

*Appendix Fifteen – Aspects Interview
Transcripts*

INTERVIEW ONE – Contractor Building Projects

Question 1

2113.

Question 2

Contracts manager or senior project manager.

Question 3

I have 13 years' experience collaboration but in my current role about 3 or 4 years on jobs of this scale.

Question 4

Clients will enter into a collaborative project because they will get comfort in working with a contractor that at the end of the day won't sting them. That has a known contractual attitude. They are looking to work with somebody continually who is going to look for that repeat business, someone that is going to build up that relationship. Things like Constructing Excellence Wales are obviously a drive towards that. That is a clear demonstration in terms of how the collaboration of the team is working through the procurement stages of the project. I think it is good in terms of funding, in terms of securing bids. I think there is a bit of an enticement there in terms of maybe securing funding.

Question 5

I think likewise with contractors, for us to enter into a collaborative project and have historical data that says we were a demonstration project with Constructing Excellence that is very good for repeat business. I suppose we get a lot of repeat business, with frameworks. The clients tend to set up a framework agreement. We are not necessarily doing that sort of work at the moment but within schools and local authorities there is a lot of drive at the moment with frameworks in various authorities. How much work we get off the back of that is probably good. Our work ethic and our approach to managing the projects is something that will be reviewed. I suppose in terms of contractor

selectivity in the next project, I think ultimately it comes down to budget and what the contractors can do outside the normal build. Contractor A, B or C can all build a job but it is what they give outside of that.

Question 6

Partnering was something that was discussed quite widely when I was in university and I graduated in 1987. I did not see any benefit from it and as a contractor you never seem to have clear partners. We had people that we did a lot of work with on a repeat business regular basis. We did not have a complete partnering set up. Although what we do now with some of our supply chain is set up, supply chain agreements with preferred suppliers which is almost a framework in itself. We go to certain people or they come to us with, yes we can satisfy your requirements on this and this. We get the key five if you like and they are selected then based on price because you know that they conform to what we require. I think there is more partnering, if that is the right word, with the contractor and the contractor supply chain than there is partnering with the client. I think it is more collaboration with the client. You do not necessarily set up a partnering agreement with the client, do you? Each project it is not a partnership it is a contract but as part of the contract there is a collaborative working agreement isn't there? We are working as a team, we are all pulling together, to get, to reach the same end and that goal, but there is no sort of partnering agreement. We have a collaborative working approach with them to deliver that project.

Question 7

I think quite clearly the obvious one is the potential for repeat business. It is good for the contractors CV. If they can see you demonstrating that you are working in a particular manner. It could mean repeat business with the client or other business, or secure a workload with other clients. There a clear benefits of working in a collaborative manner on a project. I think that there is no entrenchment into battle lines to resolve issues in the industry these days. Everything is rather open book. We are using the NEC contract here, the NEC3, that in itself is quite bureaucratic in terms of how it is managed but it definitely forces the issue of collaboration because you have to have risk review meetings. When there is a problem you have to tell everybody. When it is the client's problem, they tell us or whether it is our problem we tell them or whether it is the sub-contractors

problem and they tell us. We issue early warning notices, we all get together and we go, right, how are we going to sort this out. Is there a problem to the end date? Can we reduce the risk by additional monies to be able to bring it back in line? It's a global approach to managing the contract, nobodies in their own little silos. I would say that on a contract, we are not contractual we are more collaborative and even with the JCT contract (which was not prescribed the way the NEC is) we still worked with the client in an open book manner, open dialogue, regular get togethers, tell them about issues, how to get them resolved and that approach I think is central to having successful delivery.

Question 8

Why would there be any disadvantages of working together as a team. Unless you have got an issue, a severe issue and then the last thing you want to do is sort of open your heart to everybody and you want to keep your cards close to your chest. That is against the collaborative working way. The more people work together the more the team pulls together. Whether it is the short term one off projects or a number of projects because the first project has been very successful then that can only be a good thing. I think the hardest thing is getting new people to realise or come into a collaborative working environment if they are not used to it, in particular some of the stakeholders. Getting them to realise how much they need to give to a project to make it work. The school are very good here, but the school do school things, they teach every day they do not do construction projects. Getting them to realise or getting them to appoint an individual, to assist with the delivery of the project can be difficult. You need that key focus from the schools point of view it is very important but that's all part of the collaborative working. They could say 'you are the builder we are the school, can you knock the door and tell us when you are finished and we will come and move in' but it is not like that because they have gelled in and come into the team.

INTERVIEW TWO – Client Civil Engineering Projects

Question 1

2116

Question 2

Consultant advisor for procurement and contracts and project management.

Question 3

I guess it has been the last 15 (perhaps slightly longer) years.

Question 4

I think the repetitive procurers in the market, so people with large investment programmes. Utility companies, generally people with property portfolios have probably woken up to the fact that on a project by project basis, in an aggressive way contractors tend to always win. So to get better value rather than lowest price, is a, or has been a driver for a lot of those clients to try to do something different I think. The Latham and Egan reports to government and the government's response, achieving excellence stuff has also driven the intelligent client to think about doing it differently. People like me keep going and advising them to do it differently. A lot of them probably don't think about entering into collaborative arrangements until they are given advice from professionals like me, other clients and outfits like constructing excellence, start to influence them. There are quite a few clients out there, who are very sceptical about taking a collaborative approach because it is risky in terms of relationships. If we can persuade them, help them and support them, then where it has been done properly you can demonstrate hard facts that its good value. Much better than the old way of doing it. Are you familiar with the story. In 2005 we demonstrated that over a 10 year period had halved the cost of investing in assets by doing collaborative working, so pretty extensive.

Question 5

Contractors will do whatever their clients ask them to do. Having spent many years as a contractor, I think contractors are chameleons and they will change their spots to suit the

current climate. That is perhaps a bit cynical. There are a couple of contractors in the market who have gone out very openly in their published reports and accounts and told the outside world their business is only about collaborative working. In the current climate I suspect they are taking on some work that is not as collaborative as they want it to be. Because there is not as much work as there used to be. So I think some companies are doing it because they think that it is the ethical way to do business. Others do it because that is what clients are demanding. 10 years ago in a tender we could ask question, which is as simple as have you worked on a partnering scheme or done some collaborative working. You could differentiate contractors because some would say yes and some would say no. Now they would all say yes. I think the employers will always drive the market and if employers want it the contractors will follow suit.

