

## 7.1 Aims

Make more comprehensible the principles of the Rethinking Construction and through meetings, workshops and other activities, teach the members of the industry who want to change the culture of their business. The Construction Excellence Clubs have the mission to spread the principles across the country and all along the supply chain, trying to bring the message, day by day, further downstream. As a result, small companies and small clients can learn the new culture that wants to transform the performance of the construction industry in the UK.

## 7.2 Objectives

Supporting the Strategic Forum for Construction's targets, Constructing Excellence's strategic objectives are:

- Improving performance through increased productivity and competitiveness.
- Improving industry image by taking action to create a step change in culture, in the development of people, enhanced engagement with the community and customers.
- Engagement and Taking Action with individuals, businesses, organisations and industry associations.

Source (Construction Excellence: "A strategy for the future")

## 7.3 Stakeholders

- DTI
- Strategic Forum for Construction
- Central and Local Government, ODPM (Office of the Deputy Prime Minister)
- Private sector industry clients
- Construction industry companies and organisations
- RDA (Regional Development Agency), key local Authorities and Regional interests
- Industry representative organisations and the research community
- The media

(Source: Construction Excellence: “A strategy for the future”).

## 7.4 Services & Activities

### ADVISORS

Construction Excellence provides a range of experts that work closely with the organisations to introduce effectively best practice. Details about CE’s advisors can be consulted at the website.

### BENCHMARK INDEX

This tool was developed by the Small Business Service (SBS) of the DTI and was launched in 1996. It enables businesses to compare their performance against other organisations and take the necessary decisions so as to introduce business improvements.

Using the data from over 5,000 businesses, and with the help of trained advisors, companies can receive tailored business advice, with the intention of helping them to improve their performance. The comparative data deals with more than 80 key performance indicators covering topics such as Finance, Management and Business Excellence.

### EXPLORER INTERACTIVE

Explorer Interactive is a tool for those firms who want to change their performance but do not know how to do it. By using benchmark index, KPI and tailored workshops to each company's needs, explorer interactive measures companies organisation's engagement with best practice and identifies areas for action which are appropriate for their specific circumstances.

## **PROFILES**

Best Practice Profiles are designed with the purpose of promoting successful firms in the use of Rethinking Construction principles, and consequently, demonstrate how achievable is the use of Best Practice. These Profiles detail the path to improvement that each company has successfully followed, focusing on key change events, as well as the tools and methodology used.

## **CASE STUDIES**

Case Studies provide easy access to the key information of those firms who has succeeded in facing those problems that might be similar to the ones of others organisations. Each one focuses on a particular business improvement area; describing for instance, how a company has improved its internal culture and processes or how a project benefited from the use of partnering, risk management or the improvement of health and safety issues. To be easier consulted, at the web they are arranged by theme, company and number. Moreover, the contact details are also attached for further enquiries.

## **THE CONSTRUCTION INDUSTRY ENVIRONMENTAL FORUM**

The CIEF (Construction Industry Environmental Forum) was launched in 1991 to improve the environmental and sustainability performance of organisations in side the construction industry. Managed by CIRIA, the CIEF provides a focus for cross-industry information exchange on environmental and sustainability matters. The topics covered by this organisation are: energy use, global warming and climate change resources, waste minimisation and recycling, pollution and hazardous substances, internal environment, planning, land use and conservation, sustainable construction and environmental management.

## **CLIP**

The Report of the Construction Task Force, pointed out the success being achieved by leading companies in other industries that had implemented the principles of “Lean Thinking”. Because of that, they believed that this concept held much promise for construction as well. “LeanThinking” allows the industry to understand better what adds value to their clients and remove what does not.

The Construction Lean Improvement Programme (CLIP), with the help of Cranfield University and leading players in other industries, has adapted lean tools and techniques for being used in construction. This service offers to the companies interested a Masterclass, where a lean expert works with the firms’ workforce, making practical exercises of improvement at design, procurement, site operations and so on.

## **CONSTRUCTING EXCELLENCE CLUBS**

A Constructing Excellence Club is a forum, where any one related with construction can learn the principles of Best Practice. These clubs promote a new culture and create local support network of continuous improvement. The clubs

uses a range of activities with the purpose of achieving the mentioned goals, such as inviting speakers, arranging a presentation on topical issues, visiting a nearby Demonstration Project or meeting up with another Constructing Excellence Club to learn and share information.

