

SOLVING PROBLEMS TOGETHER

**Notes from the speech
given at the Society's lunch in London on 1st March 2002**

Zara Lamont

What does the supply side see as the industry's problem with regard to its ability to deliver? Well, in a word it's the clients. They -

- seldom know what they want;
- do not listen to expert advice;
- are always after the lowest price.

Quite frankly, clients get the industry and service they deserve. The industry would be better if clients were out of the picture, leaving it to the construction experts to identify, design and produce the solution, only turning up, cheque in hand, when advised of project completion. Such is the view of the supply side.

Well this is one point of view and while it does have some validity there is also the other side of the coin; that is, the client's perspective on the problem. Clients get involved in construction because they have a business need which requires a construction solution. What do they get? From their point of view, their projects often -

- are not delivered to time or budget;
- do not work properly from the first day of use;
- are designed, constructed and handed over with no appreciation of the real cost to the client of owning and operating the asset.

If you talk to specialists, suppliers and manufacturers it is very clear that they do not want to supply a poor quality product. They have professional pride, and recognize that what they produce can be around for a long time, and can affect a surprising number of people, in addition to those who have to use it.

From their perspective they feel that they -

- are involved at too late a stage in the process;
- are too removed from the clients' business and therefore lack understanding of how construction can add value to the client;
- are constantly being driven down on price.

It is this mutually distorted view of each other that is the real problem facing us, and often the distortion results from the misplaced activity of those claiming to advise clients. If we review the traditional procurement process, we end up with a hierarchal structure of disparate organisations employed under a plethora of contracts with no understanding or knowledge of the clients' real needs.

Problems all appear to stem from the very first actions and assumptions made on a project. Often it is those employed to protect the clients' interests that reinforce their own prejudices and beliefs. However, the real value of these people is to translate the clients' business needs into a realisable technical output specification to provide the correct level of functionality.

The reality is that we are all part of the problem and hence we must all change – client side and supply side – if we are to achieve world class solutions from a world class industry.

In the public mind, this very often means the Government, and to be fair successive Governments have recognised the problem, and accepted the need for the public sector to be seen as a 'best practice client'. We have had the Latham¹ and Egan² reports, first identifying the industry's problems and then promoting rapid and effective structural and process change. We have had the commitment, endorsed and fully supported by the Prime Minister, to Better Public Building from the Department of Culture Media and Sport. Finally, the National Audit Office identified the barriers to improvement in their report on *Modernising Construction*.³

Whichever of these you read, the message is consistent:

- the finished building must provide maximum functionality;
- the end user must benefit from the lowest cost of ownership;
- inefficiency and waste must be eliminated;
- specialist skills must be involved from the earliest stages of identification of the client requirement;
- design and construction must be controlled through a single point of contact.

The industry must adopt a strategy which produces the sought after win:win approach, whereby all parties in the construction process gain the optimum benefit: clients getting a construction solution that works and that they can afford to operate, suppliers providing a quality product with a reasonable margin of profit.

How do we achieve this? First clients and advisors must identify and clearly articulate the output needs for the project. They must then set the environment for the project by procuring a fully integrated team. This will not be achieved by selection on the basis of lowest cost, or on the assumption that suppliers will not get it right first time. This positively detracts from the clients' ability to get the optimum solution for their requirements. Selection on this basis only perpetuates the 'blame culture' and encourages an approach based on risk avoidance, rather than managing the risks effectively; forces suppliers to an over cautious approach because of the fear of penalties in the event of mistake; and (perhaps most detrimental of all to the clients' interests) positively

1 Sir Michael Latham, *Constructing the Team*, Final Report July 1994, HMSO.

2 Sir John Egan, *Rethinking Construction*, Construction Task Force Report, DETR, July 1998, available on www.M4i.org.uk.

3 *Modernising Construction*, National Audit Office, 11th January 2001, available on www.nao.gov.uk.

discriminates against innovative solutions that can really help their business. The public sector is still widely perceived as penny pinching in its approach to procurement, despite the many Government reports which clearly indicate that selection should be the optimum balance between quality and whole life performance ie best value throughout the life of the project.

For clients to be able to procure in this way, the supply side must be able to demonstrate their ability to deliver to time, cost and quality. They must also demonstrate that they have an appropriately trained and qualified workforce, and involve specialists, suppliers and manufactures at the right time and in a way which will maximize their contribution to the end goal.

As Sir John Egan says: ‘If you can’t measure, you can’t demonstrate’, and the adoption of performance indicators is central to making progress in accelerating change in the industry. While the supply side must adopt a culture of measurement to demonstrate their ability to perform, so must clients. Measured progress towards targeted improvements in client practice is central to *The Clients’ Charter*, now gaining wide support and implementation in both the private and public sectors.⁴ As well as demonstrating the ability to deliver, adoption of measured performance indicators encourages continuous improvement, not least through peer comparisons and the recognition of ‘best in class’.

At long last we are beginning to see the emergence of the educated client and the client movement, as represented by the Confederation of Construction Clients. The CCC is seeking to push this concept throughout the client community, not just among the large clients with continuing major programmes of construction, but also among those clients with one-off, or relatively small scale, demands. We are helping our members improve their performance as a client and the performance of their built environment solutions, through improving their knowledge of what to do and how to do it.

Of course if all this was easy we would have got there by now. It is not easy but we are making progress, and the best evidence of that is the industry wide recognition of, and movement towards, genuine integration and team working. Many local authorities are already fully engaged and have adopted these new ways of working. They can demonstrate the added value to their members and local communities. But there is still the perception that many local authorities are not interested. To achieve the necessary step-change in the industry, we need every local authority to push this agenda and show by their actions that nothing short of best value in procurement and delivery is acceptable.

Zara Lamont OBE is Chief Executive of the Confederation of Construction Clients.

⁴ *The Clients’ Charter*, Confederation of Construction Clients, available on www.clientsuccess.org.uk.