



Birmingham  
Construction  
Partnership

# Sharing & Learning

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**General Manager**



# Birmingham Construction Partnership

- **Procured during 2003 – commenced Apr. 2004**
- **Quality/Price - 80/20**
- **5-7 yr. Framework agreement**
- **Estimated £350m over 5 yrs.**
- **3 Partners appointed** – Thomas Vale, G.F. Tomlinson, Wates
- **All projects > £100k (approx £250m – date)**

# Birmingham Construction Partnership

- **Delivery in all sectors** — education, health, leisure, housing....
- **Contractors work collaboratively**
- **Performance driven – KPI's**
- **Fixed profit & O/H plus open book**
- **Risk – managed and shared**
- **Continuous improvement/innovation**

# Supply Chain Development

- **Consultation with Supply Chain Nov. 2004**
- **Procurement of Integrated Supply Chain across BCP for:**

**Mechanical & Electrical**

**Mechanical**

**Electrical**

**Aluminium Windows**

**Landscaping Works**

# Supply Chain Development

- **114 stage one submissions - 84 selected**
- **Stage two cost/quality – 63 passed**
- **Stage three interviews – appointment March**
  - **Agreed profit/overheads**
  - **Open book**
  - **Work allocation performance driven**

# Creating 'Decent Homes'

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## Housing Client

- **Yr.1 - BCP commissioned to deliver £20.5m heating & windows**
- **Yr.2 - £47.1m heating, windows, front doors, soffits/fascias & rwg.**
- **Yr.3 - £63m as above plus structural repairs**

# Creating 'Decent Homes'

- **Standard BCP customer care policy**
- **Tenant liaison officers – common procedures for communication, handovers, etc.**
- **Standard BCP pack for tenants**
- **Common specification developed with contractors**

# 'Decent Homes' Success

- **Cost & Programme certainty**
- **Capital costs reducing – 6.3% overall (£2.97m)**
  - 3% overall saving from strategic procurement
  - 3.3% from yr.2 delivered at yr.1 prices
- **Acceleration of overall programme**
- **100% Health & Safety record**

# 'Decent Homes' Success - How?

- **Collaborative working** – weekly meetings, sharing Best Practice
- **Putting 'Customers' first** – information & care
- **Innovative & collaborative procurement**
- **Unlocking value by continuity & programmes**
- **Creating a 'Win – Win' Partnership**



# What was the Business Case?

- **Accelerating change - Sir John Egan 2002**
- **Lack of cost and programme certainty**
- **The failure to harness 'Learning'**
- **The lack of contractor input & 'Sharing'**
- **Driving Health & Safety**
- **To move from adversarial to collaborative**

# Steve's view of the Traditional Approach

- **Tender Sum** – *a wild guess carried out to two decimal places*
- **Successful Tenderer** – *a contractor who is wondering what he left out*
- **Completion Date** – *the point liquidated damages begin*
- **Liquidated Damages** – *a penalty for failing to achieve the impossible*
- **Quantity Surveyors** – *people who go in after the war is lost and bayonet the wounded*
- **Lawyers** – *people who go in after the Quantity Surveyors and strip the bodies*

# What are the benefits?

- **KPI's above the industry norm & above our previous best:**

	<u>BCP</u>	<u>Norm</u>
Rethinking Construction	78%	20%
Client Satisfaction	81%	79%
Time Predictability	62%	60%
Cost Predictability	62%	29%
Zero Defects	91%	70%

# What are the benefits?

- **Better design, WLC & Sustainability**
- **Better programme, cost & risk management**
- **Continuous improvement across BCP**
- **221 new jobs created**
- **Training opportunities for local people**

# What is the key to success?

- **Having a clear vision of where you want to be**
- **Understanding the ‘Market’**
- **Realising you are changing cultures not contractors or procurement**
- **Seeking like minded ‘Partners’**
- **It’s not an easy option – but worth doing**