It's become a lot more sophisticated. Sometimes I think a little bit too sophisticated. We are looking at more the elements of collaborative working like leadership looking at their culture. If we are given a free hand for procurement nowadays we quite like having observed workshops. Where we set the contractors a task and we observe behaviours in terms of team working, in terms of leadership and in terms of interfacing / integrating with the client's team. So we are looking for behaviours, we are looking for leadership, we are looking for culture and we are looking for systems and processes that underpin collaborative working. So a bit more sophisticated than it used to be, probably too much so.

Author – What systems and processes?

They are management processes so their risk management processes, their cost management systems, their programming and planning systems their HR processes, their approach to training and development, how they invest in people. The only givens we should be looking at or should be given are health and safety / environmental stuff and also now socio/economic things sustainability in the wider sense so we are looking at economic issues. So it is quite a wide gambit of stuff, sometimes.

Question 6

Before the credit crunch I have always been one of these people who has loathed the word partnering. When it first came about, I guess after Latham, people started talking about

partnering in the late 90's. Initially it was fine, partnering was a term given to people who were working together for a common goal for a win/win activity but then many clients (and it is primarily clients and not contractors) started to do a form of partnering which is not in my view the intent of partnering. It was partnering on their terms. It was do what I say not what we do. A good example, a water company who shall remain nameless started a process (this was when I was a contractor) they picked 4 or 5 contractors to go onto a framework (we were one on them). Then with the individual project the way they selected the tenders depended on how much information and support you gave them for free in their design stage. So this particular water company do all their design work in house and what they expected was the contractor to turn up on a regular basis, almost look over the shoulder of the designer and say oh have you thought of doing it this way, have you thought of doing it that way. If you did enough of that and it was all recorded and people saw that you were helping you got on the bid list. Then it was lowest price wins. That just didn't set the right environment to do collaborative working but they called it partnering. It wasn't partnering. So from many years ago I began to distrust the word partnering because it has been abused. I think it is harder to abuse the word collaboration. I mean most people understand what the word collaborating means. It is about working together; whereas the term partnering is abused and is meaningless now. We talk about collaborative working. We don't talk about partnering and now I rarely see the word partnering. In fact your questionnaire was the first time I had seen it for a long time. When people are saying they are collaborating I am prepared to trust them. When people say they are partnering, I am not. I think that is the fundamental difference for me, it's about doing it together. I have actually brought you this presentation. The key part is where it talks about mutual goals.

Question 7

What are the benefits? In terms of the hard things better value for the client, potentially more profit for the contractor. In the current ... well in any market the contractors profit is usually 2 or 3%. It is a drop in the ocean, in yet it is always a number that gets squeezed. What we should be focussing on is the 97% not that 2 or 3% that we tend to. That is just the way the industry has always worked. So I think it is about a better return for both parties. Oh, another one is when you have to do things quickly and you do not have time for a longish programme of a linear type. Where you start with the feasibility, design,

tender, contract. The reason that the clients went down this route, one of the main reasons is that they had to do so much so quickly. More value for the employer and more certainty for both parties. Enter an arrangement where there is a better certainty of outcome. More choice of meeting the quality the time and the cost. Doing it safer, doing it more environmentally friendly. If you move away from collaborative working, some employers are going to get their fingers burnt. They won't achieve the environmental standards. They won't achieve health and safety standards and that is a serious area. So I think they are the more tangible benefits. I think the softer benefits are a) it is a nicer way of working, if nice is the right word; b) it is a more enjoyable way of working. It can actually be more challenging and more rewarding than the traditional way. If you take a traditional approach to procurement and construction there is an awful lot of paperwork. There is more paperwork required because everyone is defending themselves. They are all writing down everything to defend themselves in the future. If you can move to a more collaborative model there is less of that required. There is less man marking and there is less needing to cover your backside in paper. So it gives you more time to do what you are trained to do, which is to be an engineer or surveyor or manager or leader or whatever it may be. So I think it is more rewarding for people. I think also if you, get into a truly collaborative arrangement it creates opportunities for people to look at different career paths or to go on secondment. One of the contractors people going into the clients team or vice versa. There is an alliance we set up where there are four contractors working for them. There is one integrated management team and you would literally not know which contractor is supplying which managers. They have integrated themselves more than any other alliance I have ever seen. What is starting to happen now is that client staff have come on secondment into the contractors team, so managers and commercial staff and then some of the contractors management staff have been seconded in with the client. So there is a lot of swapping of resources. The commercial guy's, the QS's from the client have come back after 6 months of working with the contractors (on the same site, they haven't moved more than 50 yards from one office to the other) a completely different human being because they have suddenly seen it from the other side of the coin. Some of the issues the client creates for the contractor and vice versa, it is actually helping the whole thing to become more efficient. There is more trust and they get on with the job better. That is some of the real benefits coming from doing it that way. I think it's more than perception, I think it is reality.

