

Construction Client's Group  
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Presentation by  
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**The Client's Brief**  
**How Does The Constructor Deliver Value?**



**MAINZEAL**  
Building Certainty

# Presentation Overview

- ❑ What does the client need?
- ❑ The Project Brief.
- ❑ The Project Brief and procurement .
- ❑ What happens if the Project Brief is unclear?
- ❑ Why should the industry work together earlier ?
- ❑ Where is the evidence?
- ❑ What can we do now?

# What does the Client Need?

- Does the client know?
- Different business case drivers for different clients.
- The Sustainable Client wants their project to...

***‘Achieve Their Business Case’***

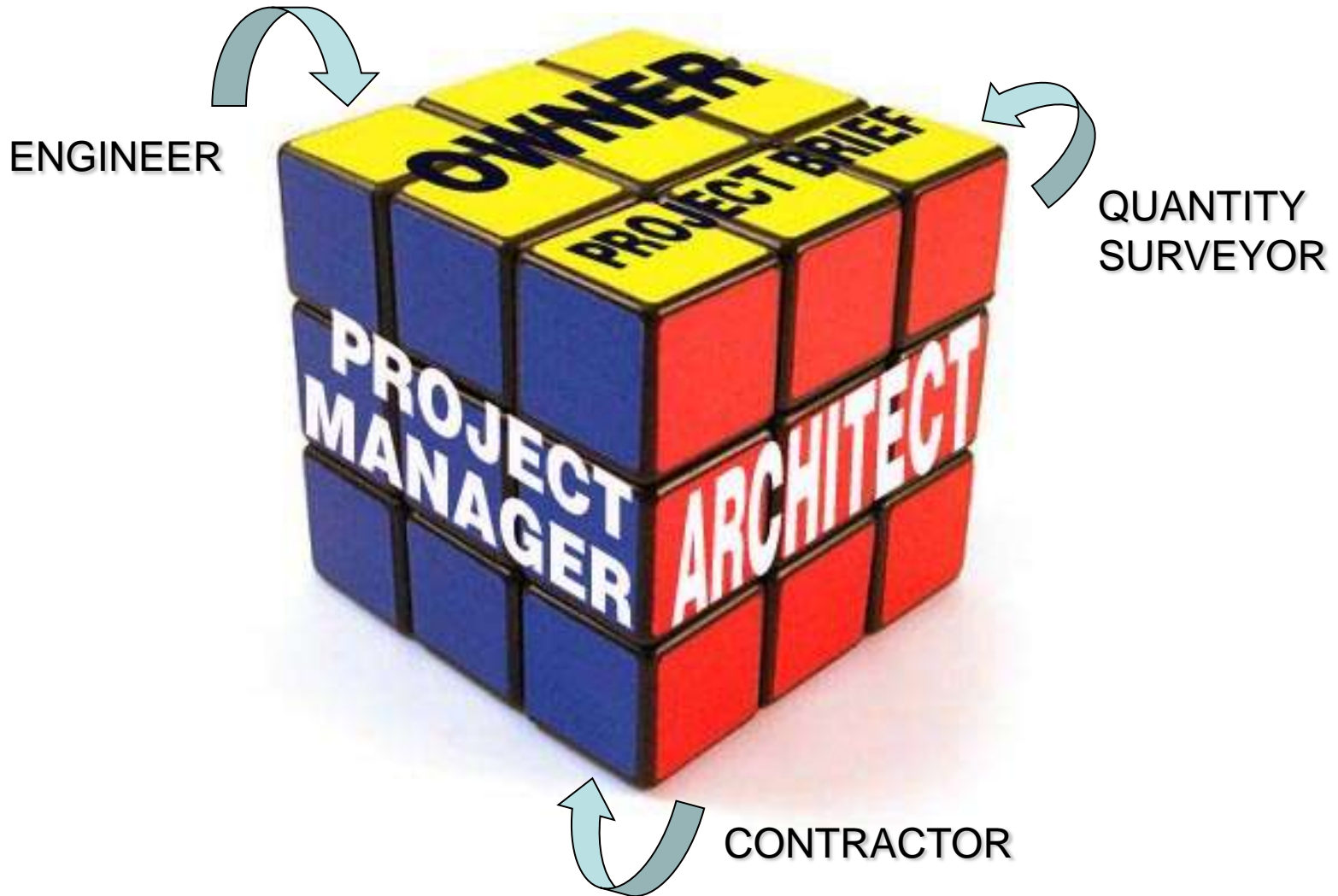
# The Project Brief – The Client

- Who prepares?
- Is the client an experienced industry customer?
- What are the client investment drivers?
- Public or Private Investment?
- Public or Private Partnership?
- Method of procurement?

