



An Integrated Team Toolkit

CCG Meeting No. 17

19th April 2007



Agenda

- **What** is an integrated team
 - Options
- **Why** Use an Integrated Team
- **How** to choose & establish integrated teams



What?

What is an integrated team?

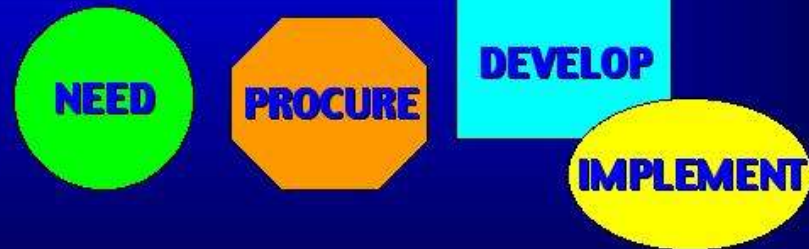
THE "HISTORIC" PROCESS



Wasted time

What is an integrated team?

THE “TRANSITIONAL” PROCESS

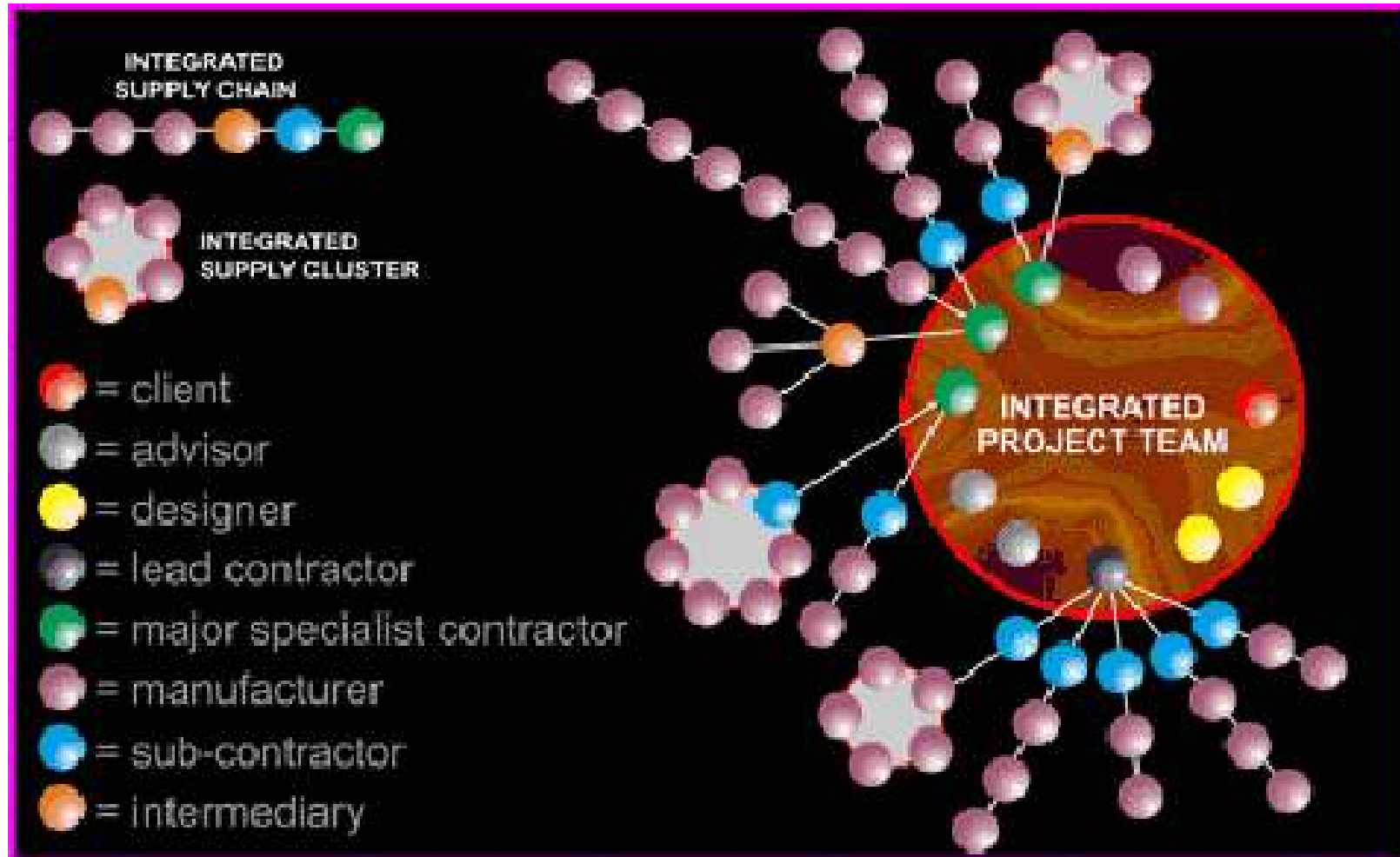


What is an integrated team?

THE “ASPIRATIONAL” PROCESS



What is an integrated team?





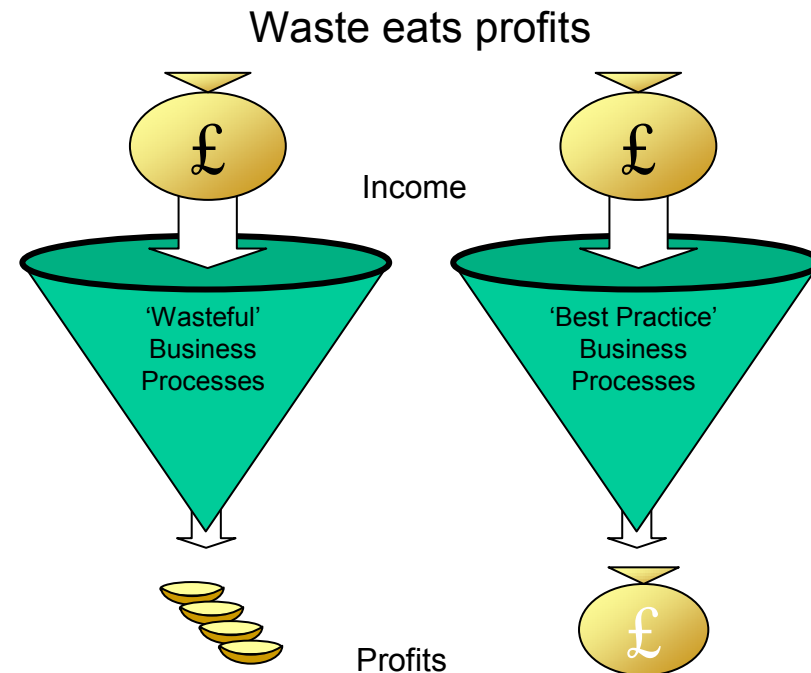
Why?

Business as usual

- Tendering & pre-qualifying - time and cost to both supplier and client
- 'First time, every time'
- Inconsistent teams and unreliable resourcing
- Lack of shared processes or procedures
- Lack of shared learning
- Individual goals, no shared reward or incentive
- Late payments, retentions and late settlement of final accounts
- **Lowest price is rarely lowest cost**

Business as usual

- **25% would go bust** if creditors called in their debts tomorrow
- For every **£100** spent on **marketing/tendering**
 - **£60** is spent on **R&D**
 - and only **£30** on **training**.



Sample Tendering costs

- £20 Million pa
- 4 tenderers per project
- 3 unsuccessful tenders
- 100 projects
- 4 people x 4 person days per tender @ £250 per day

Therefore:

- 300 tenders x 16 person days x £250 = £1.2 Million
- Who pays for this waste?

Benefits of an integrated team

- **Improved product**
- **Added value**
- **Greater predictability**
- **Focus on sustainability**
- **Fulfilling environment**
- **Learning culture**

Benefits of an integrated team

- **Improved product**
- Outcomes which better meet the original and evolving needs
- Fewer defects in delivery and future operation
- Earlier delivery and improved transition to operation
- Enhanced customer satisfaction
- Quicker concept to completion cycles through improved engagement with supplier
- Improved defect remediation
- More effective decision making facilitated through openly sharing issues, ideas and information.

Benefits of an integrated team

- **Added value**
- More appropriate selection in quality and specification to meet the anticipated life span.
- Better balance of capital and revenue investment deployment
- Lower lifecycle cost of ownership
- Appropriate flexibility and adaptability to suite anticipated futures
- Reduced cost of transactions
- Opportunities to benefit from economies of scale and recovery of unnecessary tender costs
- More realistic risk profiles
- Reduced project insurance costs and simpler recovery processes and guarantees

Benefits of an integrated team

- **Greater predictability**
- Seamless planning and implementation
- Clarity of programme progress
- Minimised risks of misunderstandings
- Avoidance of delays and overspends
- Improved component and material delivery through better scheduling and inventory management
- An open and honest environment capable of eliminating unpleasant surprises
- More certainty in cashflows and less credit needs

Benefits of an integrated team

- **Fulfilling environment**
- Safer, more respectful and supportive climate
- Opportunity to be consulted and involved in decisions
- Clarity on levels of empowerment and authority to act
- Culture of mutual enjoyment and success
- Minimised focus on litigation freeing individuals and companies to focus on performance
- Continuity of employment and the opportunity to build long term relationship based on mutual trust

Benefits of an integrated team

- **Learning culture**
- Encouraging questioning and challenging to improved understanding
- Opportunity to offer alternatives and to innovate
- Freedom for personal growth and accountability
- Continuously improving processes, methods and outcomes
- Design solutions which are easier to manufacture and construct
- More focused and efficient research and development with reducing development timescales
- Opportunity to learn from own and others mistakes

Toolkit for Integrated Supply Teams - Why?

