

The Improver

Why competitive advantage isn't just about price

Olivia Hughes

What's your next move?

Tim Whitehill

BIM: It's all about change

Dr. Andy Ainsworth

CSR: Not just for big boys

Dr. Michelle Brennan



What's your
next move?



What we do:

Project Five Consulting is a change management consulting firm that serves businesses and organisations in the construction sector. We help our clients to make lasting improvements to their performance and realise their most important goals in their strategic journey.

How we work:



Step 1.
Strategic Choice



Step 2.
Analysis



Step 3.
Implementation



Step 4.
Performance
Measurement

What we know:



Lean
Construction



Winning Work



Digital
Construction



Innovation
& Growth



KPI's and
Bench-marking



Sustainability



Corporate Social
Responsibility (CSR)



Emotional
Intelligence

project_five

...a better way of working

Welcome

February Issue



Tim Whitehill

Managing Director

“

Hello and welcome to our second edition of **The Improver**.

With us on a direct course for Brexit by the End of March 2017 our main article features some of the key issues along with this influencing change in the UK construction Industry. We are also delighted to bring

you three other articles giving a rounded overview of some key topics including winning work and how it's not just about price, the rise of corporate social responsibility and how it's not just for the big boys, and finally BIM and the changes it requires for better implementation.

Remember our views are our own and we welcome comments and viewpoints that you wish to share with us.



Thinking of improving your CSR?
See pages 10-11 to take our
FREE online diagnostic!

...a better way of working

this month



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13 FREE Webinar:

Strategy Masterclass
With by Tim Whitehill

Why competitive just about price.

by *Olivia Hughes*



Winning work in construction goes much deeper than just a well written bid and a competitive price. It's our view that successful construction firms are those that seek to build their competitive advantage through increased differentiation of their quality.

Competition in the construction industry

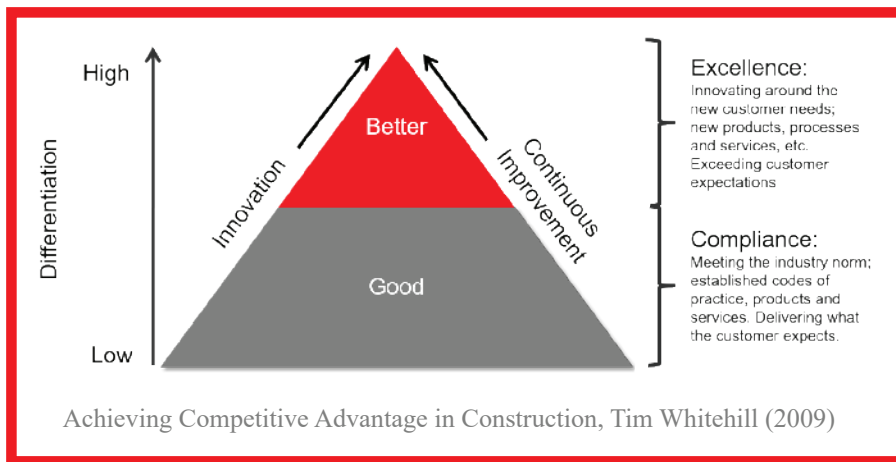
The construction industry is widely regarded as competitive, characterised by a large and fragmented supply chain. In the UK there are 273,775 construction firms according to the Office for National Statistics (2015) competing for market share of £100bn output per annum. The public sector accounts for nearly half of construction output in the UK and is legally required to procure 'best value' by differentiating bids on price and quality criteria. Although this is not a requirement for private sector organisations you will find that large corporate clients of construction share a similar approach to procurement.



Price (Weighted 30-70%)	Quality (Weighted 30-70%)	Selection
Price = £X	Low Differentiation (Compliant / Good)	If there is no differentiation between bidders the selection is 'Price' based
Price = £X	High Differentiation (Excellent / Better)	If there is high differentiation between bidders the selection is 'Quality' based

Differentiation in Price v Quality Selection

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on price will be a somewhat short lived tactic.