# The Brief and Procurement

- Objective of the brief is to communicate client needs.
- The procurement objective is the reduction of waste.
- The focus is what causes waste.
- The task is waste reduction.
- What therefore can be classified as waste?
- How much of the price the customer pays is due to waste?
- What processes therefore need to change?

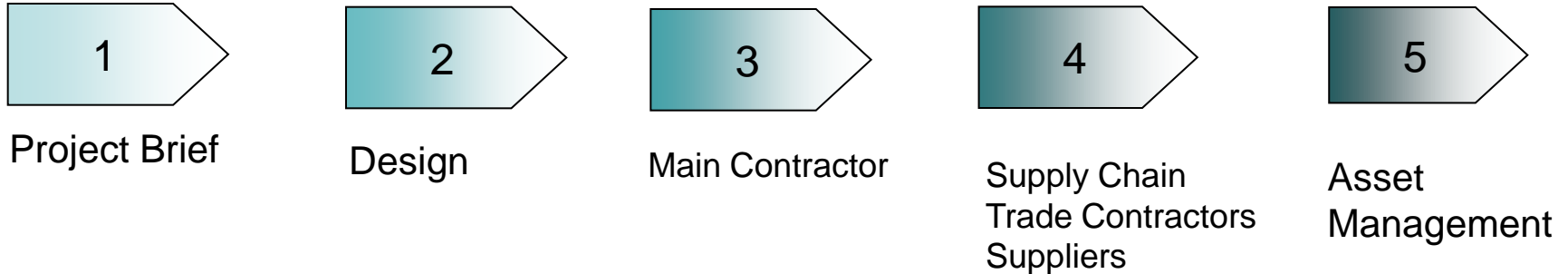
