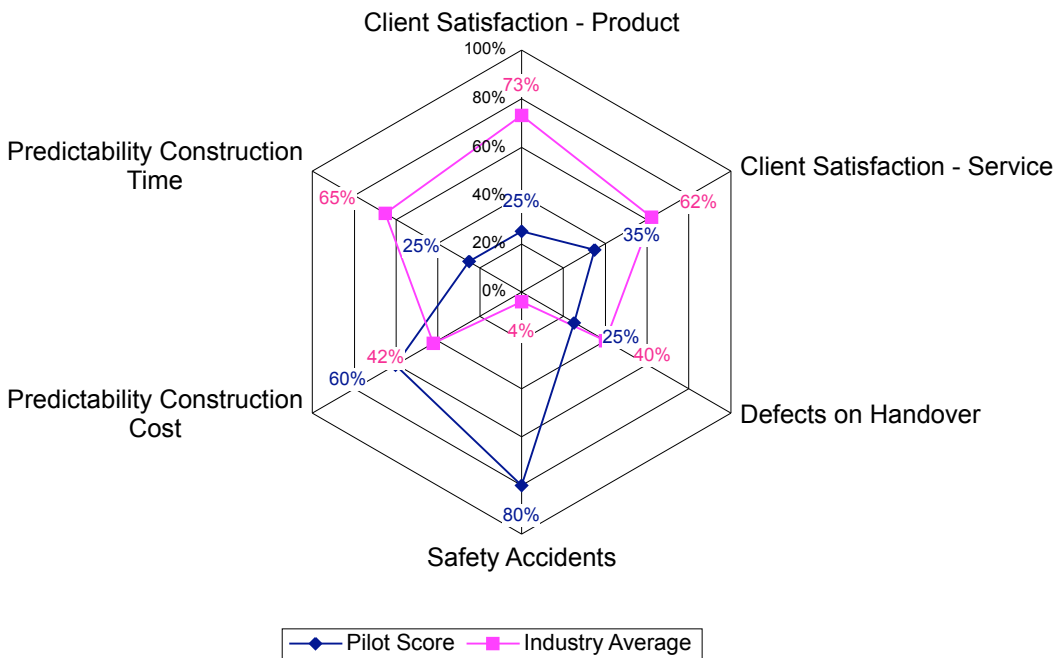
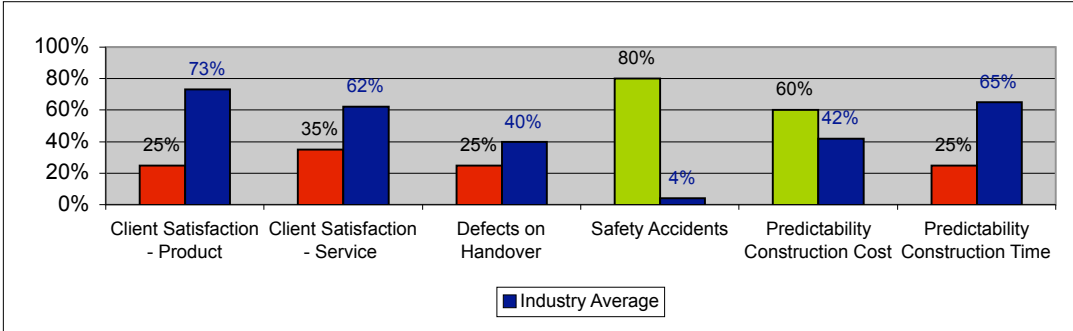


## Summary Year 1 - Pilot

	Client Satisfaction		Defects	Safety	Cost	Time
	Client Satisfaction - Product	Client Satisfaction - Service	Defects on Handover	Safety Accidents	Predictability Construction Cost	Predictability Construction Time
Pilot Score	<b>25%</b>	<b>35%</b>	<b>25%</b>	<b>80%</b>	<b>60%</b>	<b>25%</b>
Industry Average	<b>73%</b>	<b>62%</b>	<b>40%</b>	<b>4%</b>	<b>42%</b>	<b>65%</b>



This graph shows a sample (fictitious) companies first year results. The company is a small/medium sized contractor operating most recently in the retail & private housing sector, but with a public sector history working for local authorities delivering school & other community type building & fit-out projects.

The move to the retail fit-out sector has followed one large contract (some 50%) of this year's turnover years turnover & a large contract (20% of T/O) with a housing developer in fitting out kitchens & bathrooms. The remaining 30% of turnover is with the traditional public sector works.

#### **Observations from the results are:**

- Client Satisfaction of both the product & the project is well below the industry average with just 25% & 35% respectively scoring the companies project 8/10 or higher.
- Similar with Defects on Handover, however, there is not so much of a discrepancy here with the industry average which is also low scoring at 40% of projects scoring 8/10 or higher.
- The company has a relatively good safety record with some 80% of projects having zero LTIs compared with the industry result of just 4% of projects with zero LTIs
- The company shows a high regard to maintaining budget with some 60% projects on or under budget (Contract Sum), however, this regard does not stretch to the aspect of delivering on time. Just 25% of the companies projects are delivered on time or early.

#### **Conclusions**

Upon further investigation with the company, these high level indicators are reflecting a number of difficulties being faced within the contractor's business:

- a) The company has enjoyed a good track record in the public sector where the emphasis has been on adhering strictly to budget & a high degree of safety control. The systems developed within the company for cost control are exemplary & have served this type of client well, however, this sector is now some 30% of the total business turnover.
- b) A recent change in management structure and a new appointment at senior management level brought the two new significant contracts which are with a different sort of client with differing drivers. The service is more geared towards fit-out rather than the companies traditional offering of general building. Both these clients demand delivery to time & a high level of finish quality.
- c) In breaking down the results by client & sector, it can be deduced that the new contracts are showing a poor level of client satisfaction mainly due to the overruns on time & poor defect management. The retail client is suffering revenue losses due to doors remaining closed to it's customers longer than anticipated & the housing client is experiencing many complaints from it's customers due to unfinished work and disruption of contractors working in their homes during occupation.

#### **Next Steps**

The challenges for the company are to adapt it's services to it's new sectors, whilst maintaining it's high level of service in the areas of safety & budget control.

The company set about this by establishing a task force of it's own employees, it's new customers and it's key suppliers.

Together, this team systematically reviewed & improved the companies systems & processes to ensure both delivery to time & a 'do it once, do it right' philosophy. The new systems were integrated with the clients & suppliers systems & the current processes to manage safety & budget.

The company is now formally measuring these KPIs on each project and the task force review the results monthly. Adaptations to the systems are carried out each month as required to ensure better service.

The MD looks forward to a dramatic improvement in results over the next six months.