Waste Impacts on ...

Pay and benefits

Training and career development

Opportunities

Conditions

To be amongst the brightest and the best

Status in the community

Enjoyment



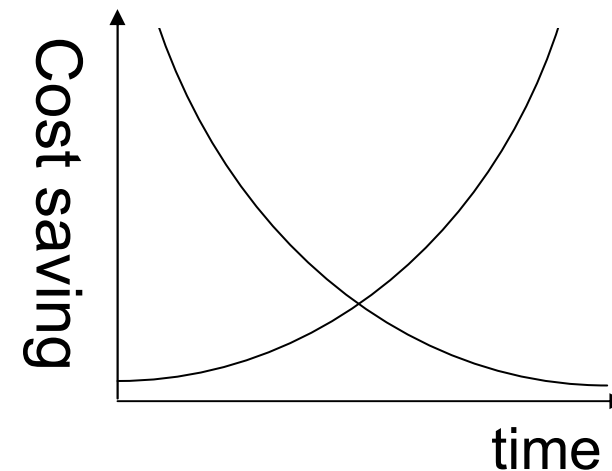
How?

Toolkit for Integrated Supply Teams - How?

- Integrated supply teams
 - All members of the supply chain
- Long term relationships
 - Early involvement of the whole team

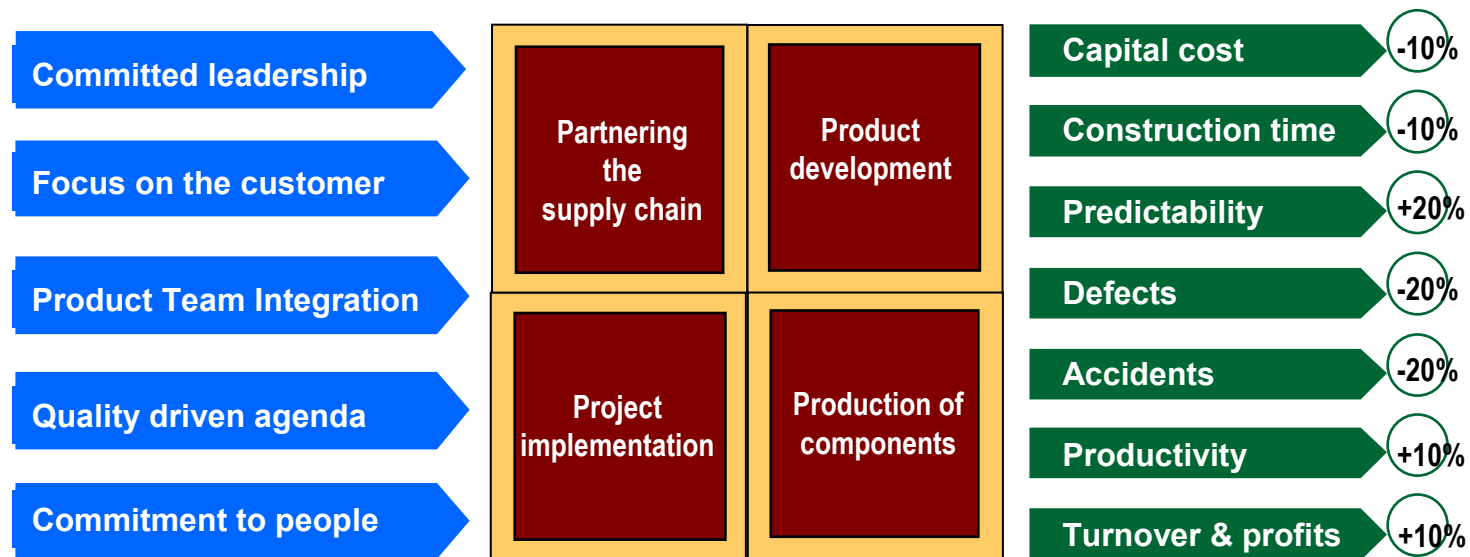
Toolkit for Integrated Supply Teams - How?

- Integrated supply teams
 - All members of the supply chain
- Long term relationships
 - Early involvement of the whole team
- Investment
 - Creating the culture
 - 360' Measurement
 - Time spent improving the product & process



Toolkit for Integrated Supply Teams - How?

- Investment in
 - Creating the culture
 - Time spent improving the product & process
 - 360' Measurement



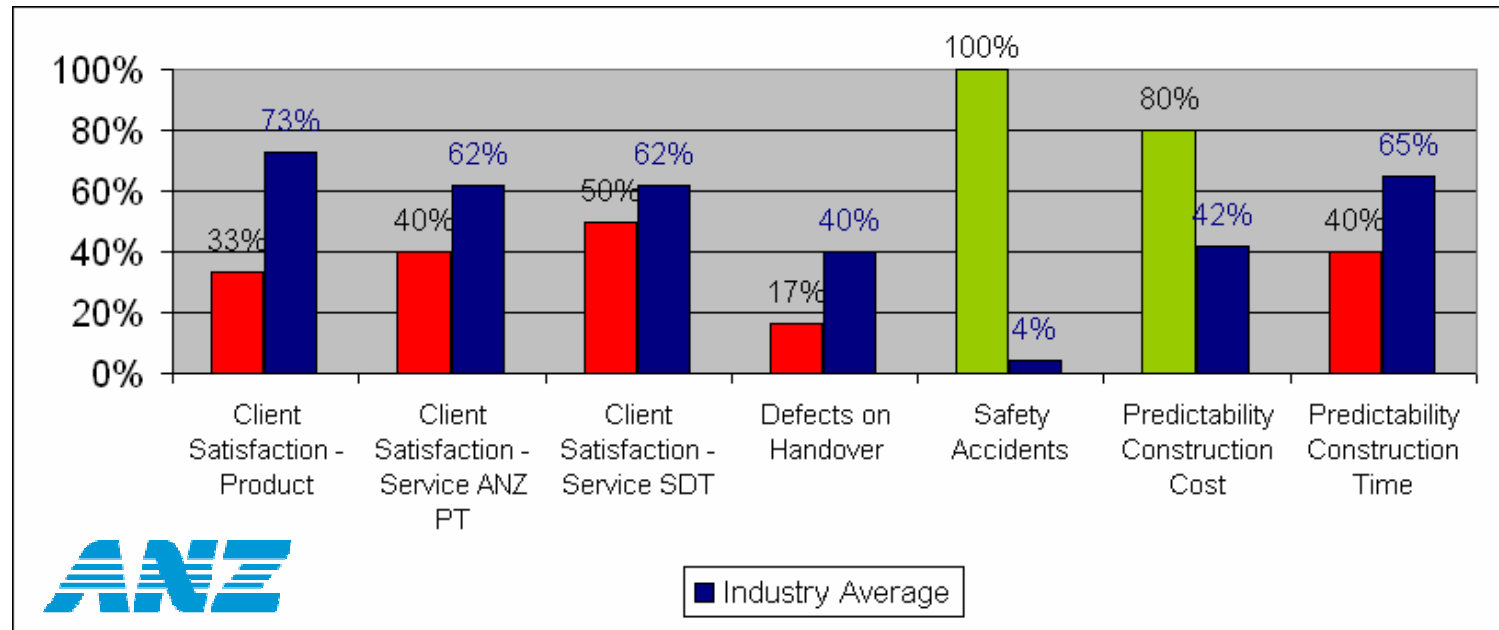
Toolkit for Integrated Supply Teams - How?