# The Traditional Model



# The Traditional Outcome



# Why The Traditional Outcome! The Linear Model

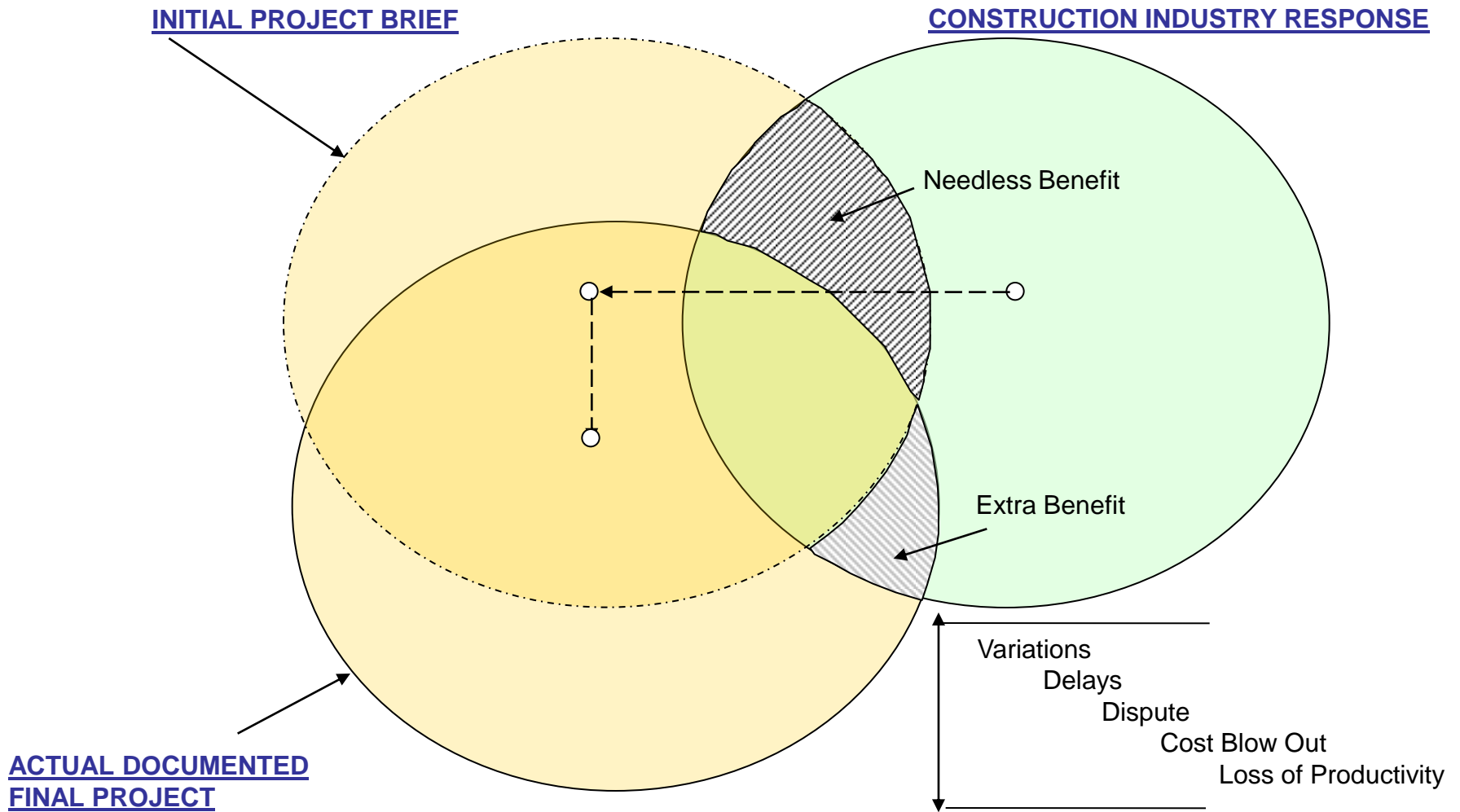


## **Business As Usual**

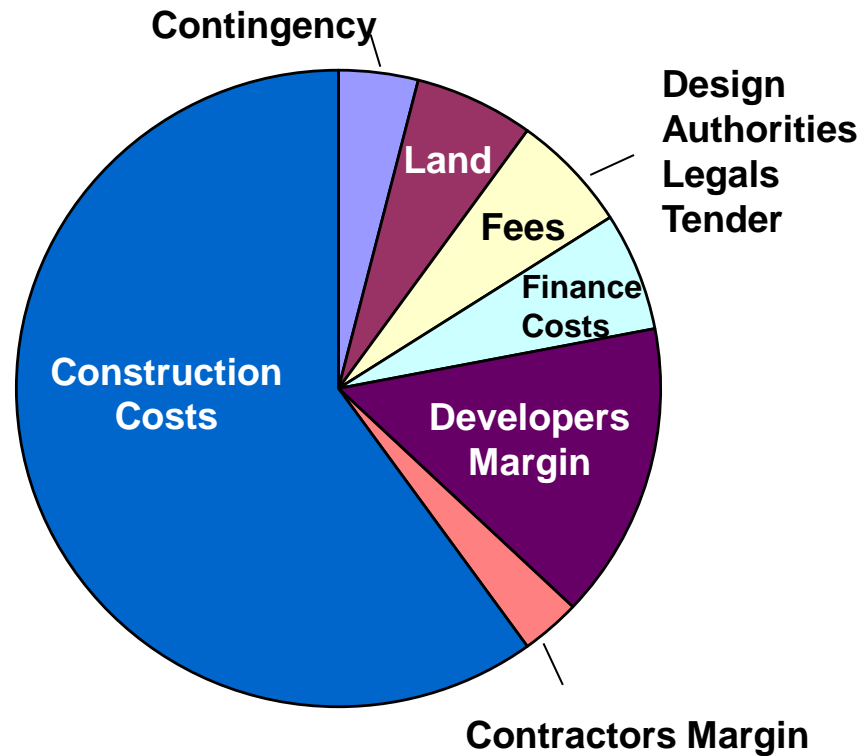
- Cost based competition
- Business process driven by lowest cost
- User needs neglected
- Does not promote innovation
- Sub-optimisation