## **THE CONSTRUCTION PRODUCTIVITY NETWORK**

The CPN's promotes the sharing of knowledge amongst all those involved in construction through workshops covering a broad range of issues such as supply chain management, partnering, forms of contract, briefing, value management, risk management, benchmarking, TQM, education & training, change management, safety.

## **FACT SHEETS**

This service provides concise information about the initiatives and principles CE that wants to promote.

## **PAY-AS-YOU-MEASURE**

Pay-As-You-Measure is a new flexible service from Constructing Excellence that allows to benchmark your performance and to produce graphs in just few minutes and whenever you need them. Your data neither is going to be disclosed to anyone else nor is going to be used to compile the industry's KPIs.

## **RESPECT FOR PEOPLE**

The web site offers a subscription area that gives access to the latest Respect for People toolkits, KPI wallcharts and handbook 2004.

## **KPIZONE**

The KPIZone Subscription Service gives on-line access to the latest construction industry KPI graphs and charts, guides and handbooks, methods of measurement and so on.

(Source: [www.constructionexcellence.org.uk](http://www.constructionexcellence.org.uk))

## **7.5 History of events**

**1994** The Latham report: "Constructing the Team", concluded that the traditional procurement systems and its adversarial culture caused inefficiencies. New procurement methods and a change in the construction culture might bring 30% costs savings.

The CDM regulations aimed for a reduction in the number of serious reportable accidents in the construction sites. The CDM tried to improve the overall management and coordination of health and safety and welfare issues of the construction process. These regulations applied to all the

people involved in the supply chain: clients, designers, contractors, specialist suppliers.

**1995** Construction Industry Board was formed after the Latham report, was created to be a strategic forum for the industry.

**1998** Rethinking Construction report was published by Sir John Egan, and reminded the construction sector that the industry was still inefficient and the customer needs were not being satisfied yet. Sir John Egan identified 5 drivers for change and annual targets for the industry to be achieved.

As a result of the report, other initiatives were launched:

- Movement for Innovation was launched to facilitate the exchange of knowledge between those committed to the rethinking construction principles (Demonstration Projects, Case Studies and Profiles).
- Construction Best Practice was launched to advise and support clients, organisations and supply chains who were seeking to improve the way they were working.
- KPIs were launched in order to benchmark the performance of the industry and proof the improvements that these cultural changes were bringing about.

**1999** Achieving Excellence was formed with the intention of improving the government construction clients' performance.

The Housing Forum was formed to bring specific improvement to the house building sector.

**2000** Local Government Task Force was formed to promote the Rethinking Construction principles to the local authorities.

Respect for People: "A Commitment to people, our biggest asset", reported the bad situation of the workforce.

The Clients' Charter was formed with the purpose of setting out the minimum standards the clients expected in construction procurement, their aspirations for the future and a program of steadily more demanding targets.

PPC 2000 was the first partnering contract published. It combined in one document conventional conditions of a normal building contract and conditions governing partnering obligations and rights.

**2001** "Modernising Construction" was a report published by the National Audit Office, which shows how to modernise and improve the procurement systems.

Construction skills Certification Scheme was created with the aim of raising the standards of workmanship and health and safety. It gives employers and clients a way to identify skilled professionals and brings employees recognition of their abilities and skills.

**2002** Rethinking Construction was formed bringing together the Movement for innovation, the Housing forum and the Local Government Task Force. Its aim was to spread and extend the Rethinking Construction principles within the industry and within the country.

Design Quality Indicators (DQI) were launched for assessing the design and quality of buildings. It was launched as an on-line toolkit in 2003.

Respect for People Toolkits were launched to improve the bad situation of the workforce.

**2003** OPDM Sustainable Communities Plan set out a long term programme of actions for delivering sustainable communities in both urban and rural areas.

Sector Skills Council formed by the CITB (Construction Industry Training Board) in partnership with the Construction Industry Council and the CITB Northern Ireland, tries to be a network that represents employers' interests.

Construction Excellence formed by the merger of the Rethinking Construction and Construction Best Practice and aiming to deliver individual, corporate and industry excellence in construction.

(Source: Annex 1, Demonstration Excellence: "An Evolution of the Programme of demonstrations").