Performance Review

1

Benchmark Performance

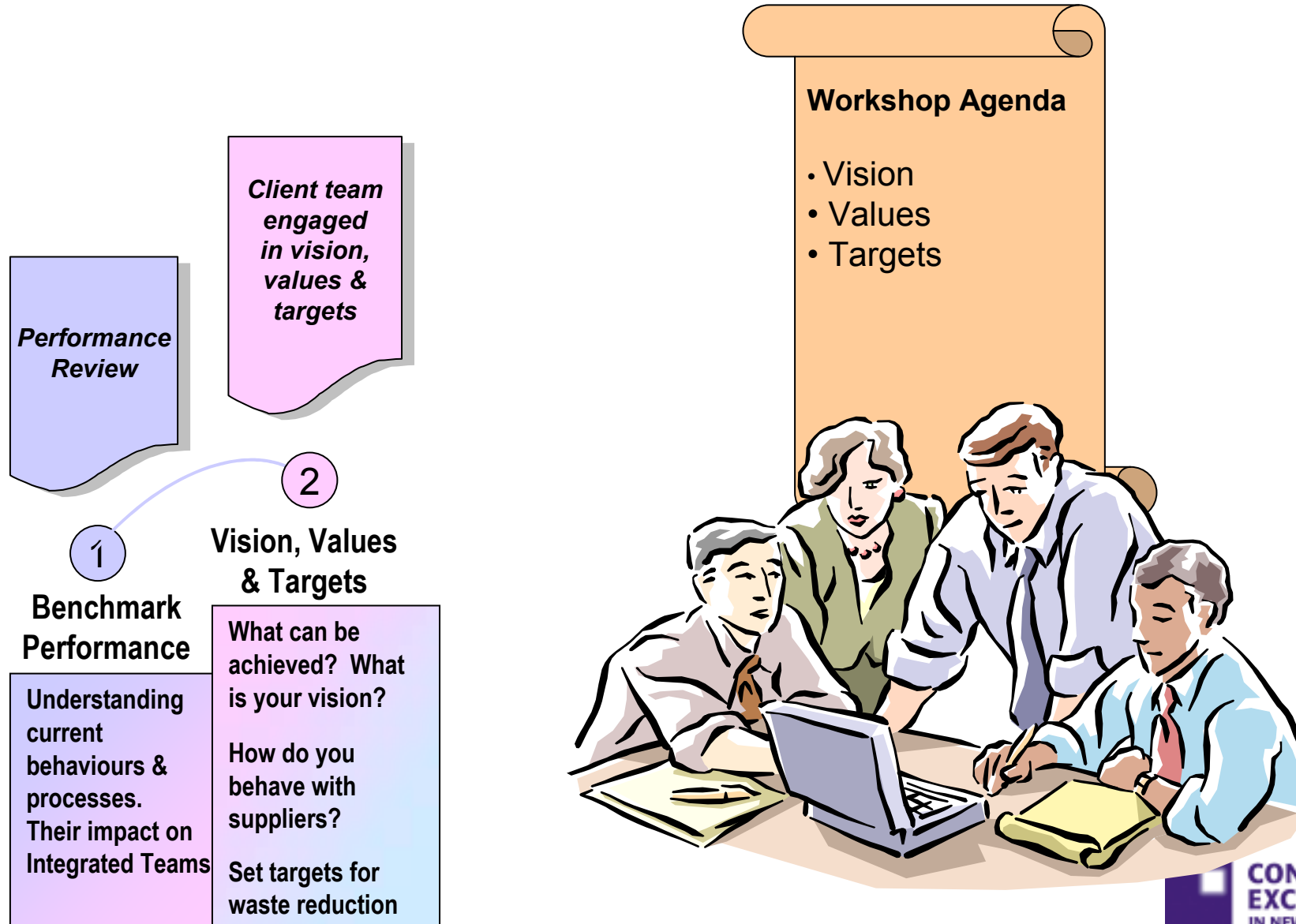
Understanding current behaviours & processes. Their impact on Integrated Teams



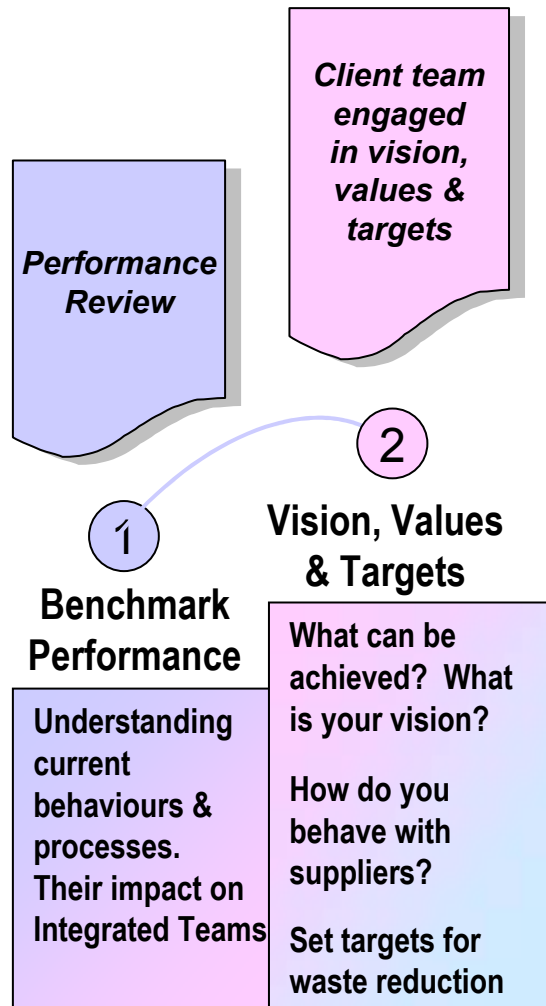
■ Industry Average



Toolkit for Integrated Supply Teams - How?

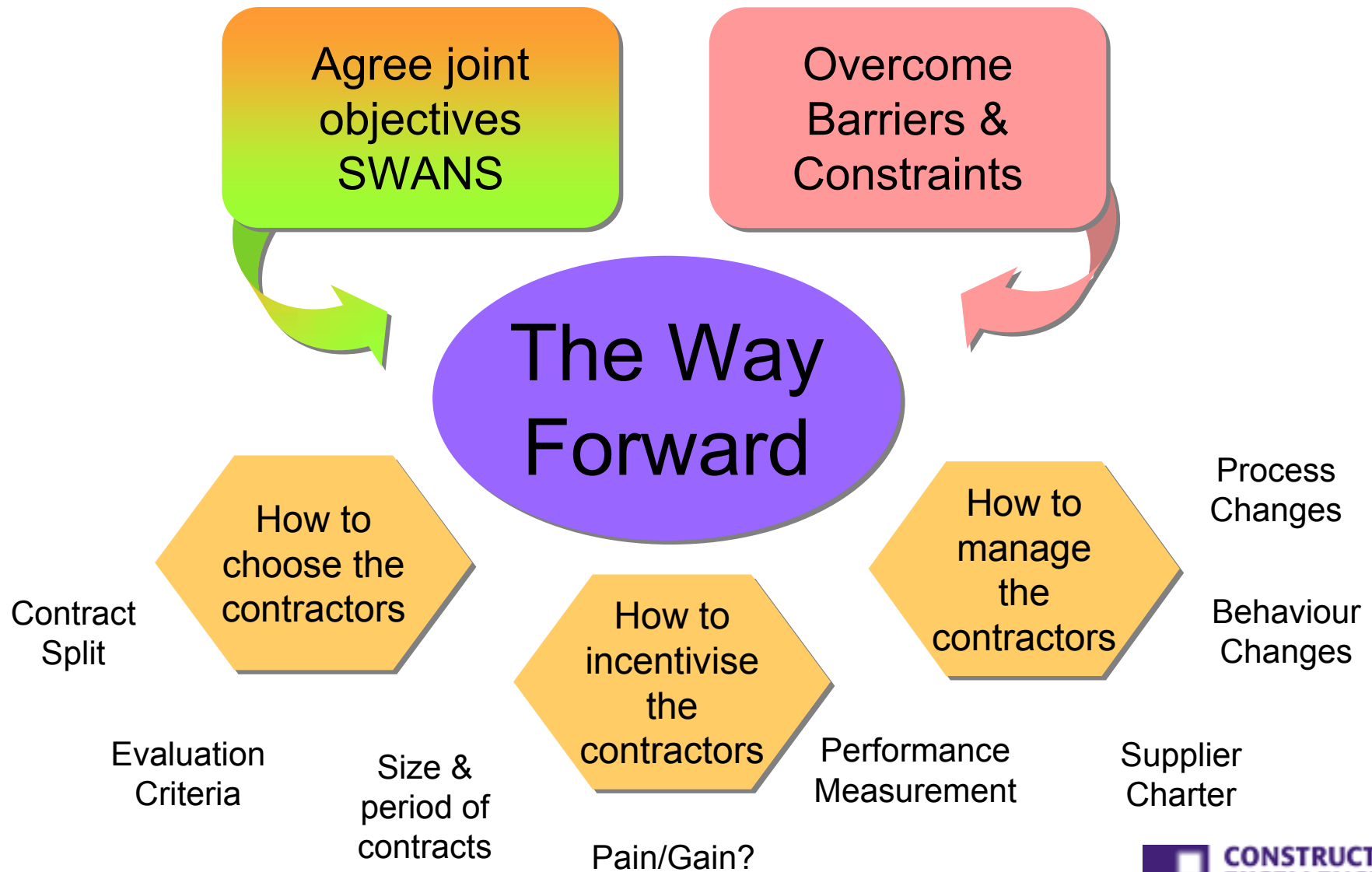


Toolkit for Integrated Supply Teams - How?

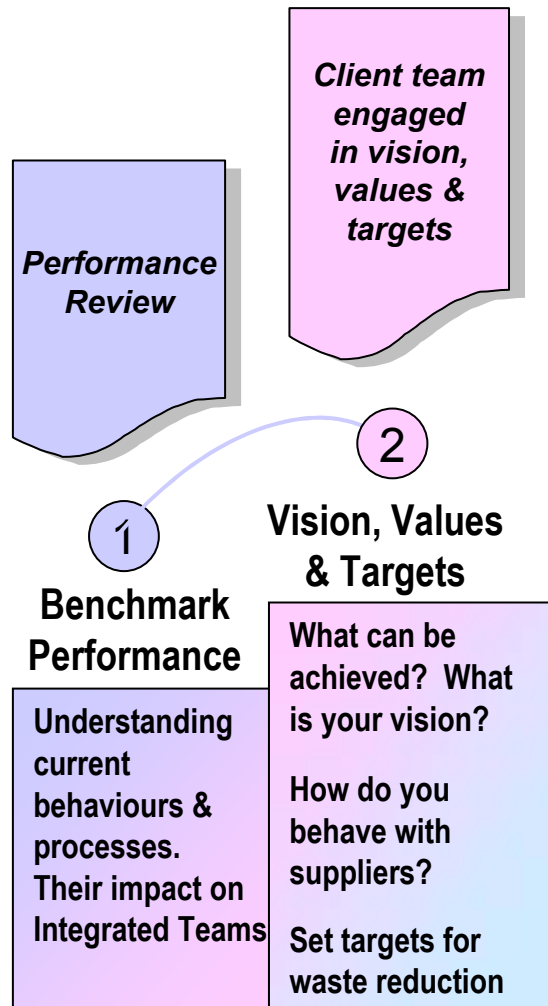


KPI	Measure	HCC Now	Industry*	HCC Target
Client Satisfaction Product	% scoring 8/10 or better	50%	73%	90%
Client Satisfaction Service	% scoring 8/10 or better	57%	65%	85%
Defects	% scoring 8/10 or better	36%	58%	100%
Safety	Mean Accident Incidence rate per 100k employed	No Data	990	300
Predictability Design Cost	% on target or better	17%	63%	85%
Predictability Construction Cost	% on target or better	39%	50%	80%
Predictability Design Time	% on target or better	41%	46%	85%
Predictability Construction Time	% on target or better	36%	61%	85%
Construction Cost	Change compared with one year ago	No Data	+2%	-5%
Construction Time	Change compared with on year ago	No Data	+4%	-15%

