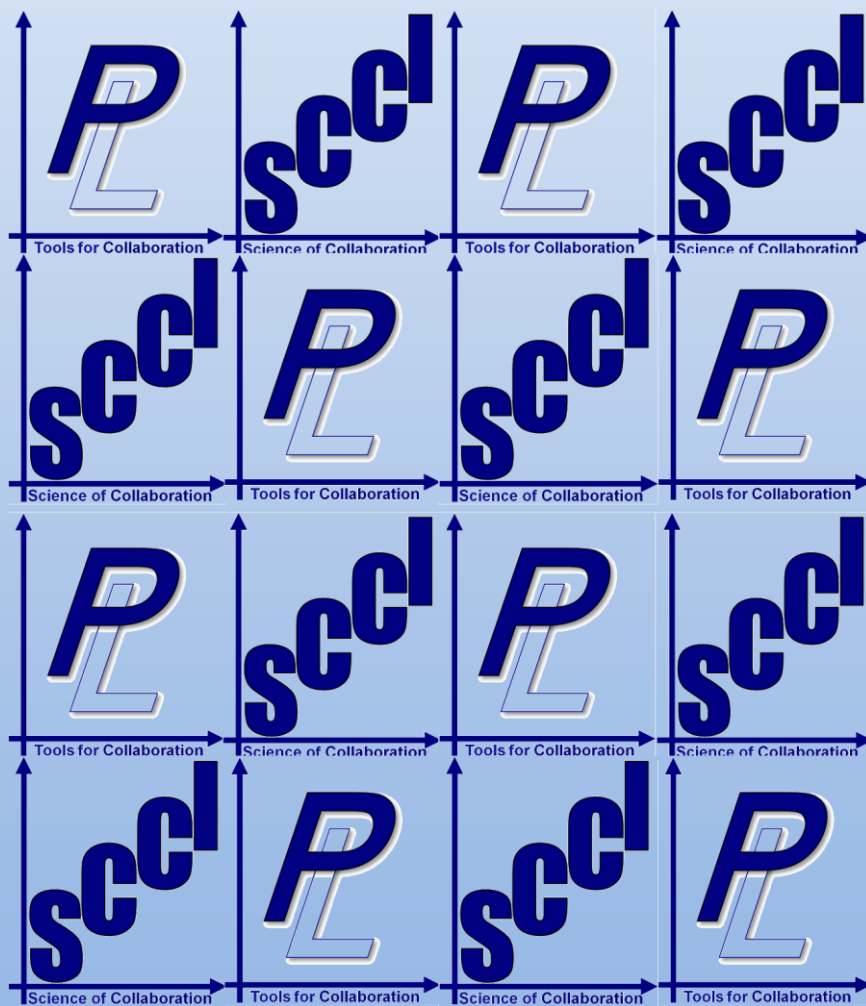


Case Study:

Construction Industry

'Just get it done, hang the cost'



Andrew Humphries & Linda McComie



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Case Study – Just get it done, hang the cost

By Andrew Humphries & Linda McComie

3-4 Year old Customer & Supplier Relationship:

- Customer –Power Transmission & Distribution Company
- Supplier – Power Equipment Civil Engineers

Objectives:

- To benchmark the relationship performance
- To enable the teams to understand and improve the relationship
- For internal and external publicity purposes – especially to influence main customer
- To build collaborative capability in preparation for future joint contract bids

Issues Revealed:

- Generally, collaboration successful but, more formal interaction based on process mapping needed
- Communication between the senior management and project teams mainly troubleshooting
- Not making full use of relationship learning opportunities including best practice

“SCCI made us think about each other’s relationship objectives. We wish we had done this from the outset”

Notes

Into the fourth year of a major 6-year civil engineering project with a harmonious relationship. However, there were clearly opportunities for improvement.

Design specification management including approval, costing and change control is subjective resulting in disputes over contract amendment, inefficient procurement, poor work planning and project delays.

Performance measurement centres on meeting project timescales with deliverables to a specified quality; efficiency/cost performance targets not apparent.

Lack of identifiable central control and formal procedures resulting in: blurring of responsibilities, uncoordinated actions, less effective embedding of lessons learned, spreading of best practice, dependence on a few key individuals and confusing lines of communication.

Each partner treated as a ‘black box’ by the other so that opportunities for better co-ordination and learning were missed.

Performance at a glance

	Joint	Customer	Supplier
Main Dimensions			
Overall	87	84	90
Innovation	87	82	92
Investment	87	84	91
Communication	91	85	98
Operations	83	85	82
Value	86	82	90
Additional Characteristics			
Long Term Orientation		87	88
Interdependence		81	75
C3 Behaviour		87	94
Trust		82	75
Commitment		81	83
Adaption		85	92
Personal Relationships		81	94

Bandings	Colour	Response
0-49%	Red	Urgent Action Required
50-59%	Amber	Corrective Action Required
60-74%	Amber Green	Corrective Action Recommended
75-100%	Green	OK Unless High Priority

- **Innovation** – the leap of faith, being creative, flexible and resilient
- **Investment** – Alignment of objectives, investment in people, know-how, infrastructure and management effort and, long-term vision
- **Communication** – open and transparent, frequent and extensive, learning, planning and anticipating
- **Operations** – focusing on service and product delivery, lowering joint costs and risks, building trust
- **Value** – perceived and actual benefits, satisfaction
- **Long-term Orientation** – encouraging stability, continuity, predictability and long-term, joint gains
- **Interdependence** – loss in autonomy is compensated through the expected gains
- **C3 Behaviour** – Collaboration, Co-operation, Co-ordination, joint resourcing to achieve effective operations
- **Trust** – richer interaction between parties to create goodwill and the incentive to go the extra mile
- **Commitment** – the relationship is so important that it warrants maximum effort to maintain it
- **Adaption** – willingness to adapt products, procedures, inventory, management, attitudes, values and goals to the needs of the relationship
- **Personal Relationships** – generating trust and openness through personal interaction

These traffic lights show a strong relationship with great commitment to success. There is a strong agreement by both partners that Operations needs attention.

“The quality of the relationship became a talking point and belief in its excellence became a self-fulfilling prophecy.”

Recommendations

- Set up a Joint Operations Management Group
- Clarify the company objectives and define the common objectives for the project
- Adopt common management systems with clear interfaces between the project team and the parent companies
- Implement active performance indicators for cost and work efficiency
- Define formal processes and communication channels ensuring the correct balance with informal working practices
- Culture changes associated with these recommendations will need to be considered carefully; this initiative needs to be 'sold' as a rebalancing exercise rather than a radical turn-round.

Outcomes

- Teams felt valued and as a result morale, co-operation, understanding and trust increased
- The team was put forward for a national award. The relationship appraisal provided the evidence
- The appraisal opened the door to conversations between management of the two companies

Notes

In this case study the teams were co-located on-site and being mostly located away from home during the week, they also socialised together. And in consequence a 'party' atmosphere had developed such that tasks were often agreed without reference to the company design authorities and commercial staffs. Effective collaboration depends upon the correct balance of formal and informal processes.

This project was one of several aimed at completing a major, national construction project. The ultimate customer's objective was dominated by the need to complete within the stated timescales. As a result, cost control was secondary. This boosted the 'can-do' attitude of the project team who were not worried about making mistakes because there was money to correct them. Collaborative practices must include proper governance frameworks.

“An unsolicited letter of thanks from their management was sent to our team which had a great impact on morale”



For Further information contact:

Telephone: +44 1 908 561892

Email: sales@sccindex.com

Website: www.sccindex.com