Question 8

Disadvantages of collaborative working. I guess the glide answer is that I don't see any disadvantages. I think there are occasions where it is not appropriate. If I had a free hand and a wand, I would say everyone should be doing collaborative working. I think there is a risk that the entire industry becomes a bit soft and fluffy. There still needs to be a commercial edge to everything we do. By having the non-believers doing more traditional procurement it gives us a benchmark to test against collaborative working. That is a benchmark in terms of health and safety performance, environmental performance, money, meeting deadlines and all those sort of things. So while we have some people not doing collaborative working there is also a bench mark for those who are. That is more important in the current market because those clients who are thinking 'well I am not sure collaborative working is the right thing anymore, there is some big discounts in the market because there is not much work and lots of people, perhaps we should go back and do some of that', if we can actually say to them, look even if you go back and do that you are not going to get what you are getting over here, then that is useful. I think there is an advantage in having people not doing collaborative working, but ideally I would say everyone should be doing it. I think that it's not going to suit everybody. There are some people in the industry that would never ever be able to do collaborative working, its just not in them culturally. So if we had everyone collaboratively working, what are they going to do. I think you could call that one of the disadvantages of collaborative working. If you don't deal with those sort of issues, those sort of people will hinder collaborative working. They become blockers. You have to change the people and if you can't change the people then you change the people. You have to give people a chance to try collaborative working. You have got to support them, coach them, train them, educate them and if at the end of that they still won't change then you have got to move them on and move somebody else in. Because they will continually destroy any trust and any openness and honesty that has been developed. I think that one of the risks of collaborative working is not doing it properly. I don't think you can do collaborative working as a halfway house, you are either doing it or you are not doing it. I have seen elsewhere people who decide to take a collaborative approach, take a bit of advice get a contractor on board on the basis of a lot of quality issues and not price. That is a good start and then they have one workshop and they expect people to become

collaborative and it just doesn't work. You don't have to use the NEC contract for collaborative work but it is a good enabler. It won't do it on its own but I constantly remind people there is a contractual obligation to work in a spirit of mutual trust and cooperation. What are you going to do about it, because it is not going to just happen, you have to do something and you can't just stop doing it. It's a bit like spinning plates on sticks you have to go back and keep re-spinning them or they are likely to fall off. I think that is not a disadvantage but it is one of the risks of collaborative working. People not taking it seriously enough, not investing enough in developing behaviours because people start seeing it as a cost rather than an investment. Okay, the workshops are going to cost a few thousand every time you do one, but actually payback is many, many times more. You have to take a leap of faith and many clients on tight budgets in the current economic situation are wondering if that is the right thing to do. What the industry needs is some strong leadership. There are key people that need to stand up and say they are committed to it. For the doubters to stay rather than moving back to something more traditional.

INTERVIEW THREE – Client Civil and Building Projects

Question 1

2115

Question 2

I am a project manager.

Question 3

I have probably had about fifteen years' experience in collaboration

Question 4

I think probably because they have had some bad experience of non-collaborative projects. The more adversarial arrangements that we have got. That bad experience has made them think well there must a better way than this. I am fed up with fighting with people and fed up of having jobs late with claims at the end. Therefore it would make a lot more sense if we got together. If you look at the models in retail or the motor industry, you can see that they work quite hard with long term relationships to understand how best they can organise themselves so that everybody gets out of the deal what they are after. I am afraid our industry is a little bit different because we keep on moving our factory from site to site to site to site and so we end up with a new team of people or at least a team that has different components. So it is probably a lot harder to build those long term relationships and understandings in our industry when we are busily moving around the country on different style projects. We don't build a particular car model for eight to ten years and refine it as it goes through the factory. We tend to build something here and something there and they tend to be different buildings with different teams, different arrangements. It's a lot harder to do it but I imagine that the reason people come to it is the method they have used in the past hasn't worked terribly well.

Question 5

I would like to say it is for exactly the same reasons but principally I think it is because they see it as a less risky way of making their living in the industry. It's got to be led by

the client. So, basically contractors will tend to do whatever the client wants them to do. They tend to mould themselves to suit however the market has changed. Whatever they need to do to get a project. I would imagine that generally they see collaboration as a lower risk to their profit margin. Therefore success is likely to be greater and they are likely to earn their money with a lot less problems. Because construction is a very risky business, very risky industry and it is low profit, so it is not as if you have a big buffer for the payment of errors. You have a very fine margin, so collaboration gives you that opportunity to work your problems out without the pressure on the margin. Or without anything like as much pressure on the margin.

Question 6

Difficult to say. Collaboration is more, you know, a state of mind. It's more of an ethos on how people can get over their problems. Now partnering is a little bit more structured than that, it is not just about how you get on with people. It is about how you set up a relatively formal arrangement between a number of people to achieve a similar aim. So I suppose collaboration is just how you go about your business. How you go about your life by trying to see the other persons point of view by trying to help to achieve whatever they want to achieve as long as you can achieve the same sort of thing. Whereas partnering is probably a little bit more blinkered than that. In that you have one aim to get this project through the arrangements you have with your partners. To get this project through and out of the other side. But I think there are a lot of people who would consider that they mean exactly the same thing. But I think one is more of a cultural thing and the other is more of a contractual thing.

Question 7

It should be that you understand better the means by which you achieve the ultimate objectives. Instead of trying to work out ways to get more money out of the client or to get the contractor to do more for being paid. Its more about trying to understand what it is that makes everybody tick. Seeing whether or not the way in which they tick suits the project. Whether we can get the benefits out of that arrangement without creating too much pain and grief for each other. Even in circumstances where somebody is in the wrong, we realise they are in the wrong, we realise that they have to take some medicine you can never the less do it in a way that makes it a lot easier for them to cope with.

Sometimes it can be a far less painful arrangement than if they sit in the corner and just dream up ways to make life even worse for you. But tremendous benefits.

Question 8

One of the down sides is that it is often perceived as weakness. That collaboration means giving in. It doesn't mean that, it means you can be as challenging as you like but you will try with everyone else to get the solution that fits ever fits everyone. It doesn't mean that you give in, doesn't mean that you have got to automatically roll over and accept what you are given. It doesn't suggest that we should go that route. You should understand what is happening, why it is happening and where you play your part in it. I think the disadvantages are that people believe that partnering come collaboration is about giving in, it is about trusting someone that you don't trust. It's about taking their word for something when you know they are lying. It is not about any of those things. You can't collaborate unless you have got a strong respect and you have got trust in people you are working with. That comes from being open, honest and transparent and that doesn't come from a term in a contract, it comes back to the relationship. Open and honest in almost every way in terms of how you write the words in your offer letter, what you mean by the figures, the way in which you present your accounts your payments, the way in which you present problems. That you don't gloss over things. That if you have got something that you have got a difficulty with you simply tell somebody as soon as possible and try to solve it rather than leave it and hope it will go away or leave it and try to cover it up. It is quite a hard thing to establish but once you have got somebody's respect, which is based on you being trust worthy and honest, you can climb mountains with it. It is an absolutely wonderful arrangement because you can than deal with all kinds of difficulties and issues that come up but if you distrust people you are almost prevented from dealing with their issues.