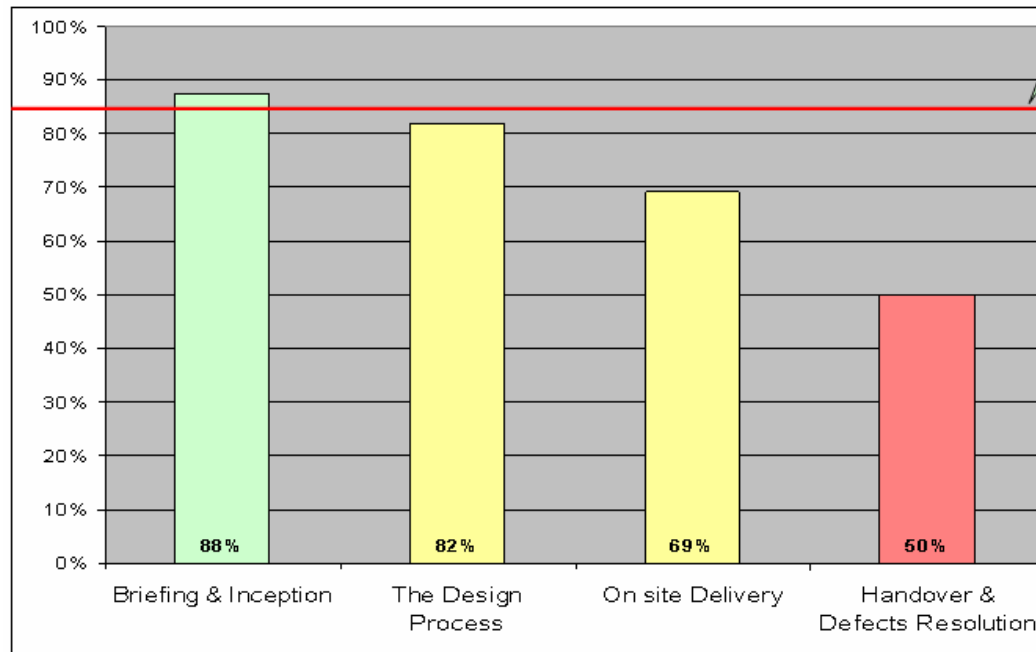
Workshop Objectives



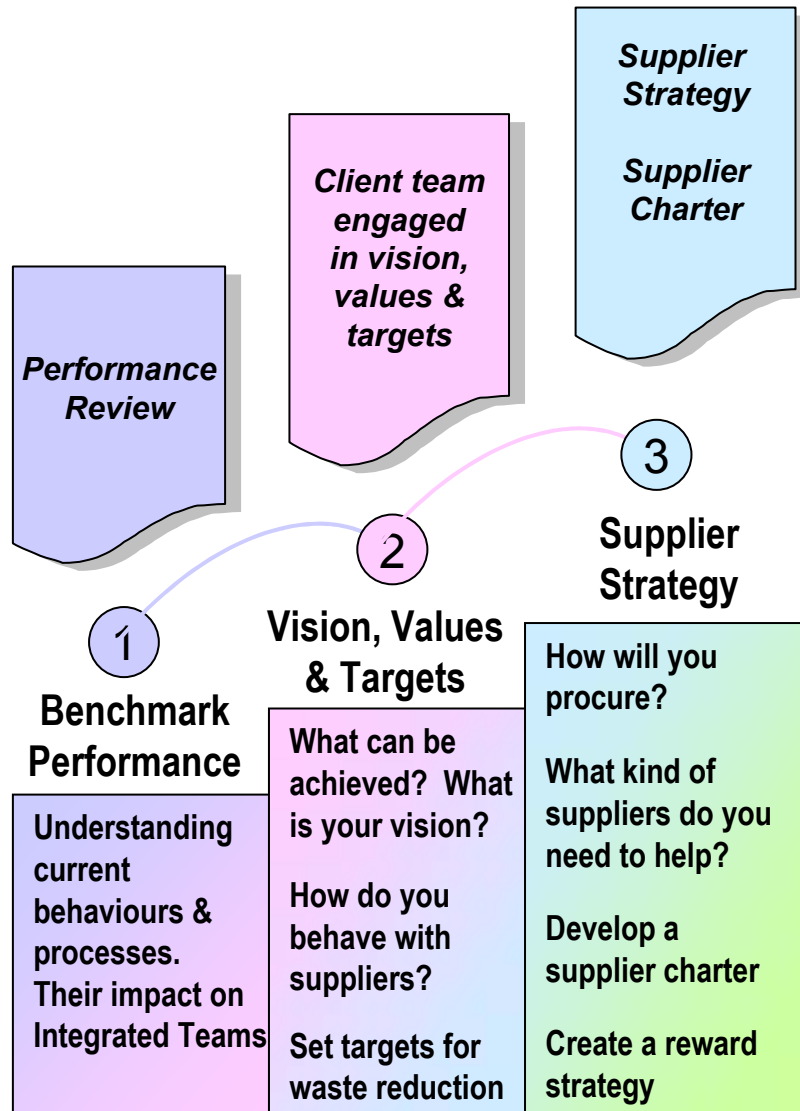
Toolkit for Integrated Supply Teams - How?



- 57% projects surveyed gain 8/10 or more
- 85% is our target
- Focus on improving handover & a defect free culture

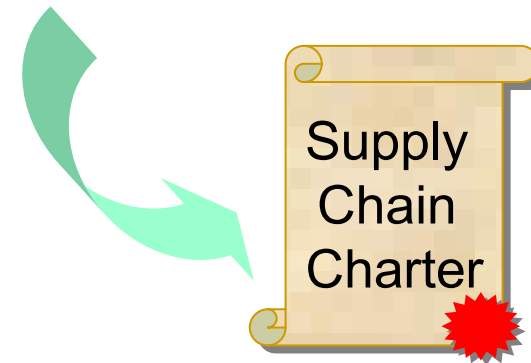


Toolkit for Integrated Supply Teams - How?

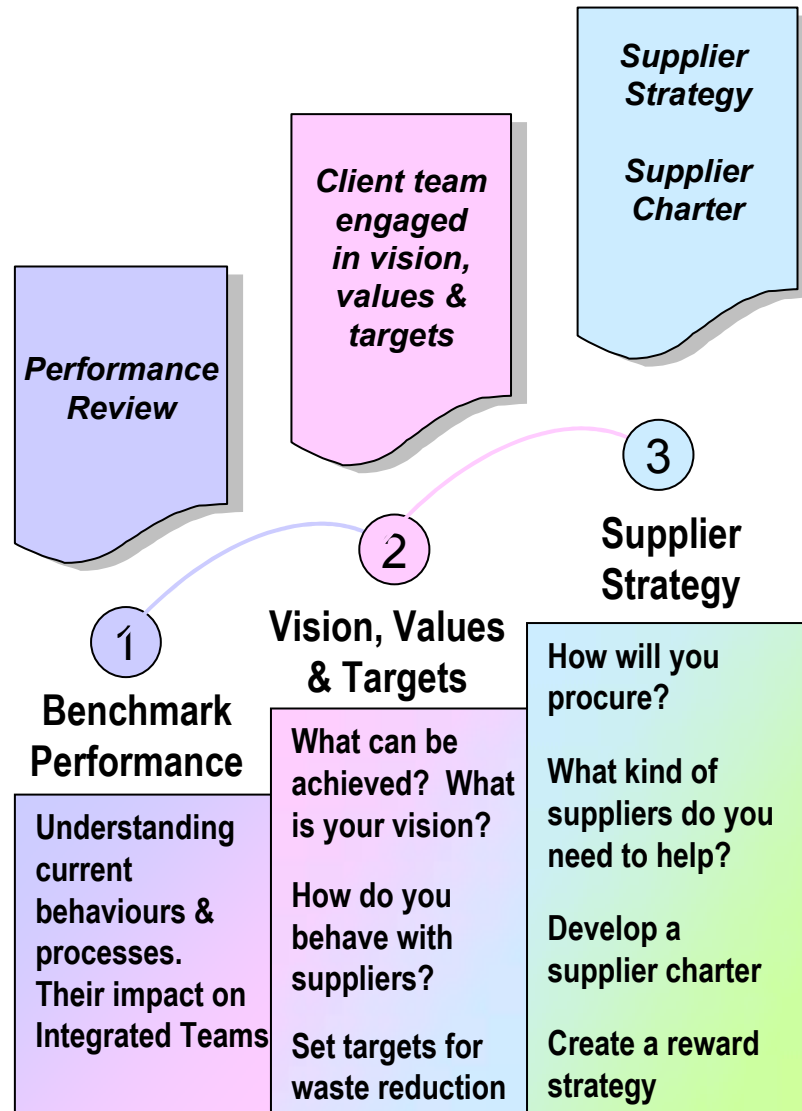


What clients are looking for

- Problem Solvers
- Demonstrable evidence of performance improvement
- Quality of product/service
- Sound business management
- Good interpersonal skills
- Open & honest

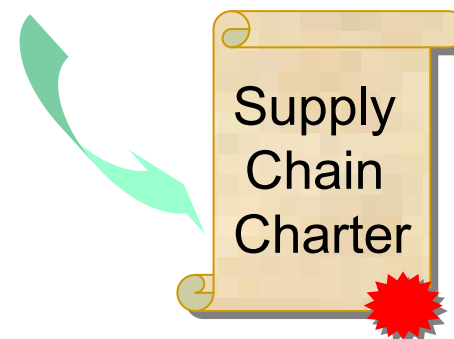


Toolkit for Integrated Supply Teams - How?