## 7.6 Financing

Construction Excellence is funded mainly, by the Department of Trade and Industry, at the national level, funding for financial year 2004/5 is set at £4.5 million. A figure which may be increased based on industry buy in and the organisation's performance. While at the local level, the CE's clubs have, each one, its own funding system, receiving money not only from the DTI but also from strategic alliances with Regional Development Agencies, academic institutions and the industry.

As a result, there are different financing procedures all around the UK. For example, the Construction Excellence in Wales receive a grant aid of £391,540 (source: Social Justice and Regeneration Committee) from the Welsh assembly and other funding comes from the university and of course from the industry. The Construction Excellence in Wales is developing a business plan to attract financial sponsorships from the industry members when the current Assembly Grant ends in

March 2006. Even so, they reckon that in the medium term it is expected that public sector or Assembly support will be required.

The government, by financing this agency, wants to give a last push to the industry so as to change the culture of its procurement route; because, it is convinced that the benefits coming from this agency will be outstanding not only for the construction sector, but also for the industry as a whole. It is a risky investment with back end profit patterns, but the benefits from enhancing the quality delivered to the end users and the reduction of the environmental and social impact are more than huge.

## 7.7 Similar Spanish initiatives

During our research, It have been found two Catalan proposals to improve the Catalan construction sector; but it must be acknowledged that other proposals must exist in Spain, which could give another outlook of the industry’s requirements.

Focusing in these Catalan proposals, we soon realise, the very similar aims shared with both Latham and Egan reports. In fact, both the CCOC (Cambra official de Contratistes d’Obres de Catalunya) and the GEE (Gabinet d’Estudis Economics) have been very interested in the British experience and its success, in this way both organisations would like that their proposals had a similar impact.

It has to be admitted that these Spanish reports are still proposals and there is still a long way to go. They could be the first steps in order to face the problematic situation of the Spanish construction sector; but firstly, they have to convince the government and principally, the clients, that there is a big scope for improvement and lots of benefits to be achieved.

On the contrary, Construction Excellence has been the final step in the process and its very aim is just to give a last push to the industry; so eventually, in two or three years the industry could do it by itself.

The CCOC wrote a proposal of ten issues in order to improve the Catalan construction sector: **“Augmentar la competitivitat de la construcció catalana: una exigència i una reponsabilitat compartida”** (October 1999).A summary of the issues and its similarities with the British initiative can be observed in the following table.

<p><b>“Deu propostes per augmentar la competitivitat de la construcció catalana”</b></p>	<p><b>British initiative</b></p>
<ul style="list-style-type: none"> <li>• To plan the future public investments in order to avoid the inconsistency of the workload in the industry. To publish, at the beginning of the year, the works that are going to be tendered, so that the companies can program its activity and have enough time to prepare their bids properly.</li> </ul>	<ul style="list-style-type: none"> <li>• Inconsistent workload in the construction industry. (Latham report and Egan report).</li> </ul>

<ul style="list-style-type: none"> <li>• To promote registers of construction sector companies in order to ensure quality avoid “cowboy builders” and distribute fairly the construction market according to size, technical and financial resources, experience and so on</li> <li>• To develop methods for detecting anomalous low bids.</li> <li>• To promote the arbitration in contracts with the public sector as a method to sort out construction site disputes.</li> <li>• To establish a commission in order to promote health &amp; safety issues and to remove the social dumping.</li> <li>• To check final performance, looking at final standard performances, instead of looking at detailed specifications (forthcoming “Código Técnico de Edificación”).</li> <li>• To establish effective problems resolution mechanisms at the work site.</li> <li>• To promote the activities of the IGC (Institut Gaudí de la Construcció) in order to do an efficient training policy, especially promoting the skills that are demanded by the industry.</li> <li>• To promote ITEC (Institut de la Tecnologia de la Construcció de Catalunya) with the purpose of improving and sharing these innovations all along the construction industry.</li> </ul>	<ul style="list-style-type: none"> <li>• Registers of approved consultants, main contractors and subcontractors (Latham report).</li> <li>• Reduction in the number of tenders to be invited (Latham report and Egan report).</li> <li>• Alternative Dispute Resolution systems which would be independent of contract administration. (Latham report).</li> <li>• Construction Excellence initiative “Respect for People”.</li> <li>• Regulatory regimes should look more at performance standards than at detailed prescriptions (Egan report).</li> <li>• Problem resolution mechanism as one of the main steps in partnering.</li> <li>• Construction Skills Certification Scheme (CSCS) and Construction Industry Training Board.</li> <li>• M4I. Movement for innovation and Construction Best practice.</li> </ul>
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**Table 7.7.1 Comparison between of the CCOC’s initiative and the British initiative.**

The proposal of the Gabinet d’Estudis Economics called is the result of a 14 months long study in which the Spanish problems have been investigated with the help of a questionnaire sent to 500 members of the Catalan construction sector.