<<

In 2009 our founder Tim Whitehill articulated this approach (left)- he argues that the industry is built on a wealth of 'good' companies, all competing on price, which is driven by a level playing field of compliance. Whereas he strongly believes that the key to long term success is a strategic approach to continual improvement and innovation, aiming to excel in quality for increased differentiation, thereby becoming 'better' than the competition.

He is eager to point out however, that this approach to competitive advantage is not simply a short-term tactic for plugging gaps in an upcoming order book – but a long-term strategic approach to ensuring the future success of the business. There are a lot of non-price based agendas in construction, opening up plenty of factors to compete around. Whether it is the client's need to deliver the project in a short timescale (as always) or to show a higher social return on investment, the ability to differentiate your business in this regard is fast becoming critical – and there is so much you can do to be better.

And who's to say being better will cost more? It's widely regarded that quality driven businesses tend to be more efficient businesses... I could go on but we will leave that discussion for another time.

Winning work in construction is about price... isn't it?

One of the arguments Project Five hears all the time is that clients in construction only buy on price – that being the lowest of course. This may well be true in many cases and there could be reasons for this. However, if we work on the basis that in order for a buyer to select from a group of suppliers on criteria other than price then they must be able to differentiate those suppliers on non-price related requirements. Am I wrong?

In our experience, particularly for public sector construction works, most bidders aim to 'comply' with much specified quality client requirements such as safety, standard of workmanship, timescale and more recently factors including social value and building information modelling (BIM).

And for most public sector clients, compliance will equal a score of around 6-7 out of 10, which is fine. However, if it is the case that most bidders are capable of complying (which you will

find they are) and each achieve a similar score across the board then by default the selection will of course come down to price. Okay you're right – it is about price! I was wrong. But did you notice that a compliant score will only gain you 6-7 out of 10.

There's still 3-4 marks up for grabs. Why not grab them before the competition does? However, to do so you'll need to focus on the quality aspects of your competitive advantage.

Building competitive advantage

The key to building competitive advantage and being regarded as better than your competition, is aiming to go beyond compliance – not simply to achieve the industry standards and norms – but to become 'excellent in class' and deliver more value than perhaps the customer is expecting. In the case where quality versus price is weighted in favour of quality (which by the way is something we've seen more and more of) you will quickly find that competing only

What's your move?



by *Tim Whitehill*

The UK construction industry is facing the greatest change for decades. That's my hypothesis.

You could be forgiven for thinking that the UK construction industry doesn't change that much over time. But I think at this particular moment the amount of change is possibly at its greatest for sometime – and failure to move with the change might be your ultimate mistake. So what is influencing this change? Here are my highlights.

The political landscape is changing.

You don't need any reminding that the political landscape is changing at an unprecedented rate. However, Brexit and the recent inauguration of Donald Trump as President of the USA (putting 'America First') gives rise to two very significant changes in our trading environ-

ment. As the UK will indeed push for free trade agreement with the EU's single market – a situation that is yet to be confirmed of course – the red line of our negotiations is over immigration control rather than trade. So what is to happen should we not reach a position of free trade with the EU? Will sterling fall further causing costs to rise on imported goods? Will we be subject to World Trade Organisation rules on tariffs? Will there be a greater skills and labour shortage? Will we still work with OJEU? How will your ability to compete in the UK construction industry change? Unfortunately not even I can help you out with this one. We are still very much in the dark and my only advice would be to invest in a long lasting search light and survival kit – this won't be resolved in two years – it will take much longer than that.

The age of responsibility

From the banking crisis of 2008; to global corporations and the general wealthy using overseas tax havens to avoid paying taxes; to zero



ur next

***“Change brings opportunities. On the other hand, change can be confusing”
Michael E Porter.***

hours contracts and poor corporate governance seeing organisations like BHS drop out of existence leaving it's workforce empty handed; whilst an overwhelming section of society are now being classified as JAMs (Just About Managing) the gap between rich and poor continues to grow. And as Mark Carney promised in his Mansion House speech in 2015 to put an end to Bank's Age of Irresponsibility – there's a sense in me that society is attempting to move towards the Age of Responsibility; and the UK construction industry has a critical part to play in this. Encouraged by the The Public Service (Social

however evidence in the market place to suggest that greater attention is being driven towards obtaining greater value in return for the spend – in the form of social return – and that this will be a key differentiator in the procurement process.