What suppliers are looking for

- Early Involvement
- Feedback
- Post Project Review
- Consistent Relationship
- Selection on 'Best Value'
- Better coordination of trades
- More negotiated work
- Open communication
- Knowledge of Forward Workload
- Reduced retentions for mature relationships



Devising a Procurement Strategy

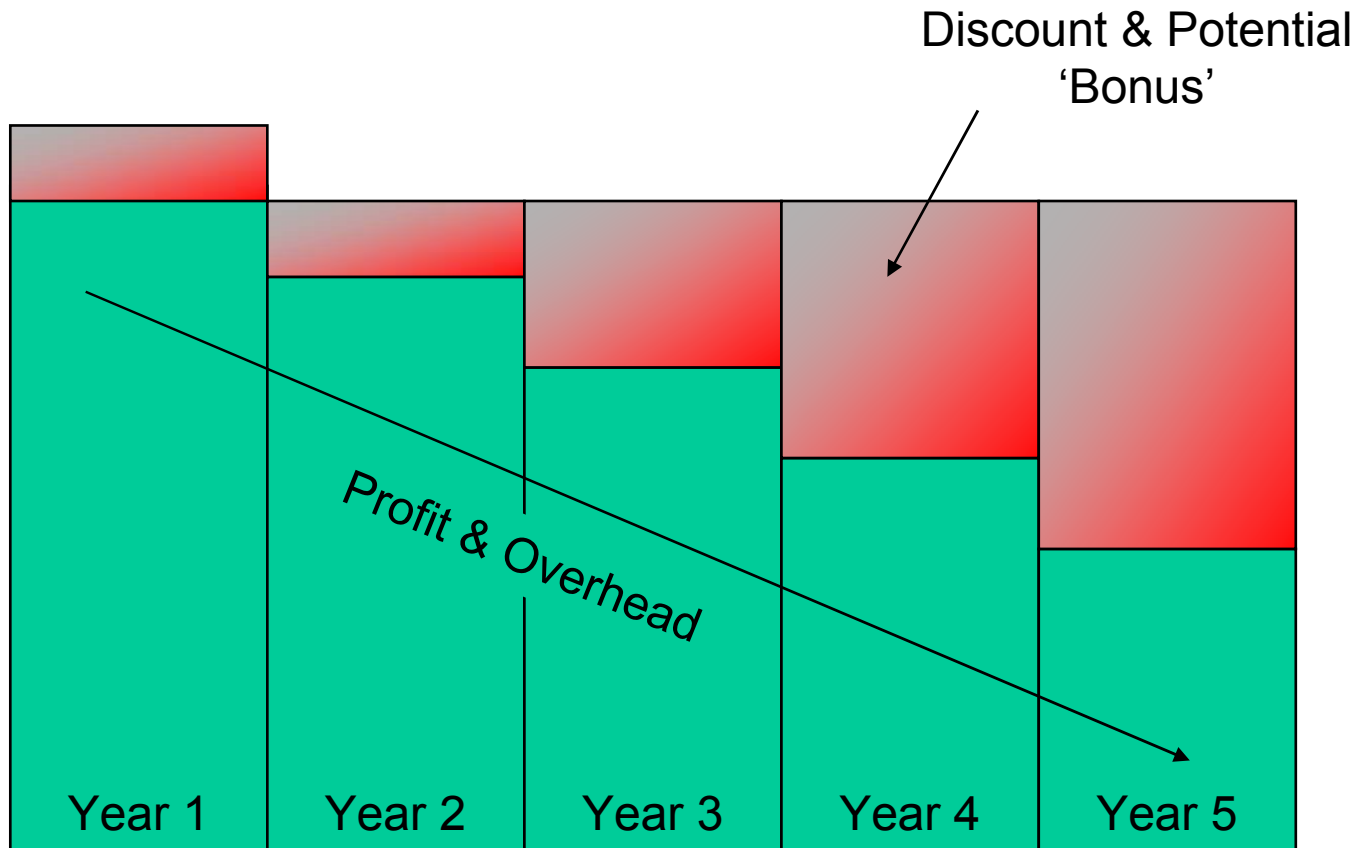
- How much do you spend?
- How many projects?
- What size & nature?
- How many suppliers will you need?
- What Procurement Route works for you & your suppliers?

Plan to award no more than
25% to 30% of the suppliers
Annual Turnover
Per annum

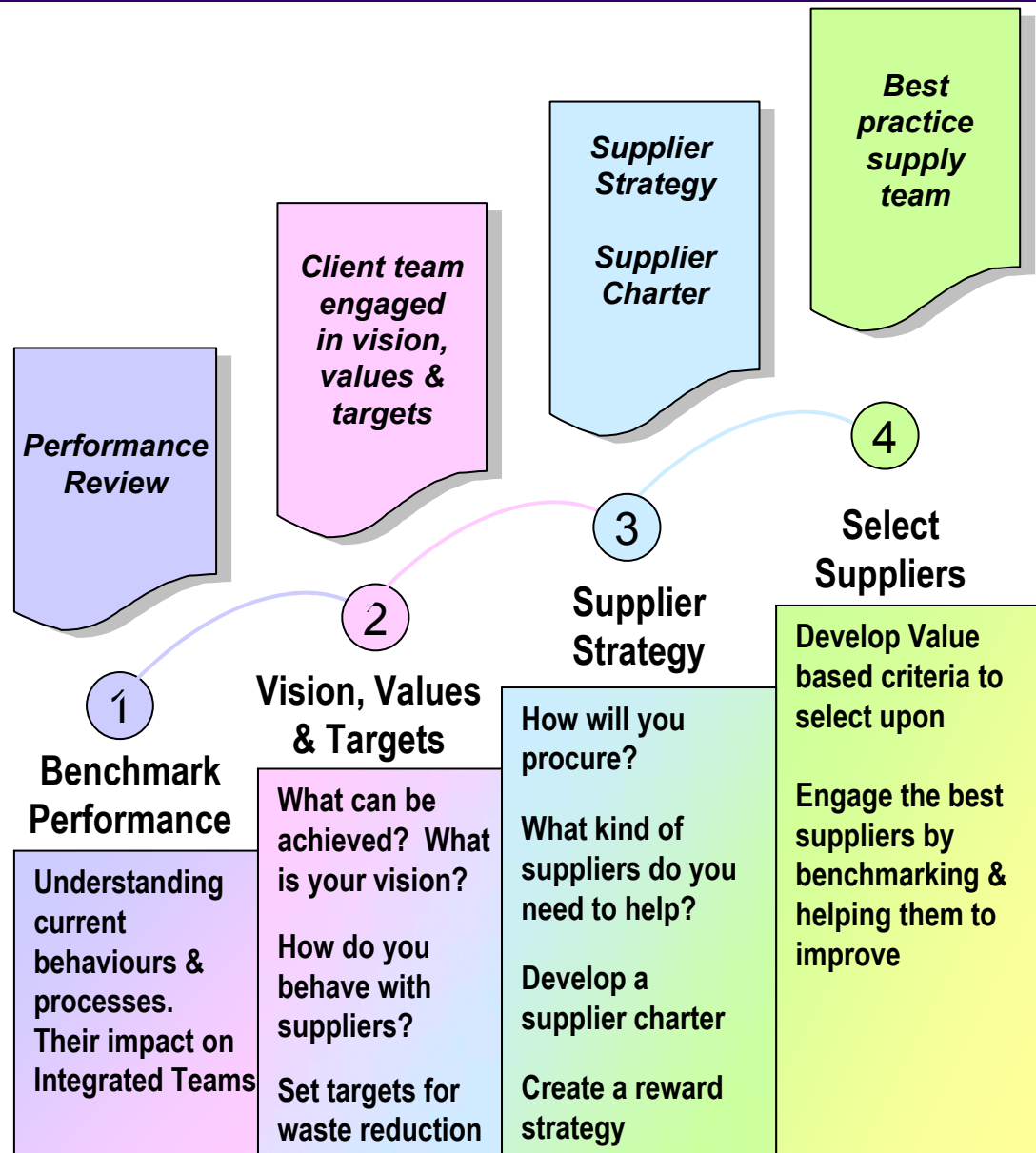
Devising a Procurement Strategy

	A	B	C	D	E
Construction costs only	£50k to £100k	£101k to £225k	£226k to £500k	£501k to £1000k	£1001k To Object limit (£3.6m)
1	J Grehan (to £1.5m/2.25m approx)				
2	T & B (to £2.75m/3.0m approx)				
3					
4		Ashe (to £4.5m/6.75m approx)			
5			Dean & Dyball (to £6m/125m approx)		
6			Mansell (to £6m/125m approx)		