INTERVIEW FOUR – Sub Contractor Building Projects

Question 1

My name is 2114.

Question 2

Specialist Sub-Contractor.

Question 3

I have been in the business for fourteen years.

Question 4

I think “collaborative working” / “partnering” is relatively new to a lot of people within the construction business even though the reports came out about driving the costs of construction etc. I think it is the relationship management that is in place that results in a collaborative / partnered approach to a project. Other than that it is just about the dollars and in this current climate it is very much about the dollars. One benefit you have is if you have the right relationships in place and you are prepared to operate that way is that you probably will convert business even though it is at the lowest cost point available to the main contractor. Well there are quite a few reasons for collaboration, really. I suppose in terms of sharing of information to find solutions to needs that are probably the most cost effective routes. We have done that with several clients from the small scale to big scale and if they like you and you are offering the right value engineered solution at the right cost point you get the opportunity to do it again. I think I cannot really say any more about that situation.

Well hopefully I have answered quite a little bit of that. I know I have said a lot but improved and enhanced work streams, mutual profitable gain. Profitable is open to question but mutual gain in terms of revenue streams and things of that nature are hopefully a benefit for that process. Anybody who is in a fixed partnering at the moment as a client probably does not want it. And from what I hear of the strictest partnering contractual arrangements that the client just wants to drive the cost down each and every project even though they are two or three years into that framework agreement the actual

real costs are climbing and they want to drive it down. Without any real, commitment because each job, they sort of give you an agreement for two years or three years but each job is tendered separately so you cannot maximise your buying agreements but you cannot lock people into that so I suppose the poor old contractor whether it be main contractor or specialist contractor has to try to absorb if you like the costs so might not want to get into a strict partnering contractual arrangement. Seeing as we are always market checked anyway.

Question 5

There is long term benefit and short term benefit for people who are prepared to open the book, as it were and talk more openly about the issues. Sometimes they are quite surprised by the changes in the thought process. Problem that we sometimes see is that we are only the specialist sub-contractor so sometimes the thought process prior to that has already gone so far because unless you are involved in a true collaborative team environment, where the relationships get you into the job early even at the cost planning stage and reengineering the cost base, the solutions we can offer are sometimes dictated by what has gone before. So depending on the project depending who it is and the time frame that you get engaged with, it really dictates what the most cost effective answer could be. I think you know main contractors, specialist contractors, they like the collaborative process because of that sharing of information and therefore the cost benefits, whether the client sees the cost benefits is another thing. I am sure clients want to have a collaborative process because they want to find the optimum cost points and they want to benefit from the savings but I think it is a little bit of a pretence in real terms and especially in a declined market because clients will tell main contractors, you are one of four, you are one of five, you are one of three, except that more often than not, sometimes that is not strictly true. People are sourcing the market and the like for like comparisons are then possibly not the same, if you understand what I mean. Are the size of the contractor and what they offer in terms of the peripheral added values the same, are they CHAS accredited, do they operate the NEC form of contract with an early warning notice etc. Can they produce the correct risk assessments, method statements, COSHH analysis. We have probably fended off on price against a lot of people. If they are lucky enough to get an order by default, and it has happened, they then go “what uh, but what do you mean” and they do not actually prequalify for that main contractor / client pre-

qualified questionnaire process. So I think that errs more onto the partnered side of things as well, which I tend to call pseudo partnering. I do not think clients / contractors, certainly not main contractors / specialist contractors really have a partnered agreement, unless it really, really suits them, because even though you may be the preferential choice provider and you may be the guy that gets the job at the end of the day they always go to the market to make sure your cost is market dynamic in line. Which to be fair if you are partnering and you are collaborative, it should be but at the end of the day everyone wants to make some money, and have to make some money in order to reinvest some of that profit back into the business for training learning and development plans. We compete against a lot of people daily who have not even heard of a development plan. Are they an 'investors in people' company? Probably not. So all of those extra value items where a company is trying to better itself, to expand its business to offer a better service to offer a higher level of management expertise, but the price is paramount I suppose.

I used to work in main contracting before I worked a specialist contractor and I spent nine years with a large contracting organisation and it is about price you have your preferential choice provider because you know that you will work out the problems as they may arise as well and you are not going to get ripped off with the variation potential but from the starting point you have to be the most competitive. Which is a little bit unfortunate but as long as you are comparing eggs with eggs though, and I know it is very difficult but we know in our market sector there is probably only four companies in the region who are really on a parallel with us. Then you are on a lower tier, but it is the lower tier numbers that are getting used in order to value. That was my phone call just before, yeah! So even though we are collaborative (laughs) it is not really the true essence of it.

Question 6

I think it is a very grey area in the terms really I think a collaborative process is better than a partnered process. You do get emotionally attached to people as well and sometimes you compromise, you think 'I would charge that to do that item of work' but because you know they are in a fix as well, you do not. Because once you get beyond those initial gain lines you do actually form friendships and you help rather than charge. I am guilty of it, so if I had my own business I would never be rich probably, is the answer.

Probably be comfortable probably have good revenue work streams but probably never be rich.