Digital is now expected

Digital technology is changing the way we all behave – regardless of sector. If you are reading this article and you are from the UK construction industry and you don't know what 'BIM' is... where have you been for the past 6-8 years? The UK Government's 2011 agenda for widespread adoption of BIM Level 2 working

‘failure to move with the change might be your ultimate mistake’

Value) Act 2012, and with investment in infrastructure, housing and public sector building remaining strong; the construction sector is custodian to huge sums of money, which by the way is channelled through our projects can deliver significant community benefits and social return on investment (SROI). Whilst government and local authorities are continuously challenged with reducing budget deficits there is

on all it's projects beyond 2016 is now 12 months behind us. Now we simply talk 'Digital' with the rest of the world's industries, and no longer is it just about the use of 3D modelling to support the design and decision making processes of our schemes; it's now about the entire process of construction – how we plan, how we procure, how we design, how we deliver and how we operate our built assets through a collabo-

orative digital environment. Failure to keep up with this agenda is inexcusable now – it's just the way it is.

What's your move?

I'd like to say that the next 2-5 years will be 'business as usual' in the UK construction industry. But that would be cruel. The things that I have discussed above are going to test the best of us. Undoubtedly as a result of Brexit there will be changes in our trading environment, coupled with potential swings in the economy. The demands of society are insisting we become better custodians of public sector funds and give greater social return on their investment. Digital is expected to be part of your business DNA now. And for some of us the climate change still matters – but for how long. In business, choosing the right strategy to succeed is vital. And in these changing times having a strategy is key. What's your move?



Strategy Masterclass

With Tim Whitehill

The competitive environment is changing. What do you need to gain competitive advantage? With capital works budgets under pressure from the highest levels of public sector scrutiny for decades, the construction supply chain is having to learn new ways of competing. In this one hour webinar Tim Whitehill shall walk through his model for gaining competitive advantage in construction; explaining its fundamentals and providing useful insight into the agenda currently influencing the client's buying decisions.

>>Register

BIM: It's all about change



By Dr. Andy Ainsworth

Building Information Modelling is spearheading a revolution in construction. It is arguably the most important driver for change across the sector and BIM Level 2 in the UK requires companies to embrace organisational change. Successful change management must be supported by a clear plan and BIM is no different.