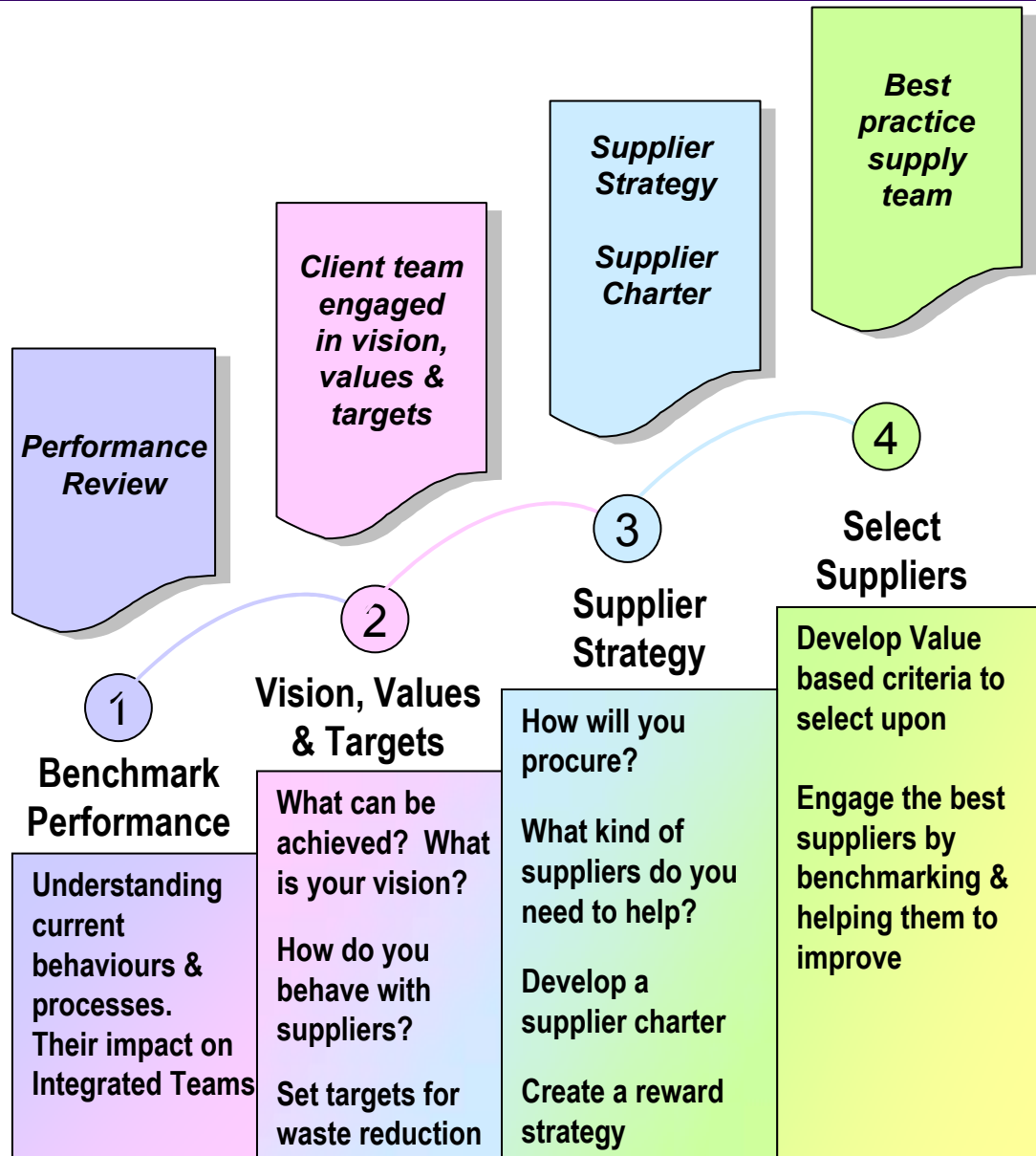
Reward Strategies



Toolkit for Integrated Supply Teams - How?

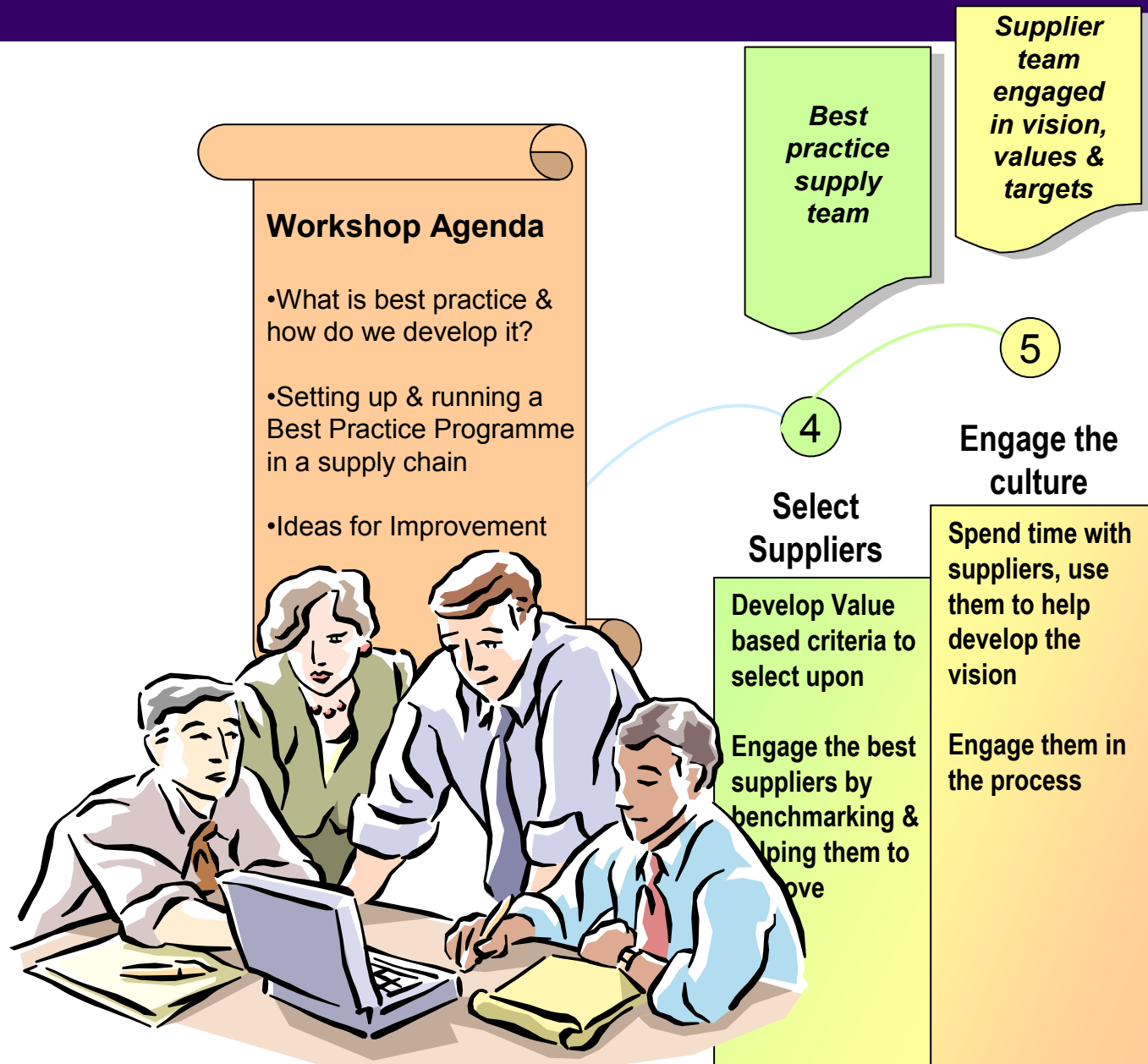


Toolkit for Integrated Supply Teams - How?



