help support the programme. The sponsors are requested to contribute \$5k towards the programme and in addition to supporting an industry-wide initiative, will in return will receive:

- Sponsor Logos on all programme material in recognition of the support and promotion as a Benchmarking Organisation.
- Individual Benchmark report showing the sponsors performance versus the CCG suite and UK performance.
- Access to the data tables for inclusion in company reporting systems (enables self-benchmarking)

Yes, we would like to be a Programme Sponsor. Please contact

Name: _____ **Tel:** _____ **Email:** _____

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