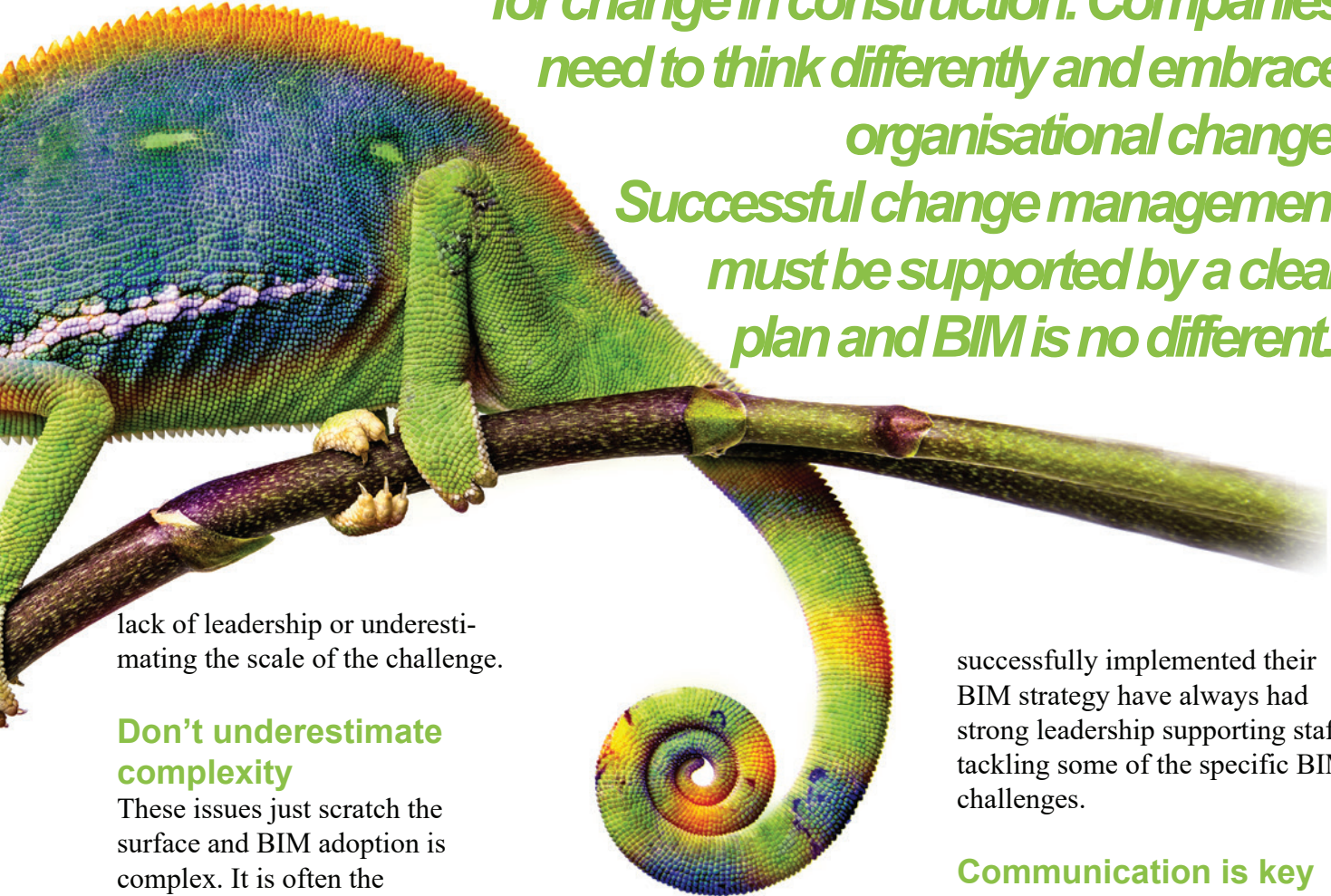
Importance of strategy for adopting BIM

Embracing BIM means different things to different organisations depending on where they are in the supply chain. Adapting to the new ways of working is complex and at Project Five we have seen first-hand how challenging it can be. One doesn't just flick a switch and turn BIM on! Clients, for example, must understand how to set their

Employer's Information Requirements and work collaboratively with their supply chains. They must adapt their procurement processes and develop approaches to supply chain assessment. This is on top of understanding processes for BIM Execution Plans and how BIM can support asset management.

For designers and contractors, it is interpreting client requirements, delivering against the EIRs and managing BIM Execution Plans. It is developing the processes to deliver the specific requirements of Task and Master Information Delivery Plans. It is also setting up, managing and working with the Common Data Environment. Plus there's COBie and Asset Information Models! Tier 2 sub-contractors must understand

the specific information requirements being placed on them and how they will be required to work collaboratively with the Tier 1 contractor and other suppliers. It is understanding the process requirements, BIM Execution Plan and Common Data Environment. Across the wider supply chain there is a need to understand the specific information requirements for projects and how to work collaboratively to deliver them. Wherever organisations sit in the supply chain, it is critical to identify how BIM is going to affect how they work. Even more important is to develop a strategy. Often, we've seen companies ask an individual to find out about BIM and 'make it happen.' Without exception these companies flounder in their attempts to become 'BIM ready.' This is either through



"BIM is the single most important driver for change in construction. Companies need to think differently and embrace organisational change. Successful change management must be supported by a clear plan and BIM is no different."

lack of leadership or underestimating the scale of the challenge.

Don't underestimate complexity

These issues just scratch the surface and BIM adoption is complex. It is often the complexity that organisations underestimate.

There are three central tenets all organisations need to consider: people, process and technology. BIM means people developing new skills and knowledge. Organisations will need to adopt and work with new processes. To a greater or lesser extent, they will need to adopt and use new technology for information production and management. The extent to which these issues affect organisations is dependent on the project role they fulfil. Irrespective of these specific requirements, every organisation adapting to BIM should have a strategy for dealing with these issues. A strategy is based on having a clear vision of what you need to achieve and a plan of how to get there.