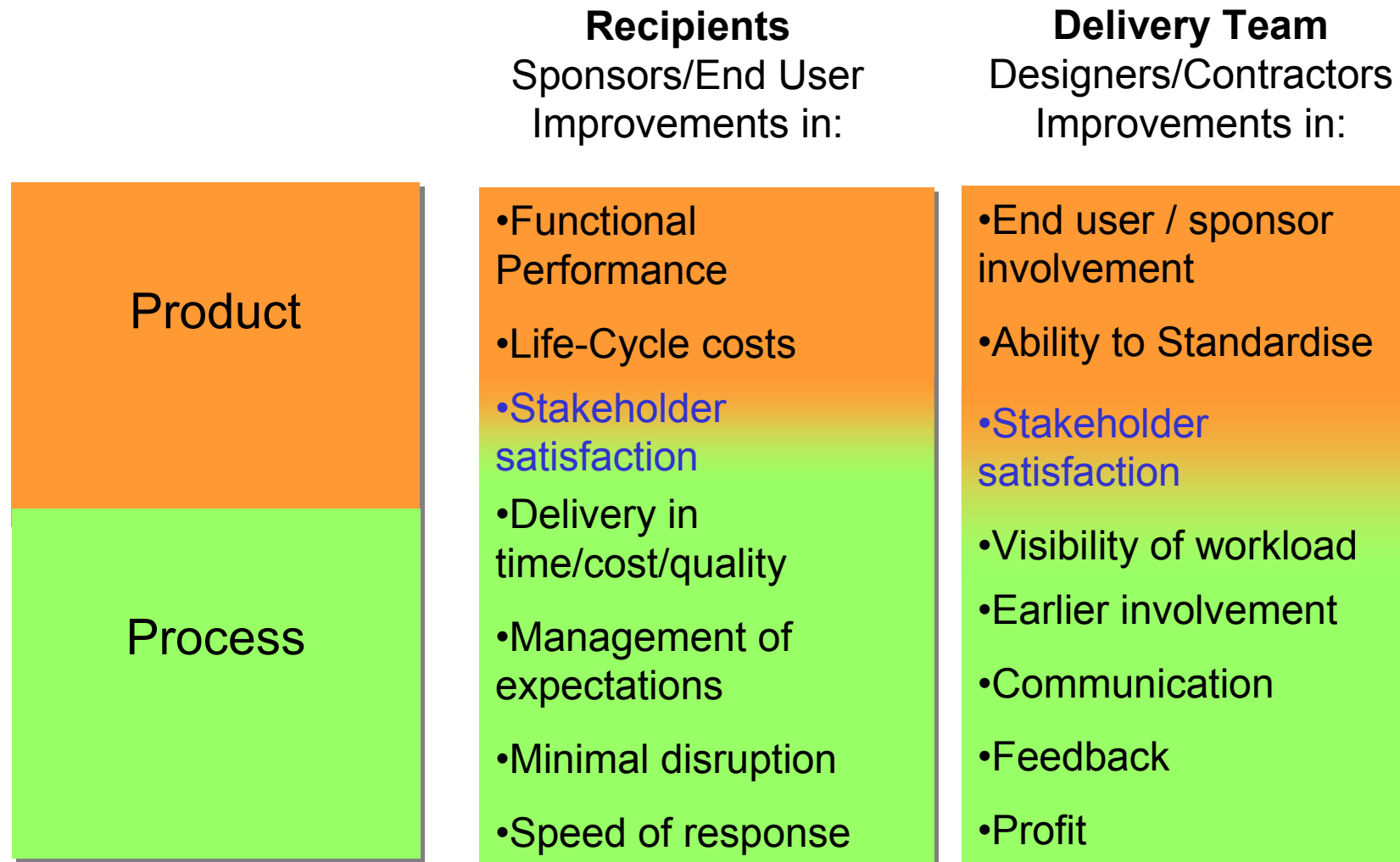
5. Growth	A ↑
6. Customer Satisfaction	R
7. Innovation	A ↓
8. Suppliers	A ↓
9. People Management	A ↓
10 People Satisfaction	R

Toolkit for Integrated Supply Teams - How?



Objectives, Strategy & Actions

- SWANs Workshop - Stakeholders Wants & Needs (objectives)



Combined Objectives & Requirements

- Improvements in...

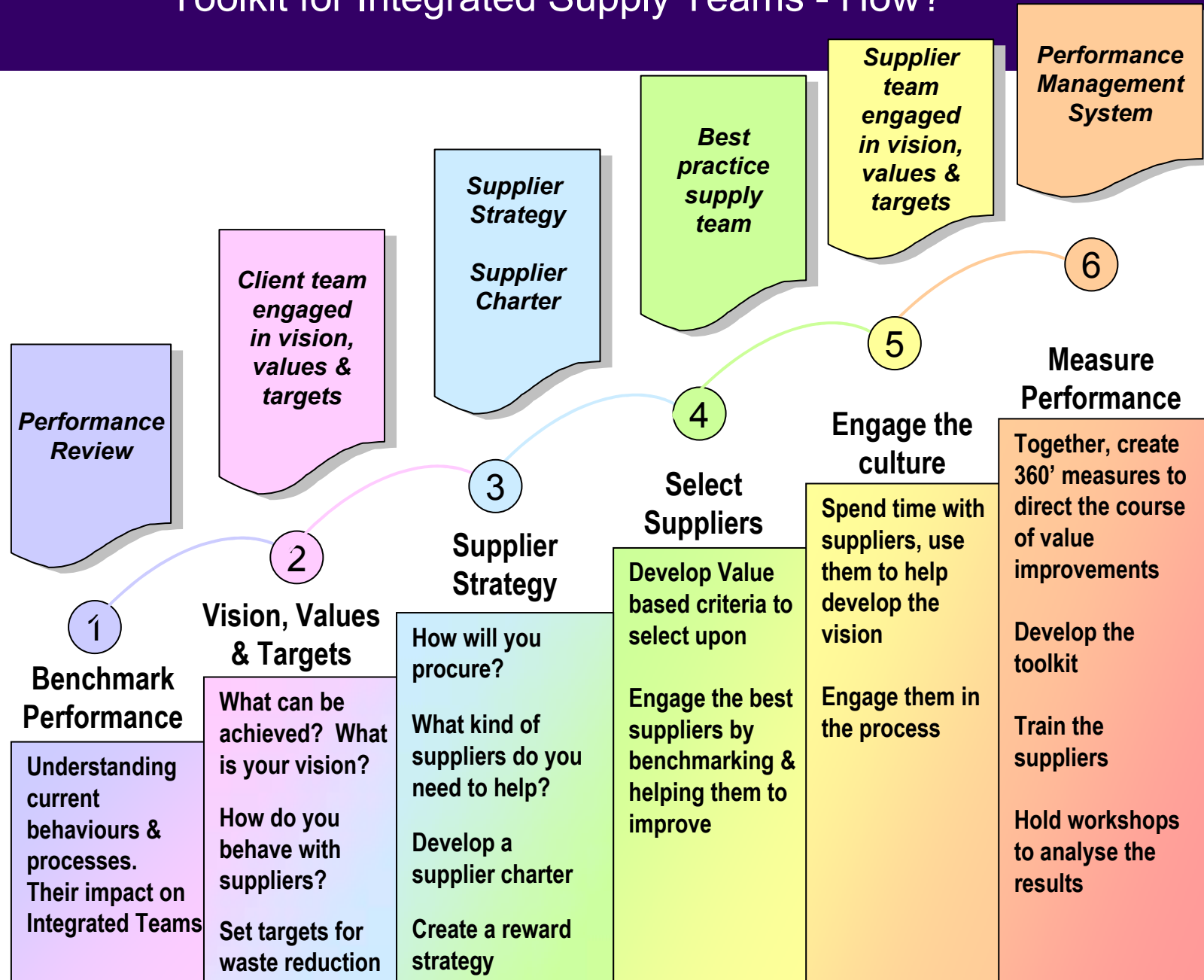
- Functional Performance
- Life-Cycle costs
- End user/sponsor involvement
- Ability to standardise
- Stakeholder satisfaction
- Delivery to time/cost/quality
- Management of expectations
- Minimal disruption
- Speed of response
- Visibility of workload
- Earlier involvement
- Better Communication
- Feedback
- Profit

- Requirements/Actions

- Follow procedure for Competitive Tender
- Select an 'appropriate' number of contractors
- Ensure appropriate skill base
- Work within existing financial limits (27-33%)
- Contractors will need to specify supply chain.
- Evaluate key sub-contractors
- Ensure appropriate spread of sub-contractors
- Develop an appropriate evaluation process
- Incentivise delivery team
- Understand & benchmark current processes
- Understand roles and responsibilities
- Develop Robust Performance Measurement & Benchmarking System
- Create a joint benchmarking and continuous improvement programme. Develop processes
- Develop communication plan
- Market test



Toolkit for Integrated Supply Teams - How?



1
Benchmark Performance
Understanding current behaviours & processes. Their impact on Integrated Teams

2
Vision, Values & Targets
What can be achieved? What is your vision?
How do you behave with suppliers?
Set targets for waste reduction

3
Supplier Strategy
How will you procure?
What kind of suppliers do you need to help?
Develop a supplier charter
Create a reward strategy

4
Select Suppliers
Develop Value based criteria to select upon
Engage the best suppliers by benchmarking & helping them to improve

5
Engage the culture
Spend time with suppliers, use them to help develop the vision
Engage them in the process

6
Measure Performance
Together, create 360' measures to direct the course of value improvements
Develop the toolkit
Train the suppliers
Hold workshops to analyse the results

Client team engaged in vision, values & targets

Supplier Strategy
Supplier Charter

Best practice supply team

Supplier team engaged in vision, values & targets

Performance Management System

Toolkit for Integrated Supply Teams - How?

Performance Management System

- Use the National Industry KPIs
- Devise specific measures for the programme goals
- Measure
 - Client Satisfaction
 - Supplier Performance
 - Supplier Satisfaction

6

Measure Performance

Together, create 360' measures to direct the course of value improvements

Develop the toolkit

Train the suppliers

Hold workshops to analyse the results



Toolkit for Integrated Supply Teams - How?