Question 7

Well I think everything in the pot and you can actually rethink, re-strategise, redesign, re-cost hopefully in the right way to resolve problems and then I think you can resolve them, more often than not amicably without unnecessary friction and the build-up of cost. I am on about the “sharing pain”. There is no sharing the gain but there is sharing the pain. That said and done we have actually done a couple of contracts where we have shared the gain. Once the initial things have been set in place and what have you, we did the sourcing for the project and any benefits were split 50 /50. So I suppose that is a true open book process as such, even though it was not set down in a rigid format because it was the first sort of time the contractor had done it with us and the first time we had done it with them, even though the people involved in it knew each other very well so the biggest, factor is the feeling of trust between the parties I think and knowing that you are not getting ripped off. There is a little bit of gain there and that we are sharing it so you both feel that all the input you have put into the value engineering proposal is worthwhile because driving cost out of construction. There is so much in collaboration / partnering at the moment we go ‘this is what we want’, but the client wants to optimise the costs, so can you do all the value engineering, bring it all back to the table. We will have an open discussion about it and then Mr Architect or Mr Client will go yeah thanks for doing all that work. You have probably spent oh I do not know 200 man hours. We want this instead you just get thank you and that is probably the most damning part of that relationship. Because it is not only the contractor that is picking up the tab for all of that thought process and redesigning process and the meetings involved with it, say you can save a hundred thousand pounds. Yeah, great but out of 20 million, what is a hundred thousand. No I do not like that carpet as the alternative proposal. I will have the carpet I chose originally thanks. I do suffer from it a little bit when you are trying to manage all those people from a design perspective and pull it all together and present it back and then you get told that. I am doing all the work you are having all the cost gain ... so that is where I think partnering / collaborative process starts to fall away from itself a little bit. We have to prequalify for most contractors every year or every two years. Projects are looked at individually and a lot of cost and collaborative / partnered process could be

saved by, having a central compendium put on the system. One contractor is most of the way there in fairness and you can use that and then you can look at the nitty gritty of the project specific items, the method statements etc. How many risk assessments, COSHH assessments once they are there if we reviewed them every year they could just be online filed with someone and someone could say, look all that is done, this is relative to your own risk here is the method statement for the project so if you want to refer to the risk assessment for cutting a piece of vinyl sheet it is online on your intranet or your extranet but it is there so we are not going to send it to you online because we have dragged and dropped it and put it in the file for this job. So there are lots of things like that. I think that as a partnered and collaborative process could be eliminated and probably it would save an enormous amount of man hours. We do not actually think of how many man hours that is the biggest problem when you add 30 – 40 trade packages across a project and how long it actually takes to put them together. It is a lot of money.

Question 8

Like I said earlier I think you do get emotionally attached to a certain degree with the people, you form friendships and alliances you share the pain. You do not charge them what you would charge them on the open market for doing something and when they have got a problem, it is partly your problem. Because the way we tend to operate is that we work with, rather than for them. When you work with rather than for, you look to mitigate the cost to dig yourself out of a hole, well dig them out of a hole by default has become your problem. You know that is the way things happen and to be honest if you are working with the right people they remember those things. To a large extent they check you against the market on the next job but as long as you can get to where you need to get to then in line with the market you will probably secure the order. So that is a benefit and a negative with collaborative working I suppose.

INTERVIEW FIVE – Client Building Projects

Question 1

2117

Question 2

Construction programme director, I am a chartered surveyor

Question 3

10 years.

Question 4

When I started there was litigation and as a result we terminated the contract with them and I became involved when that contract was terminated. I became involved the day that, that judgement was announced. We had at that time a very adversarial contract it was a GC1 works contract which was then even further tilted towards the client. It attempted to transfer all the risk from the client, over to the contractor. It was not very collaborative at all. However, I took over the project and I was persuaded that the way forward was to do a of sort of collaborative basis. We actually ran the project in a very collaborative way despite the fact that the legal framework around it was very adversarial and that worked. It was a 40 million pound project and we and I re-let the contract. I couldn't change the form of the contract, but from the outset I said I wanted to work in a much more open and collaborative way. We worked collaboratively throughout the entire contract which was 2.5-3 years. Neither party issued one single solicitors letter which I regard as a huge benefit. I inherited a contract which looked like a London telephone directory, which cost them a very large amount of money but we never actually resorted to that contract. We worked in a different way and we resolved the problems together. My view always was there are not winners and losers in the contracts there are either two winners or two losers. I embraced that but also; to be fair the contractor had that same mind set. As a result, we turned around a project that the media hated it; everyone said it was going to be late and over budget, we turned it round into a project that got virtually universal approval. It was delivered on time and on budget. So it works.

The only thing we did wrong was waste a lot of money on getting a telephone directory sized contract which we did not resort to. We've gone down the road since then and we have developed our ideas but that was a good start in the collaborative mind-set. It proved to me the most important thing is not the contract that is important it is the people that operate that contract and the mind-set of the organisation. The mind-set needs to be one of openness and trust and collaboration. It actually doesn't matter if you have a GC 1 works contract what really matters is the people who are delivering that contract and the organisations backing them up. If the organisation doesn't have confidence in the ability of the people to deliver that contract you then have a problem. There are all sorts of reasons why organisations would be worried. Usually it is about track record and credibility. They took a great vote of confidence in me and I have been able to build on that by doing other projects in the same way. Now we have done 3 projects on time and on budget. The organisation does not have the ongoing media public criticism of costs, extravagance, wastefulness and all the other things which attached to large projects that go wrong. There are a number of high profile projects that have gone wrong over the years, fortunately none in Wales recently. Bad news sells good news doesn't.

Well it is sometimes difficult to think why clients enter into collaborative projects and this is going to be the trick in the future going forward. How do you persuade someone to take a chance? Because doing what you have always done will not get you into trouble. You will not get you criticised because that is what has always been done. That won't change anything in the world, but if you have always done it that way you are not going to be personally criticised for not doing anything different. It is always easier not to make a brave decision and to get to the heart of it; sometimes the client doesn't want to go into collaborative contracts because it falls into the too difficult box. We have always done it this way and okay we didn't get the best result but we know how to do it. Why make a brave decision. No one got sacked for making the same decision as they did before but you can get sacked for getting it wrong. The question is why don't they? How do you change the mind set to encourage people to say this has worked somewhere else it can work for us? You have to believe that contractors are not just driven by shear profit to the point of nothing else with no concerns about the client. I think it is a natural reaction for clients to have. That they are going to get done over by some smart, technical very experienced contractors. They are effectively lambs to the slaughter. If you approach the

project with an attitude of; I am going to get done like a kipper then people will avoid doing it. I think clients need to be persuaded to enter into collaborative projects and I think the only way to persuade them is to show them the benefits. The fact that you can deliver projects on time. You can deliver projects on budget and most importantly you can deliver without any hassle. I speak at a lot of meetings and conferences where I say, I would like to put lawyers out of business. Construction lawyers out of business because if you have a collaboration project you don't actually need all of the onerous clauses that you have and you never use it. There is always a need to have a contract and it did help because we had a major problem in the middle where a major subcontractor went into administration and we had to resolve that, but apart from that we haven't used the contract. I have a copy of the contract. I have never taken it to a meeting. I never quote it to anyone. So they need to be persuaded that it is actually a lot easier to do. Lawyers won't agree with that though because it cuts down their fees.