# The Linear Model Outcome

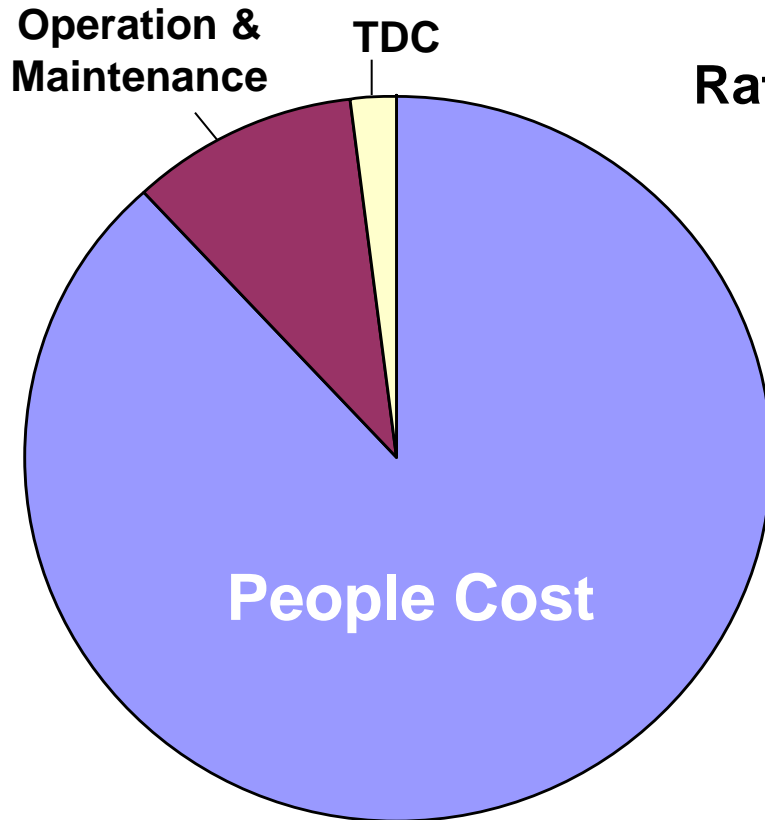


# Business As Usual Traditional Value For Money



**TOTAL DEVELOPMENT COST - TDC**

# The Sustainable Client Whole of Life Cost Model



**Ratios: 30 year life of a commercial building**

<b>Total Development Cost</b>	<b>1</b>
<b>Operation and Maintenance</b>	<b>5</b>
<b>People Cost</b>	<b>200</b>