It will need to include an analysis of your current situation and developing targeted actions to address:

- The adoption of the technology requirements to meet your needs;
- The development of robust processes for information management; and
- The training and development required to support your people.

The importance of leadership

Any strategy, any approach to change, must be underpinned by strong leadership. Someone who owns the strategy, sets the vision and drives the approach through the organisation. Those companies with which we've worked and which have

successfully implemented their BIM strategy have always had strong leadership supporting staff tackling some of the specific BIM challenges.

Communication is key

Successful change occurs when there is clear leadership. It also needs to be supported by clear and timely communication with staff. Everyone in your organisation will have to know at least something about BIM. People respond best when they are directly involved in the delivery of a change process. Not only that, they are more likely to support the change when they feel supported in their roles. A simple analysis of your skills and training needs around BIM will help to identify who needs to know what and what training they will require.

We will be covering other issues faced by organisations in future editions of the magazine, so keep an eye out for the next piece on the importance of communication: It's good to talk!

CSR: Not just for the Big

by Dr. Michelle Brennan



Corporate Social Responsibility (CSR) has come back into stark focus in recent years. Pivotal events such as the passing of the Public Services (Social Value) Act, 2013; Modern Slavery Act, 2015 and the UN's Sustainable Development Goals have all helped move integrating CSR into business models from a 'good thing to do' to a legal obligation. It has also increased demand from stakeholders for greater transpar-

putting strategies in place to create positive impacts, not only on the environment but also for stakeholders including employees, communities and clients.

In the UK, the public sector faces huge economic uncertainty as a result of Brexit. Such clients have begun to realise the potential the Social Value Act has to transform public sector commissioning and unlock additional value from business. And we have started to see this with many frameworks and tenders focusing on added value and social outcomes.

construction organisations with their CSR however, the approach appears to be an ad-hoc one. I often find that CSR initiatives undertaken are not fully integrated within the overall business strategy and are thus not being used to maximise business benefits and gain competitive advantage.

The potential to maximise business benefits from using CSR as a main strategic framework is huge. It can help you win work, boost your productivity, increase employee and customer satisfaction not to mention increasing the bottom line. CSR is no longer just for big businesses. SMEs can and

“If properly applied, the Social Value Act has the potential to recoup public bodies an additional £8bn per year in “Social Value”, and yet another £3.6bn if including Social Value into their capital – projects budget” – Chris White MP

ency and action. But CSR isn't just about legal requirements. Operating within a true CSR perspective means going beyond legal requirements, seeking to engage in actions that further some social good. This means

Not Just for Big Boys

Generally, CSR is something that we tend to associate with big organisations, but in fact many Small to Medium Enterprises (SME) carry out a lot of CSR without even realising it. In my experience of supporting

do just as much as their larger counterparts and realise just as many benefits – if not more. The fact that many smaller businesses are 'local' means they often create much more local economic impact than their larger competitors. They just don't realise it.



Just Boys...



Take our
diagnostic

Why not take our online CSR diagnostic? The diagnostic has been designed to provide a measure of your organisation's current CSR maturity and performance. It addresses the four areas of CSR: workplace, community, environment and market place. Upon completion, the diagnostic will provide you with a score indicating your current position and identifying areas for improvement.

“Taking time out and having a ‘CSR strategy day’ can help you discover a lot about your organisation, what CSR you deliver and how it can help your business to grow.”



>> CSR Funding Support

Project Five are currently working with the National Federation of Builders (NFB) on the delivery of a programme to help SMEs with their CSR. The CITB-funded project, IMPACT: CSR in Construction, offers a range of support to construction business to assist with their CSR, depending on what stage you are at in the journey and where you would like to take CSR within your organisation.