Question 5

That is interesting that because what I feel is that contractors will do what you want them to do. The responsibility/the onus is on the client to change attitudes. Contractors will do what they are asked to do. Contractors do what they are told to do. If you go out to the market and say 'we want a collaborative contract', contractors will respond. If you go to the market and say 'we want an adversarial type contract where we push all the risk on to the contractor', contractors will respond. Contractors are looking for business, that's what they are looking for and they will work within the constraints the client sets. So if the client sets a collaborative framework they will respond within that. Now some clients are better at doing collaborative stuff than others. Lots of contractors aren't used to doing it. However we have seen it with some of the contractors we have worked with, there is a major shift, and from almost lip service to collaborative working to actually them really doing it. Them believing it works for them to, because their lawyers don't get involved and they don't get the hassle. Actually, we sort out problems together rather than sitting there exchanging lawyers letters, saying 'you will do that', 'no my client doesn't have to do that'. I think the contractors will do what is asked of them they will deliver what is asked of them. Therefore the responsibility for changing the way we work rests a lot with the client. And if you have got a client who is 'not an intelligent client' or you have a client who doesn't want to change the contractor will respond. The contractor

is not going to respond to an invitation to tender by saying; you have got the wrong contract. The contractor in the margins may say we can do this some other way but if they want to win the tender they have got to submit a compliant bid. There is no point in submitting a heavily contractual adversarial type bid if the client wants a collaborative contract. The client needs to understand and see for himself or herself the benefits of doing that. The only way you can do that is by showing people that it can be done and someone somewhere has to go out there and do it first. There was an interesting article in building magazine recently about climate change and the climate change act and it was actually saying, its actually the public sector mostly, but government that has to set that parameter be the pioneers to go out and do things which people would say well I wouldn't do that it's not economically viable, I'll give you an example, we had earth heat exchangers and biomass and that was back in the year 2001, 2002. Where that was real cutting edge stuff. People said why bother with all that, why not just stick a gas boiler in or an oil boiler and be finished with it. Why are you bothering with all these bore holes for getting heat. This is not proven and, it is cheaper to do it another way. I had to say to a number of people that we had a responsibility to show some leadership.

Question 6

This is a tricky question. I think that partnering is much more of a contractual relationship, getting married, while collaboration is living together. The results may be the same but the thing about living together is you both want to do it. Whereas with partnering you are in a legal relationship. That is probably the difference for me in the way you would structure a full partnering deal. I am on shaky ground with this because I don't really know about 'partnering'. In the sense of it being some form of legal structure where by you have the client, you have the contractor you have the supply chain all in there. I do know about collaborative working where if you take the NEC suite of contracts you actually have total visibility all the way down the supply chain. I am not sure what the difference is between seeing that total visibility and the partnering except for the fact that the contractor would be obliged to do certain things as a result of that agreement. If you have got a collaborative arrangement, I think you have probably got the same thing. With NEC 3 we had to total visibility, seeing the monthly salary checks for the people that worked on site. So we could check the overheads and all the rest of it. We could actually see each person's individual actual salary payslips. We can see all the quotations in the

supply chain. That is not just principal suppliers that is down that supply chain. That has the opportunity to drive efficiencies but it also gives that great visibility in terms of audit. There is also the unspoken question 'are we being done over by some smart contractors?'. The old double books scenario. Well you are not if you see, if you take an element of plumbing for example and if you actually see the invitation to the subcontractors and if you then see all the quotations that come back from the subcontractors and you then see the reasons why the principal contractor selected that particular subcontractor. You have got that visibility. It does depend upon that collaborative approach. If you google partnering in construction you will see an awful lot of stuff but no one to my way of thinking, has been able to write down a three line definition of what partnering is and that maybe part of the problem is. We all talk about it started from Latham and building the team and this is what all this should be about. But it's about trust, now you either have trust through a legal framework or you trust because you trust people. My experience has been with the latter rather than through some legal framework so sorry if that is a weak answer.

Question 7

That's simple really; you have got to work as a team. It's a better working environment, you get less hassle. The moment you sign a contract with a company and they contract to build you something that you want and you contract to give them 20 million, pounds or whatever it is you are effectively joined. You both have a shared goal of success. One of the benefits is that you can see that success much easier. In the NEC type contracts of course the overheads and the profits are preserved or ring fenced so you know the contractor is not sitting there worried that his profit is going to be eroded. You have a much better working relationship. Also I think it's at that point you can begin to drive efficiencies as well, because if you have trust you can begin to develop designs. The one thing I have found is that actually that main contractors don't have all the answers. You need the specialist sub-contractors, they are the people who can solve the problems. They are the ones that can look at the design and say 'well if we look at this another way we can save a lot of money' and we found that on projects where the principal subcontractors were involved right at the outset. We were able to develop the design that a) got rid of the snags /problems but b) also made the thing more deliverable and more cost effective. If you have got those things then of course you are not then being

held up. The programme does not go on hold when you have got to a bit that you don't know how to deliver it. It's the involvement of the whole supply chain in delivering a coherent holistic solution, which is the principle benefit. Makes my life easier because I don't spend my life arguing with contractors. We spend our time collaboratively trying to solve problems which is a completely different mind-set from the contractor sitting opposite you with his variations book trying to squeeze more money out of you. A contractor who is saying 'well we have got a problem we need to see how we can resolve it. It makes a significant difference.