Supplier Questionnaire completed by client's rep

1. _____ **A**

2. _____ **B**

3. _____ **D**

4. _____ **A**

5. _____ **D**

Guidance Note

Question 1

A looks like _____

B looks like _____

C looks like _____

D looks like _____

E looks like _____

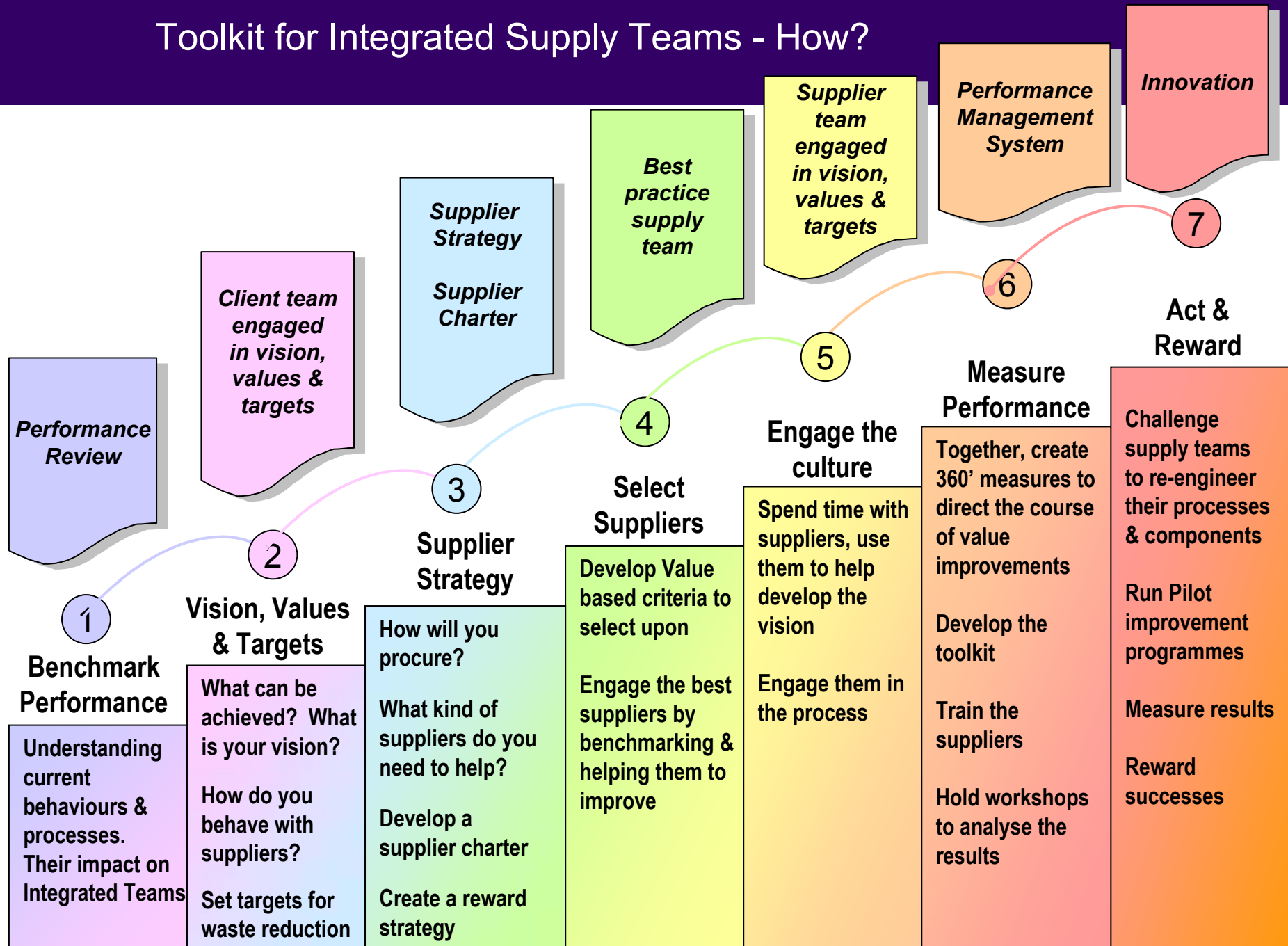
Supplier	Project	January	February	March	April	June	July	August	Septem
A	1	40%	40%	45%	60%	65%	65%	75%	70%
A	2	50%	55%	55%	55%	60%	70%	70%	75%
A	3	60%	65%	75%	80%	80%	80%	80%	85%
B	1	40%	40%	45%	40%	60%	65%	65%	65%
B	2	50%	55%	55%	60%	60%	70%	70%	65%
C	4	70%	70%	75%	80%	85%	85%	80%	85%
C	5	65%	65%	65%	70%	75%	75%	75%	80%
D	1	40%	40%	50%	50%	50%	45%	40%	45%
D	3	40%	50%	50%	45%	40%	35%	40%	40%
D	5	45%	50%	55%	60%	55%	60%	55%	50%
E	2	60%	65%	65%	70%	65%	70%	70%	75%
E	4	70%	75%	75%	80%	80%	80%	75%	85%
F	1	40%	40%	40%	35%	70%	65%	60%	65%
F	2	60%	65%	60%	60%	70%	70%	70%	70%
F	3	55%	60%	60%	60%	65%	70%	75%	75%

Toolkit for Integrated Supply Teams - How?

BUT

Pigs don't get fatter just because you weigh them!

Toolkit for Integrated Supply Teams - How?

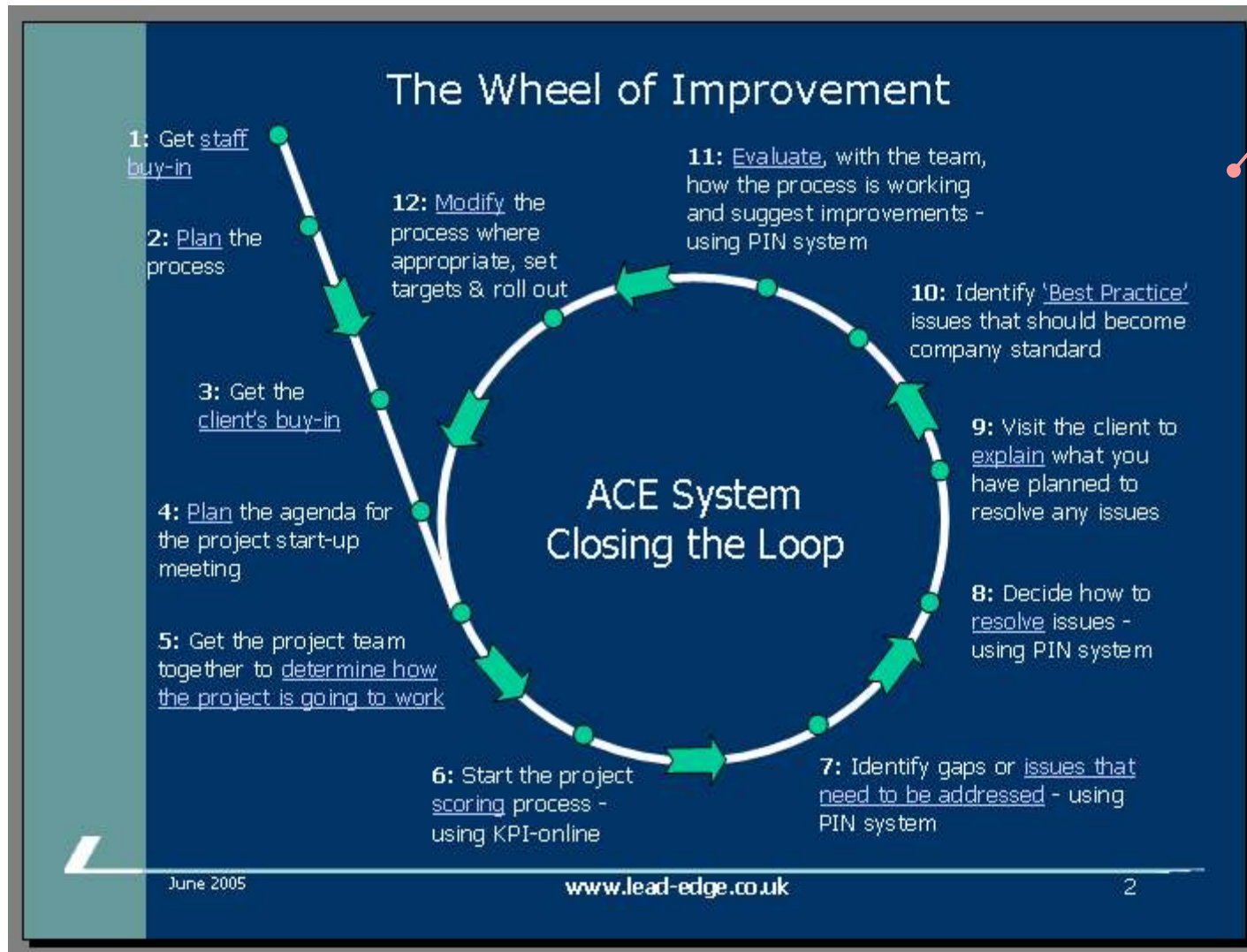


Toolkit for Integrated Supply Teams - How?

Innovation

7

Act &
Reward



Challenge supply teams to re-engineer their processes & components

Run Pilot improvement programmes

Measure results

Reward successes

Toolkit for Integrated Supply Teams - How?

Innovation

7

Reduce
Accidents
to zero

Reduce Site
Wastage
by 25%

Improve
Design
Predictability
by 20%

Improve
Toilet
area
predictability
by 25%

**Act &
Reward**

Challenge
supply teams
to re-engineer
their processes
& components

Run Pilot
improvement
programmes

Measure results

Reward
successes



Toolkit for Integrated Supply Teams - How?

Innovation

7

Reduce
Accidents
to zero

- Supplier Training
- Incentives
- Regular Communications

**Act &
Reward**

**Challenge
supply teams
to re-engineer
their processes
& components**

**Run Pilot
improvement
programmes**

Measure results

**Reward
successes**



Direct Communications to a winning team



Toolkit for Integrated Supply Teams - How?

Innovation

Improve Design Predictability by 20%

- Generic Design & Brief
- Supplier Components
- Collaborative Working

Reduce Site Wastage by 25%

- Waste Partner
- Segregate in skips
- Supplier Training
- Hoists

Improve Toilet area predictability by 25%

- Prefabricated toilet pods
- Partnered Suppliers & Manufacturers drive down costs

7

Act & Reward

- Challenge supply teams to re-engineer their processes & components
- Run Pilot improvement programmes
- Measure results
- Reward successes

