

10 SUCCESSES AND FAILURES

A good way to check if the industry is succeeding or failing in the goals proposed at the Egan report is to have a look at the “**Industry Progress Report**” published by the dti.

KPI	Measure	99	00	01	02	03	04
Client Satisfaction-Product	% scoring 8/10 or better	72%	73%	72%	73%	78%	80%
Client Satisfaction-Service	% scoring 8/10 or better	58%	63%	63%	65%	71%	74%
Defects*	% scoring 8/10 or better	-	65%	53%	58%	68%	68%
Safety-Industry**	Reportable accidents per 100.000 employed	1354	1271	1318	1217	1097	1172
Safety- All companies***	% achieving zero accident incident rate	-	-	-	31%	39%	42%
Safety companies over £10M T/O***	% achieving zero accident incident rate	-	-	-	1%	1%	1%
Predictability Cost-Design	% on target or better	65	64	63	63	65	62
Predictability Cost-Const.	% on target or better	37	45	48	50	52	49
Predictability Cost-Project	% on target or better		50	46	48	52	50
Predictability Time-Design	% on target or better	27	37	41	46	53	55
Predictability Time-Const.	% on target or better	34	62	59	61	59	60
Predictability Time-Project	% on target or better	-	28	36	42	44	44
Profitability*	Median PBIT per gross turnover	-	4.7	5.5	5.6	5.8	7.5
Productivity*	Median value added by employee (£000)	-	27	28	28	31	33
Construction Cost	Change compared with one year ago	-3	-2	3	2	5	1
Construction Time*	Change compared with one year ago	-	3	1	4	1	-2

Table 10.1 Industry’s KPIs

* The measure for this KPI was changed in 2000; 1999 data is therefore not reported

** This is the annual accident incidence rate published by the Health & Safety Executive

*** This KPI is based on company annual accident incidence rates collected in the DTI Contractor Survey (data for this KPI was not collected before 2002)

Looking at the above table we can see a hopeful future for the construction industry.

- It can be observed a raise in the clients’ satisfaction service, which might be related to a better briefing and to a use of value management tools.
- It can also be observed that the industry is slightly safer nowadays than six years ago. The Respect for People principles and toolkits, and the CDM regulations might have help to this improvement.
- There exists at the time being, a better time and cost predictability, the appointment of all the members of the supply at early stages and the integration of

the supply chain by partnering agreements between all the parties involved might be the cause for this better performance.

- It seems that contractors not only get more reliable profits, but they also get better profits too.
- There is an increase in the productivity. May be, as a result of better wages and a better management of the supply chain.
- Nevertheless, it must be admitted that the Egan’s targets related to de reduction of the costs and time, are very far to be complied.

By looking at the Demonstration Projects we can measure the great differences between those projects who have used the Rethinking Construction principles and the rest of the industry.

KPI	Measure	01	02	03	04
Client Satisfaction-Product	% scoring 8/10 or better	93%	84%	90%	90%
Client Satisfaction-Service	% scoring 8/10 or better	76%	78%	86%	94%
Defects	% scoring 8/10 or better	82%	86%	87%	75%
Safety-project *	Reportable accidents per 100.000 employed	569	605	428	435
Safety- All projects*	% achieving zero accident incident rate	-	-	-	78%
Predictability Cost-Design	% on target or better	67%	77%	71%	69%
Predictability Cost-Const.	% on target or better	58%	67%	64%	60%
Predictability Cost-Project	% on target or better	74%	79%	66%	62%
Predictability Time-Design	% on target or better	65%	67%	69%	69%
Profitability*†	Median PBIT per gross turnover	6.5%	5%	6%	6.5%
Productivity*	Median value added by employee (£000)	37%	35%	36%	55%
Construction Cost	Change compared with one year ago	0%	2%	-3%	1%
Construction Time	Change compared with one year ago	0%	-10%	-2%	-7%

Table 10.2 Demonstration Projects’ KPIs

*Demonstration project data is project based while all construction data is company based.

†Some of the client-led projects reported 0% profit. They have been excluded from the dataset.

Comparing the above table with the previous one it can be concluded:

- Clients’ satisfaction and the number of defects in this kind of projects have a better performance in comparison with the rest of the industry.
- The number of reportable accidents at the demonstrations projects is about half of the industry’s average and the percentage of firms achieving a zero accident incident rate is almost double.
- The industry is getting closer to the demonstration projects’ predictability, but there is still a long way to go.

- The profitability is unexpectedly worse in the demonstration projects. May be because firms involved in a demonstration project do not mind to lose some benefits, if they attract the media.
- The productivity is much bigger in the demonstration projects.
- The reduction in the project cost is far from reaching the Egan's targets. However, the reduction of construction time is quite significant in the demonstration projects, due to a better planning.

We have neither look at Respect for People KPIs nor Environmental KPIs, because there exists only data from the last two or three years. However, it can be pointed out that in the last two years; the wages have increased in a 16%, the usual work hours' average has decreased in three days and finally the percentage of direct employees covered by liP recognition has increased about a 4%.

Moreover, the Respect for People KPIs and Environment KPIs are extraordinary much better in the demonstration projects; for instance at employee's satisfaction, qualification and skills and environment impact amongst other indicators.

Other successes and failures

Failures:

- The CDM regulations and the Respect for People initiative have not had the deep impact that it was thought to have over the Health and safety issues. However, a bit of improvement can be noticed since then.
- The Egan targets are far from being achieved and there is a long way to go.
- As we saw in the questionnaire results the Respect for People and KPIs are initiatives that may be need to be improved an explained better in order to help properly the industry.
- CE should examine the reasons that are making difficult to reduce costs and time.
- Some people suggest that CE should report the failures of some of its initiatives and from some of its demonstration projects, because hiding failures bring about a distrustful atmosphere and industry must learn from errors too.

Successes:

- Although there is still a skill shortage, the manpower has recovered from the insufficient workforce that arrived after the early 1990's crisis. Furthermore, the construction wages average, as it was observed in *chapter 4*, has increased to become even higher than in the rest of the industry.
- There has been a deep change in the industry's structure, reducing strongly the atomization that used to affect it.