Question 8

I am sure there will be others saying, they have a whole list of things they don't like about collaborative working. I don't see any disadvantages. I think that the way you deliver a project is either the hard way or the easy way. You build the trust. It has to be built on trust. You have to know what the main drivers of the contractor are. You have to know what worries them. You have to understand what worries him. I think if you understand that and he understands what worries us. Because they are entirely different things. The contractor will be worried about shareholders and his profit margin. Shareholders first because there is the whole thing about reputation. From a public sector point of view I am not overly bothered about his profit margin and I am not overly bothered about his shareholders because that is his problem. What I am bothered about is the users so they are different things that we worry about. I don't see any disadvantages with collaborative working. I am sure you will speak to people who will come out with a great long screed and list of things that they don't like about collaborative working. I suppose the one disadvantage is that you both have to believe you are working collaboratively, there is no point in both parties saying they are working collaboratively and one not. It's not going to work. You do need some strong leadership and you need to set that right tone right at the very outset as part of the tender interview. You know a simple question. How would you propose as the contractor to work collaboratively in delivering this project on time and on budget? That is where it needs to be set. There is no point three months into the project saying 'oh you need to work collaboratively'. It is too late then you have to do it right at the outset. Subcontractors' not being allowed to get involved is a problem. We have refined this as we have the contractor with what they called their SAP team (Strategic Alliance Partnership) and they were the people they always worked

with. That worked really well and that improved the buildability of the building, drove out risk and it drove down cost. Once you start getting down into the second tier and the third tier of the supply chain it became a bit more difficult. Our role as client is to drill down not just into the top level get through that crust that is the first level of the supply chain into the second and third because that is where, collaborative working will work the whole way through. But you can't stop halfway and say now its design and build, fixed price from there on. There will inevitably be the small stuff where people will say well its £500 to sort that problem. But it does need to work all the way down through the supply chain. We are getting better at it, the recent project was quite different in mind-set to the way we started the early project. But that's just me getting a bit of experience in how to do it. Also saying to the contractor 'we want to know these things' on the recent project, we know the names of every sub-contractor, how much they are getting, where they are based, the lot. Whereas on the bigger project they get lost in the weeds at the bottom. But they are the people that deliver the project. Sometimes it is the bloke with a van and 20 guys that actually solves the problem not the big multinational company. They are the ones who have the experience to solve the problem. Because there are not many problems these small contractors have not already seen, whereas the big contractors have probably seen the problems before but they are probably not quite sure how to solve them. They need the supply chain to deliver that. The big contractors by their very nature are big contractors, they are not people who actually get out there and actually pick up the screwdriver and turn the screws.

INTERVIEW SIX – Contractor Civil Engineering Projects

Question 1

My Name is 2112.

Question 2

Contracts manager.

Question 3

16 years I have worked collaboratively.

Question 4

Less claims. I would say greater control of quality and production. I would say really they also have surety that they are going to get the work done, because you are in partnership with them. They have a bit of a strangle hold on you because they have the money that you want to survive as a company. They can manipulate you to a degree, not that they do, but they have got the upper hand even though it is a partnership, because they can issue the work.

Question 5

Again for surety for a programme of works, for example, one project was a 2 year contract, with an option for a 1 year extension plus 1 year after that. But they have just given us a 2 year extension on the original 2 so we have another 2 years there. For us that is great because we have got about 50 men working on it at the moment, so we are keeping 50 people employed. We are obviously bringing revenue into the company but it is also providing a livelihood for 50 families. Well not 50 families, some of the boys are still young free a single. But it is an important part of the economy in this area. I think we also have an input into providing value engineering. When we enter into collaborative projects, because you tend to have early contractor involvement you can sit with the designer and try and give your solutions to his design problems. He may not know about solutions, because he is generally not a hands on site sort of person. You tend to find a lot of people that do the design are technically very good but they may not be as practical.

It is a good plus of collaboration with the client that you can overcome a lot of things and say look we did this 10 years ago, you don't need to spend all that money on that, this will work. Again we know we have a guaranteed income for a period of 2 years or whatever the period of the partnering is.

Question 6

That is a good question that is. I think that partnering has become unpopular because people feel, everyone is getting their prices. People who aren't involved in partnering contracts are knocking on the clients doors saying, we don't have any work, we can do it for that we can beat their prices. That is fair enough they are entitled to do it, we do it ourselves probably, but you can see why it is unpopular, because of that. The credit crunch has caused rates to drop lower than they were years ago and our rates as our company are generally very competitive in the 1st place, so people trying to come in and undercut us is just crazy really cause it is just pushing the whole price base down. It will reflect in other tendered work in years to come. We collaborate with people even though we tender for work as I said earlier we have a collaborative approach to things we are not confrontational really. We can be occasionally but as a rule I would say we would rather with somebody, like I said we get X amount, we may not get what we really want but we get enough to continue as a company to keep on trading.

Question 7

I think I have sort of answered that, the benefits of collaboration. That is again surety of ongoing works income and building a relationship really with clients. I don't think anyone would 100% (that is me talking now) trust the contractor cause we are in it to make money, obviously to produce an end product, but the key thing is to make a margin to sustain our business isn't it.

Question 8

Some clients won't allow you to look at your rates and reassess, especially if it is over a period of 2 or 3 years. Some people will hold you to what your rates were several years ago. On some contracts you have an annual increase, which has to be applied because we can charge rate increases for materials, which always come in. We don't think it is fair

then that just because we have a term agreement or a partnering agreement with them that we should wholly sustain that rate increase. It is an inevitable consequence of working in a partnership over a period of 2 or 3 years. So that is a disadvantage. I think that the other disadvantage is that sometimes the client takes advantage of the fact that they have got you with them for 2 or 3 years. We priced a very difficult job last year it was due to start last June, the press release went out that it was starting and then they didn't start, we are a year further on and we have asked them to revisit some of the rates. Steel has gone up and concrete has gone up and aggregate generally has gone up. They have said no and they have threatened to go out to tender again. This isn't fair. That is a disadvantage. They know that we want the work and they know that we have people coming free that we want to keep them employed, who are ready to do the work. They keep a bit of a squeeze on you sometimes, even though you are working hand in hand with them. It's a very fine line sometimes between turning around and telling them to stick it and take a hike. You have got to be measured in your approach a bit. I think sometimes they do take advantage because they know you need the work and you don't want to upset the apple cart too much. I can give you a copy of the memorandum of understanding that has been used on the partnership if you want.