If you would like to find out more about the IMPACT project, we are running three roadshows across the UK in Manchester (28 February), Leeds (1 March) and London (27 March). Details about the roadshows and our 2 day and 10 day funded programmes can be found at: <http://csr.construction/>

“IF YOU DON'T HAVE THE STRATEGY THEN DON'T START THE CLIMB”

Tim Whitehill
Programme Leader

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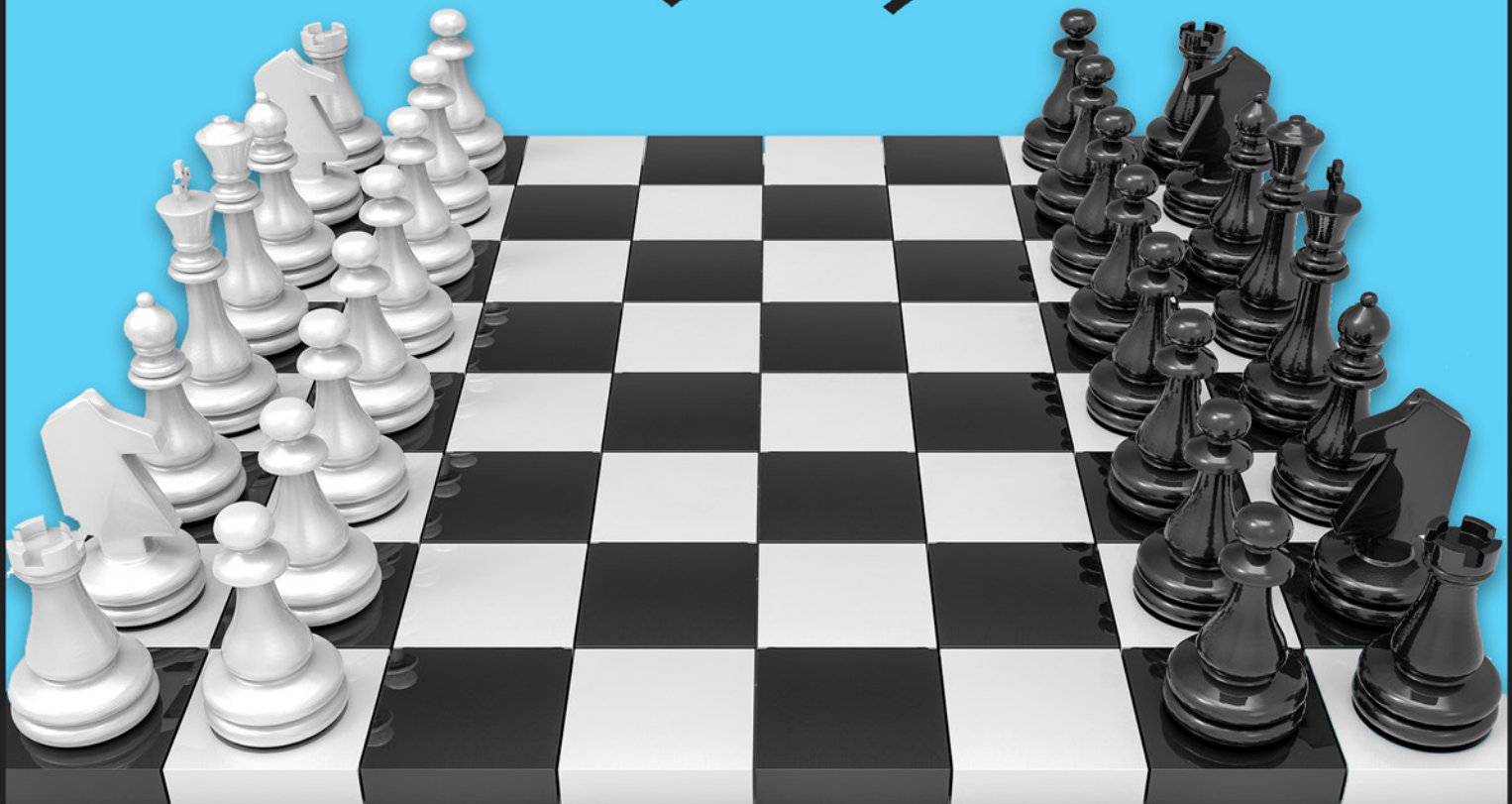
with Tim Whitehill

**Building Competitive
Advantage in Construction**

14th March

1:00pm-2:00pm

Register here





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