*Source: The Royal Academy of Engineers*

# Design The Key Driver of Cost

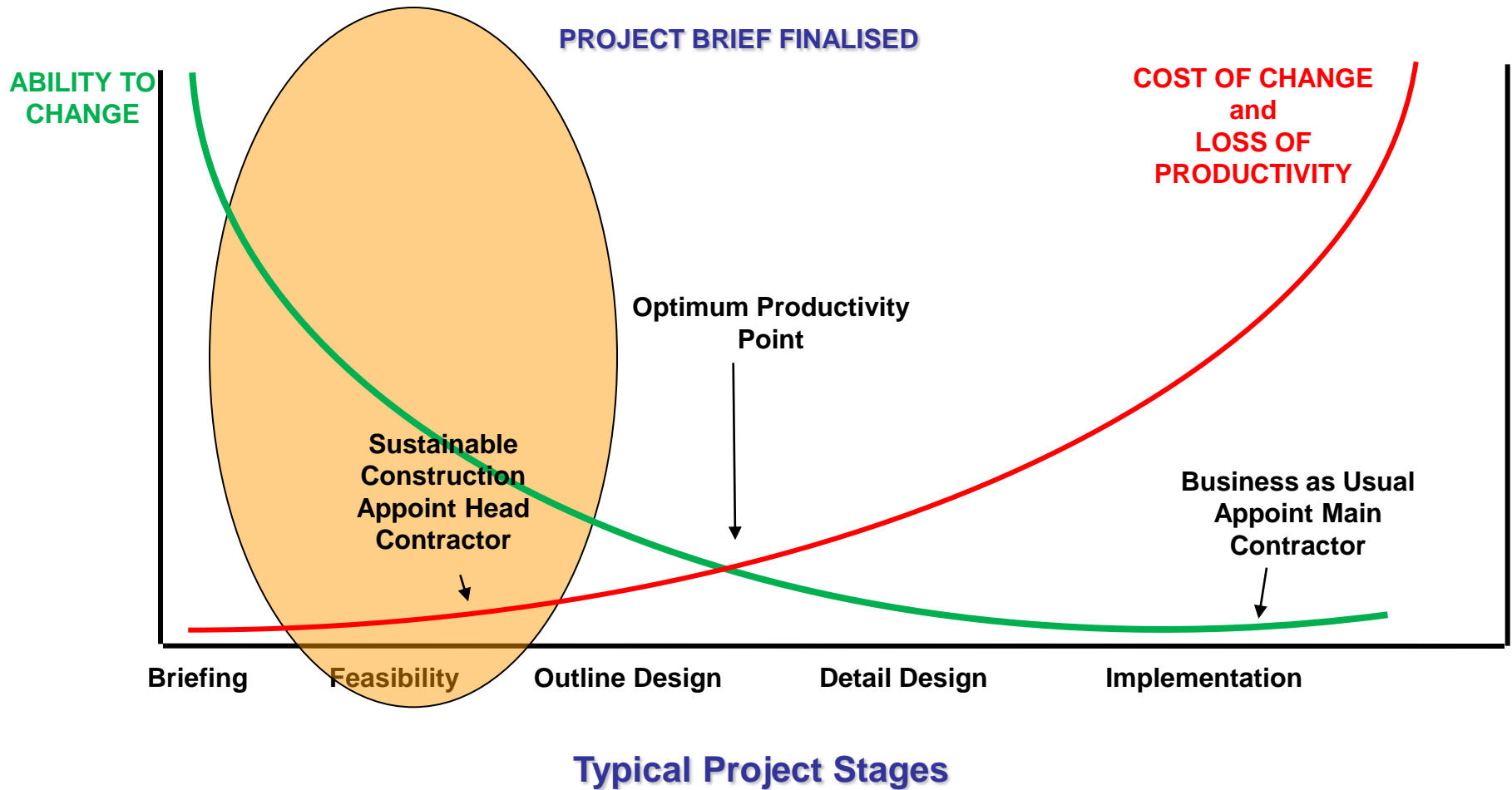
- ❑ A Gensler Report (2005) quoted by the RICS in July 2008 advised that the cost to British business of inefficient commercial office buildings was \$375 billion per annum, and a better designed workplace could improve productivity by 19%.
- ❑ US studies (CIBSE 1999) suggested that a 1% improvement in productivity has a larger economic return than a 100% saving in energy costs.
- ❑ ‘The universal acceptance that the design of the project dictates both its ultimate cost and the logic of design as it is implemented establishes how long a project will take’. *Roy Morledge, Nott Uni, UK.*
- ❑ As a result there is total interdependency of design, cost and project duration.