Similarities between the GEE’s proposal with the British initiative and its main points are issued in the following table.

<p><b>“Anàlisis dels problemes de contractació i d’execució d’obres d’edificació a Catalunya”</b></p> <ul style="list-style-type: none"> <li>• To promote a register of companies in order to have more knowledge about them and in order to distribute fairly the construction market according to size, technical and financial resources, experience and so on, what means that big companies could not apply for little projects and vice versa.</li> </ul> <p>In order to achieve a fairer distribution they propose a <b>solvency ratio</b> (Capital employed / Project budget) and <b>suitability ratio</b> (Annual outcome /Project budget).</p> <ul style="list-style-type: none"> <li>• To establish and respect a code of good practices (contractors):             <ul style="list-style-type: none"> <li>• To respect the distribution of the market.</li> <li>• To eliminate impossible and non justified low bids.</li> <li>• To use of homologated subcontractors.</li> <li>• To eliminate payment delays to subcontractors.</li> </ul> </li> <li>• To implement these good practices:             <ul style="list-style-type: none"> <li>• To create a register of construction firms which would be updated frequently by a commission where all the parties of the industry will be represented.</li> <li>• To create a clients’ commission in order to select the criteria for the subcontractors’ homologation.</li> <li>• To promote benchmarking as a new useful tool for clients, but also for construction companies.</li> </ul> </li> <li>• Establish and respect a code of good practice (clients):             <ul style="list-style-type: none"> <li>• Commitment to valuate quality and technical issues, such as experience, capability, resources, as well as, commitment with good practice.</li> <li>• More detailed projects.</li> <li>• To specify the technical and quality requirements clearly.</li> <li>• To distribute the construction market according to the size and capacity of he firms.</li> </ul> </li> </ul>	<p><b>British initiative</b></p> <ul style="list-style-type: none"> <li>• Registers of approved consultants, main contractors and subcontractors (Latham report).</li> </ul> <p>Public clients are looking for companies with a turnover about a 15% of the project; which means that the companies are interested enough to do a good job and not too much not to be completely dependent on the project (Cardiff Partnering Scheme).</p> <ul style="list-style-type: none"> <li>• Registers of approved consultants, main contractors and subcontractors (Latham report).</li> <li>• Reduction in the number of tenders to be invited (Latham report and Egan report).</li> <li>• The “Housing, Grants, Construction and Regeneration Act 1996” meant that most contracts had to be amended to include regular payments and notices of payment.</li> <li>• KPI and benchmarking (Construction Excellence Initiative).</li> </ul> <ul style="list-style-type: none"> <li>• “Clients are still equating price with cost” (Egan Report). The OGC guides advise clients not to select only on a price basis. Construction excellence promotes “whole life costs” as selection criteria.</li> <li>• Reduction in the number of tenders to be invited (Latham report and Egan report).</li> <li>• Clients should spend more time on the briefing and designing (Latham report and Egan report).</li> </ul>
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<ul style="list-style-type: none"> <li>• To publish the criteria chosen for the selection and the correspondent results.</li> <li>• Move these mentioned aims to subcontractors and to create profitable and long term relationships between the contractor and the subcontractor.</li> <li>• To promote new and more suitable degrees in order to tackle the skill shortage. The Catalan industry would like to foster the IGC as a measure to work out this problem.</li> <li>• Eliminate some regulations that hinder a better efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>• Promotion of partnering and integration of the supply chain (Construction Excellence Initiatives).</li> <li>• Construction Skills Certification Scheme (CSCS) and Construction Industry Training Board (CITB).</li> <li>• Significant costs and delays are often incurred by the duplication of processes between agencies. Furthermore, they feel that regulatory regimes should look more at performance standards than at detailed prescriptions (Egan Report).</li> </ul>
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**Table 7.7.2 Comparison between the GEE’s proposal and the British initiative.**