



Benchmarking & Best Practice at Naylor Love

CCG – 25th June 2008

Our Mission

www.naylorlove.co.nz

**“To deliver measurably the
best construction services for
our clients”**



What is benchmarking?

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- ✓ Measuring performance
- ✓ Comparing performance
- ✓ Setting Targets
- ✓ Improving Performance

***‘to deliver measurably the best
construction services for our clients’***



Why Benchmark?

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Clients want their projects delivered:

- ✓ On time
- ✓ Efficiently
- ✓ On budget
- ✓ Free from defects
- ✓ Safely
- ✓ By profitable companies

And to achieve year on year:

- ✓ Reductions in project costs
- ✓ Reductions in project times



Why Benchmark?

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Performance Measurement enables us to:

- ✓ Differentiate on Service not just Price
- ✓ Demonstrate the value of long term relationships
 - ✓ Partnering Frameworks
 - ✓ Best Value
- ✓ Set targets & feedback for performance improvement

***'to deliver measurably the best
construction services for our clients'***



What we Measure

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Client
Satisfaction
- Product

Predictability of
Construction
Cost

Profitability

Predictability
of Construction
Time

Client
Satisfaction
- Service

Defects on
Handover

Safety
- LTIs

Use Naylor
Love again?

Defects
Clearance



Using the Results

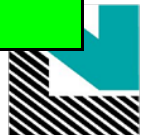
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The 2005 Pilot Benchmark results clearly showed two areas where Naylor Love needed to improve. They were:

- ✓ **Delivering on time**
- ✓ **Reducing & Clearing defects**

		NL Result 2005	NL Result 2007	% Change
Predictability Construction Time	% of projects on target or better	27%	47%	↑20%
Predictability Construction Time With EOT	% of projects on target or better	27%	53%	↑26%

		NL Result 2005	NL Result 2007	% Change
Defects on Handover (customer survey measure)	% of projects scoring 8/10 or better	52%	50%	↓2%
Cleared Defects within 30 days	% of projects where defects cleared within 30 days	16%	58%	↑42%



Using the Results

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- Mid-way surveys – correcting problems before its too late
- Studying surveys for similar projects or clients **before** starting a project.
- Demonstrating to clients our drive to continuously improve performance
- Identifying and addressing weaknesses across the company



Examples

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MERCY HOSPITAL

- Surveyed at the end of Stage 1, scored 83% but a couple of issues raised.
- Surveyed mid-way during current Stage 2, scored 90%, client highlighted how pleased he was the project team took on board his comments from the last project and the vast improvement shown in those areas

AIAL C1 & C4

- Surveyed at the end of the project highlighting some discontent with service.
- Enabled us to get in front of the client to address the issues.
- Full understanding of the client's drivers for next project



Best Practice Group

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The principal objective of the Best Practice Group is three fold:

- To ensure that the performance of Naylor Love is being comprehensively and consistently **measured** to allow ready comparison with past performance levels and Industry benchmarks.
- To **build** as necessary and maintain an accessible group wide best practice framework which targets the elimination of our apparent weaknesses and enhancement of our strengths.
- To **promote** benchmarking and best practice follow-up within the Company and ensure that it features prominently in promotion of the Company to existing and prospective clients



The Outcomes

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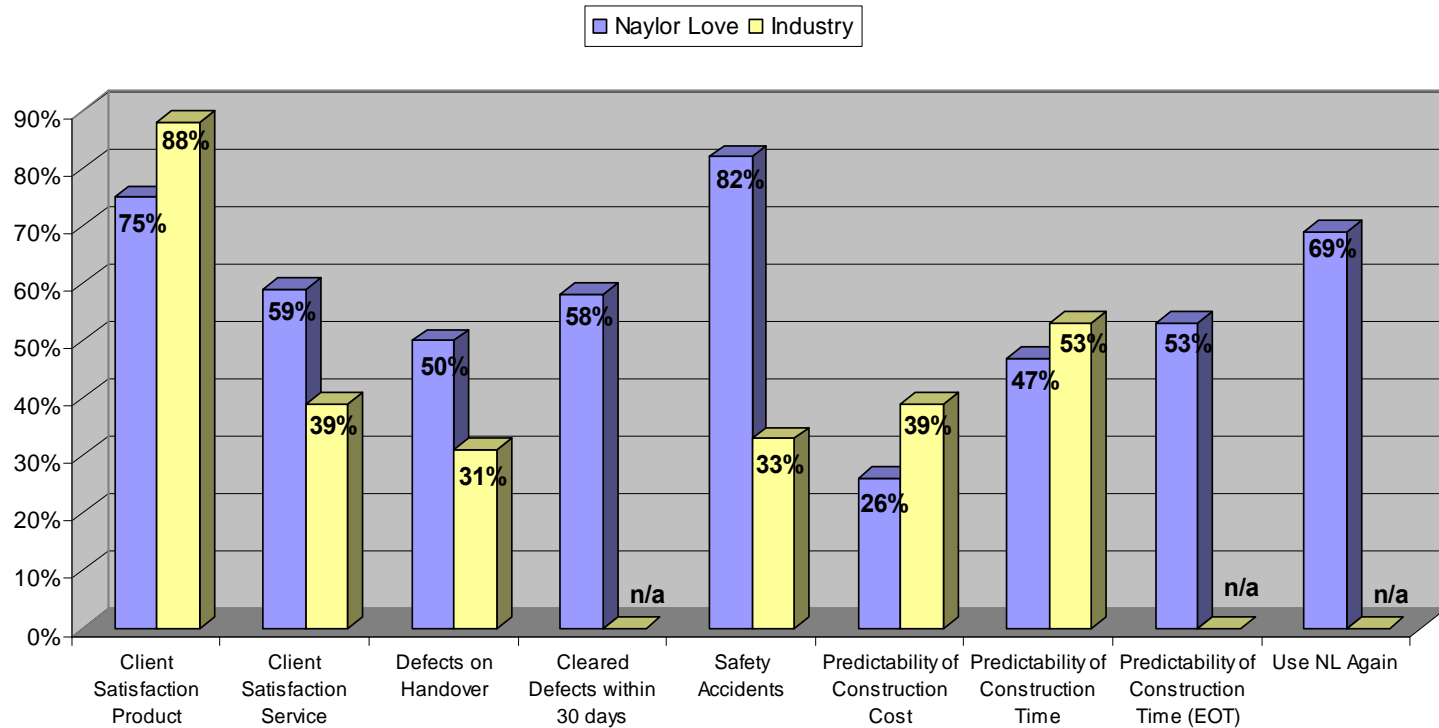
- Early gains in the first two years
- Some drop off in the third year
- Current results consistently better than ever
- Increased levels of negotiated work
- Greater employee satisfaction



NL vs Industry – KPI Results

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Naylor Love vs Industry average



Where to now?

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- More focus at division level
- Earlier understanding of client drivers
- Client education and feedback
- Subcontractor education
- Increased promotion



Questions

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