# Today's Driver is Sustainable Construction

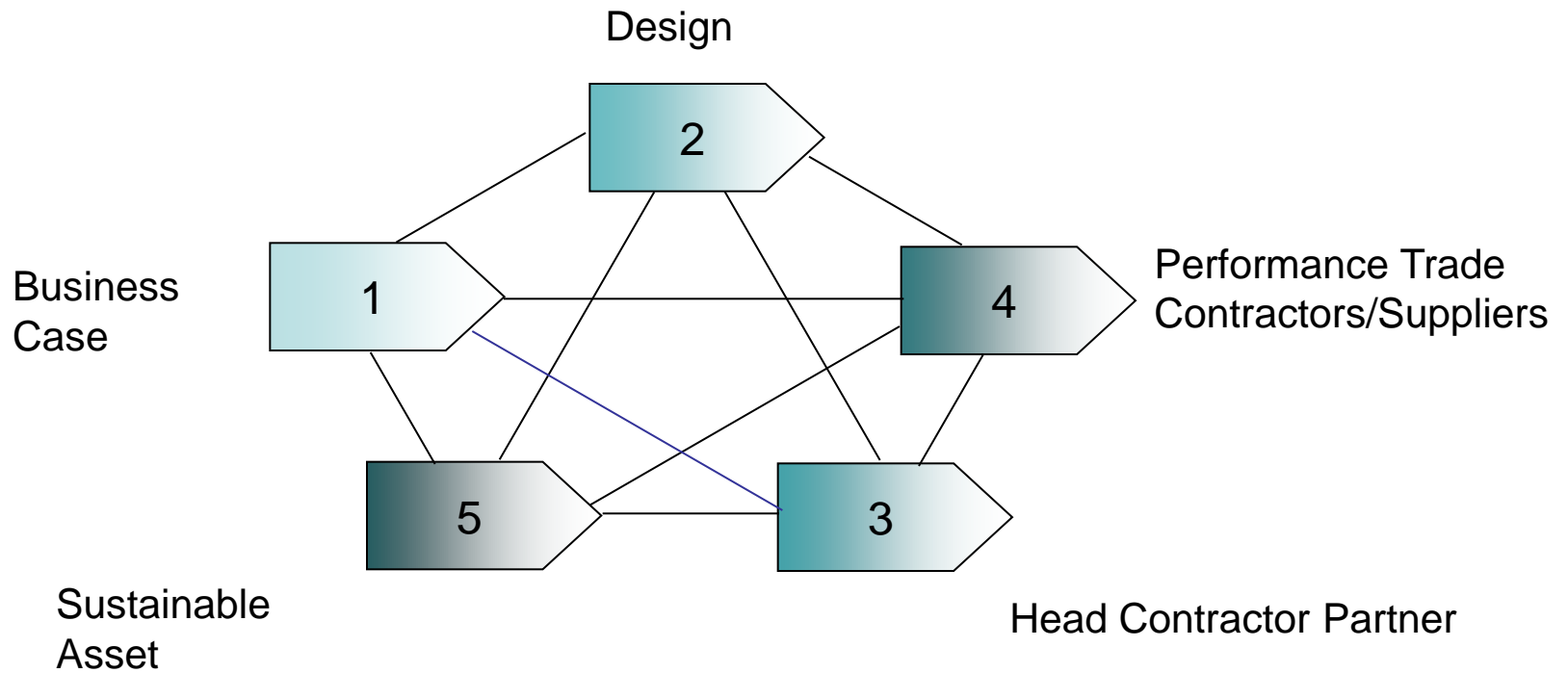
## The Linear Delivery Model is Redundant

- ❑ The need to balance Social, Environmental and Economic drivers.
- ❑ Whole of life cost will be driven by facilities management.
- ❑ The performance trade contractors are responsible for more design.
- ❑ The interaction between the performance trade contractors, the design team and the head contractor, drives value added.
- ❑ Documentation co-ordination becomes the role of the head contractor.
- ❑ A co-ordinated design achieves less change through construction.
- ❑ Resources are optimised, productivity increases, re-work reduces.
- ❑ Quality, Safety, Cost Certainty significantly improves.

# Unlocking Value Added Benefits And Maximising Productivity



# Integrated Construction Industry Supply Chain Delivers Sustainable Business Case



# The Integrated Project Team Adds Value By Early Involvement

- ❑ Performance and quality based competition.
- ❑ Procurement process driven by clients perception of value.
- ❑ Client 'needs' control of the process.
- ❑ Ensures skill matching from the total supply chain.
- ❑ Brings early involvement of the performance trade contractors.
- ❑ Ensures the best of breed are able to manage the project risk.
- ❑ Encourages innovation, ownership of project.
- ❑ Radically reduces waste, time.
- ❑ Radically improves quality, safety and overall project cost certainty.
- ❑ Establishes a best for project culture.
- ❑ Enables optimisation of resources, increases productivity.
- ❑ Achieves transparency, common goals and trust.



