

SEC **GROUP** briefing

Voice of the Specialist Engineering Contractor

The members of the
SEC Group are:

Association of
Plumbing and Heating
Contractors

British Constructional
Steelwork Association

Electrical Contractors'
Association

Heating and Ventilating
Contractors'
Association

Lift and Escalator
Industry Association

SELECT

What are **integrated teams**?

Is this your team?

"... the so called building team. As teams go it really is rather peculiar, not at all like a cricket eleven, more like a scratch bunch consisting of one batsman, one goalkeeper, a pole-vaulter and a polo player. Normally brought together for a single enterprise, each member has different objectives, training and techniques and different rules. The relationship is unstable, even unreliable, with very little functional cohesion and no loyalty to a common end beyond that of coming through unscathed."

Professor Denys Hinton, 1976

Rethinking Construction (1998)

This was a report of a taskforce chaired by Sir John Egan, which declared that the construction process was dysfunctional. There was little evidence of parties working together towards common goals. Clients wanted consistency and predictability in performance.

Rethinking Construction encouraged major government procurers – Defence Estates Organisation, NHS Estates and the Highways Agency – to challenge the industry to establish integrated project teams that would deliver their business needs.

The Strategic Forum for Construction

The Strategic Forum for Construction is now driving the change towards integrated project teams. Last year, when Sir John Egan chaired the Forum, it produced a report, *Accelerating Change*, which has set a demanding target.

By the end of 2004 20% of construction projects by value should be undertaken by integrated teams and supply chains. By the end of 2007 this figure should rise to 50%.

So, what are integrated project teams?

The easiest answer is that they are the opposite of what we are used to. Design and construction/installation are generally procured through disjointed and discrete inputs from various players – consultants, builders, specialists and manufacturers. This approach does not acknowledge that the delivery of design, construction/installation (and even post-construction services such as facilities management) should involve a seamless process. An integrated project team can work closely together with the customer over the whole process to ensure that customers' needs are fully addressed. The team would remain in place to deliver similar projects becoming more proficient in the process.

Continued overleaf



Where do I go for further information?

Accelerating Change

(available on the Department of Trade & Industry website:
www.dti.gov.uk/construction)

Integrated Team Toolkit

(available from the Construction Best Practice Programme website:
www.strategicforum.org.uk)

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Yes, but who will be in this integrated team?

Projects vary in type, size and complexity and, therefore, one cannot provide a glib answer applying to all situations. Generally, we can say that the delivery team should include those parties who are pivotal in developing the solutions that address the customers' needs. If you are involved in designing, manufacturing, assembling, installing, proving, operating and maintaining, you should be a part of the team. As a member of the team, your own contribution can be enhanced by bringing with you an established supply chain.

I am still not absolutely sure how this approach will benefit customers?

The fact is that many customers - especially repeat customers - complain that the industry's performance is up and down - there is little consistency. Let's take an issue which is of critical importance in this context - customers' business objectives.

"Customers' objectives are often interpreted differently by each supplier on a project, leading to acute misunderstandings."

(From a study carried out by Business Vantage Ltd between January and May 2002 amongst private sector construction customers with an annual spend of £5-7bn.)

How many times have you been frustrated when required to implement design solutions that you know are unlikely to achieve customers' business objectives either now or in the future. Each member of an integrated project team should have a clearer perception of customers' objectives and will be able to work with the rest of the team to achieve them.

Another important consideration is the costs that are wasted through duplication of effort and the breakdown of communication between parties that are appointed at different times and under different contractual arrangements. For example, in developing the design, access to the engineer or architect is often denied.

OK. What's in it for me as a business?

A move away from an adversarial climate into one characterised by closer and longer-term relationships will, over time, substantially reduce overheads. Becoming a part of established integrated project teams or supply chains - perhaps, specialising in certain sectors of the market (e.g. retail, hotels, leisure) - would increase the prospects of repeat business. Specialist engineering contractors should be involved at the planning and design stages. Selection should be on best value - not lowest price. The overall focus should be on delivering cost-effective solutions whilst, at the same time, enhancing margins. Furthermore, working as part of a team provides opportunities to better manage and share risk equitably with the emphasis on problem solving - not "blame and claim". Having greater certainty of work over the longer-term will help you gain easier access to borrowing facilities to increase investment and improve resources.

What are the implications of all of this for my business?

Well, you could, of course, carry on as you are. But, if you wish to improve the health and profitability of your business over the next few years, you will not be able to ignore these developments. More and more public sector clients will be giving business to established teams having a track record of working closely together. Many large private sector clients already do this and this may filter down to smaller clients.

You may get approaches to become involved in up-front activities such as planning, design, value engineering and whole-life issues. You may already be involved in these activities within partnering relationships. On the other hand, you may prefer to be a part of an established supply chain.

An immediate consideration is whether you have the right personnel in place and whether appropriate training is required. A critical issue will be investment in IT and the compatibility of your system with the other organisations with whom you are team-working.

Whatever you feel your business niche is, you should place a high priority on benchmarking or measuring your performance as a business. If longer-term or strategic relationships are to be achieved, the ability to objectively demonstrate that your performance is better than your competitors will be paramount.