# Productivity and Performance EVIDENCE

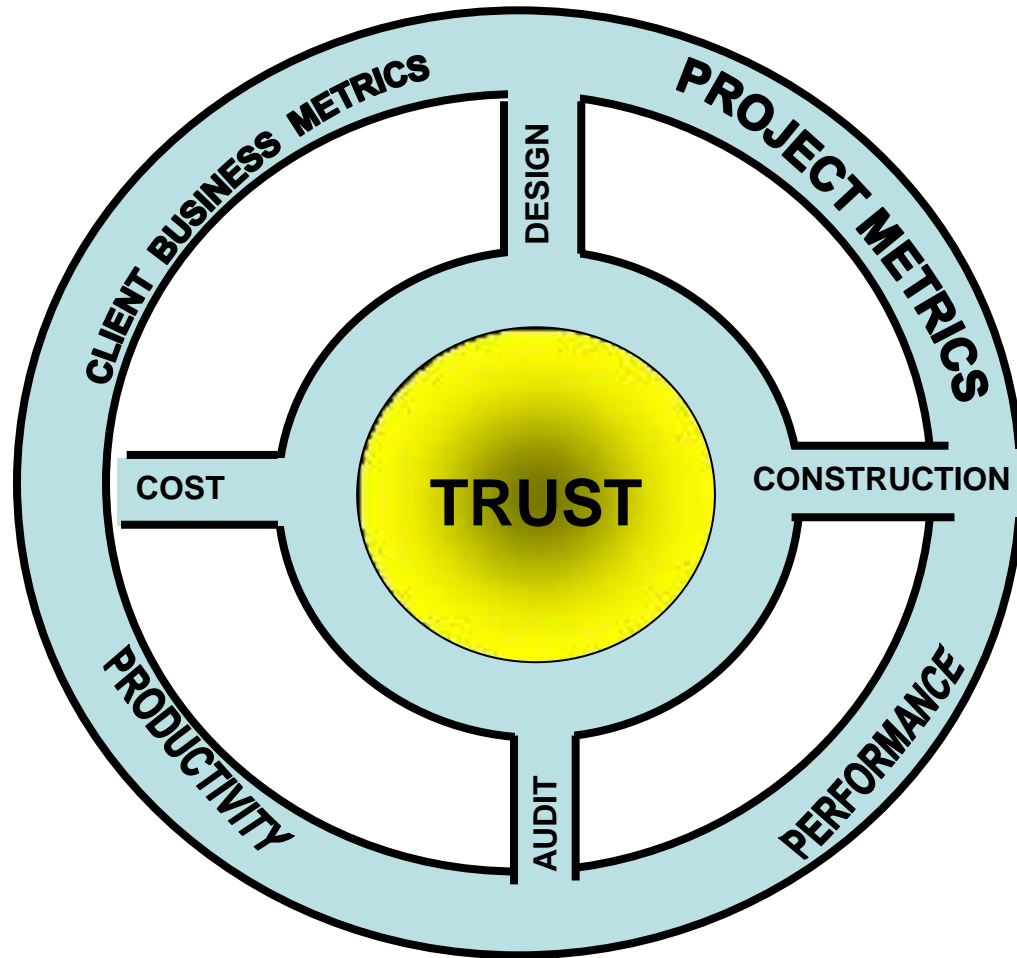
- ❑ Studies in Australia have compared Government Traditional Procurement Linear Model (LM) with the PPP Integrated Team Model (ITM).
- ❑ \$4.5 billion of projects delivered with LM.
- ❑ \$4.9 billion of projects delivered with ITM.
- ❑ Costs – ITM saved 15% versus LM.
- ❑ Time – ITM saved 23% versus LM.

# Productivity and Performance EVIDENCE

- ❑ East Tamaki Brewery delivered for Lion Nathan.
- ❑ Massey University Library delivered for Massey University.
- ❑ Vogal House delivered for AMP Capital Properties.
- ❑ Supreme Court delivered for Justice Department.
- ❑ Spring Hill Prison delivered for Corrections.
- ❑ HVDC Link underway for Siemens contracted to Transpower.

# Sustainable Asset Creation

## Forget The Cube, Use The Wheel



# Productivity and Performance In Summary

- ❑ Silos (LM) cause further fragmentation of an already fragmented industry.
- ❑ Tendering does not deliver value for money for complex projects.
- ❑ Clients to lead change by procurement of projects using collaboration (ITM).
- ❑ The Client Project Brief is the catalyst.
- ❑ Integrated project team delivers productivity, cost certainty.
- ❑ Best for project culture, delivers performance.
- ❑ Clients business case metrics matched by the project metrics.

Thank you.