Author- Does value engineering and coming to the table early formal part of contract?

We operate, under the memorandum of understanding for the partnership and it says the NEC 3 form of contract will be used. Generally, we have adopted the NEC 3 short form of contract for there is a generic contract that covers the whole project. The generic contract covers the surfacing element of the work. Then because we do, value of work anything from £10,000 up to 2.5 million, at the moment we apply to do works which are over £100,000 on a short form. That is on a job by job basis with a separate contract. It is under the umbrella of the short form anyway. It sounds a bit backwards but the client can introduce z clauses in things and it gives us an opportunity to agree the contract prior to it being signed. For example they have sent up one now and they have put in a lot of z clauses into it. The z clauses say that we have to take full responsibility for the services, full responsibility for locating them and if we couldn't locate them and something unforeseen cropped up, it would be up to us to deal with it. We said no thanks we are not having that. There is a lot of risk with that so we have sent the contract back with our amendments and it will come back and we will talk and we will sort it out. That is a good

thing about having a good relationship with them. That is a plus out of it. We use NEC not JCT at all there are certain individuals on the clients staff that would prefer to use the old ICE 5th edition. It is basically a confrontational document. It is them and us. The partnership has representation from the client, design, the client site supervision side, the direct labour organisation side and ourselves. We have a list of jobs. We divide up the work accordingly, which is fine until the end of March when the end of financial year is and the money comes through from central government and the funding parties. We find that the partner can't cope with a lot of the work and they tend to shovel it our way. Then when we are up to our eyeballs we just say yes, we can do it, and we get the orders and we end up doing it in May and June. It does happen, you know, which is great for us because it does give us work in what is normally a quiet period May and June, after the end of the financial year. The NEC short form we are finding is okay it is a good form of contract to use because a lot of the work is of short duration and doesn't necessarily require programming. The programme is a very powerful tool in the NEC. What we have found with the 3 or 4 jobs that we did initially we couldn't really programme the work because the information was so sketchy from the client. They had a tranche of money and they had to spend it quickly. So it was more like a build it and design, rather than a design and build. So we built it and we ended up in what can be described as a very unsatisfactory situation with the client on that element of work within the partnership. They refused to pay us for works that we had done. We hit all their targets for opening dates, completion, partial completion dates with very, very little information. We had one drawing to build a roundabout that was valued at over a million. However because of our long term collaborative working we managed to sort it out then. Put a few grey hairs on my head, caused a lot of angst in here but no it was all right. That was because we had an open working relationship with them.

INTERVIEW SEVEN – Independent Civil Engineering and Building Projects

Question 1

2111.

Question 2

Director of best practice and demonstrations

Question 3

Well I have been involved with collaborative working since the mid 90's.

Question 4

I think there are different reasons, they want to have more of a say, an opportunity to influence the outcome of projects throughout the process, not just at the beginning when they are choosing a contractor. With the old style competitive tendering you have that opportunity at the beginning, at the design phase and then you go out to tender and then it is down to the contractor. You do have an opportunity but everything is priced up at the beginning. Whereas with the target cost type arrangement, there are opportunities to look at maybe some changes as the project develops, value engineering, looking at risk. You can't always identify the risk at the early stage and that is often priced into the tender. You may think that you are discharging risk but it's often better to be dealt with perhaps at the next stage. I think also that the idea of creating a team appeals to some clients. Being part of that team so is a better way of working for some people. If it's an open book approach then you have also got the opportunity to monitor costs all that way through the project. There is the opportunity to share in any gain, it is of course pain gain but hopefully it will be gain share. So if you can come up with some clever ideas to do things better, the client gets a share of that. I think that's probably the ones that spring to my mind mostly. You needed to get everyone round the table at an early stage. So early contractual involvement again gives the opportunity for the contractor to look at the design and look at the practical side of it. Often contractors are more practical than some of the designers because they have to build things.

Question 5

Similar sorts of reasons to the clients. I mean on the hard commercial side, they get paid for what they do, because that's part of generally part of collaborative contract. They get the opportunity to influence the outcomes with solutions that are easier to build or better to build. The opportunity to develop a relationship with the client. Contractors always say that the biggest incentive is long term relationships. Where they get to know each other, you can adapt and work together better. I think contractors are naturally collaborative, because they have to be to win work. They have that sort of mind set. Cost certainty is another one and risk being properly allocated. Sometimes contractors are expected to take on risk that they have no control over, it should be the client's risk. So I think that is another reason. I think, it is a project management focus rather than a contract focus so there is the opportunity for the project to be client not the contract. I think those are some of my reasons. I think the other thing is that in a climate like this, where there are few projects, clients can get bargains. People can literally buy work by coming in very low with the tendering. They are not being able to do a proper job and then have to go down a contentious route looking for extra money. I don't think these days the better contractors want to do that. I think in the early days they used to employ QS's, who's role/job was to see where the loopholes were in the contract, what they could exploit. I don't think contractors want to go back to that way of doing things but I think they worry that they have to in the current economic climate.

Question 6

I don't really know, for me they probably the same thing. I mean it becomes a kind of definition issue. I think probably partnering went out of fashion because it sounded too cosy and there was some criticism of these long term relationships that they were not being challenged. Whereas collaborative working implies separate entities coming together for a specific purpose. Partnering seems to imply we become one team which I quite liked actually and if it is done properly then I always felt there was lots of challenge. But if it was not done properly you could develop the wrong kind of loyalties to each other and favouritism could develop. So the people that were not part of it felt that they were never going to get a chance to become part of it. Whereas collaboration is a little bit less personal that would be my view of it.

Question 7

Well it's going to be pretty much the same list really. I think the opportunity for greater input from both parties to the end solution. A longer term relationship can give you the opportunity for continuous improvement so you can look at your processes. You can look at common processes. You can eliminate waste from the procurement process because you are not going through an expensive tendering qualification processes. Some jobs are costing the industry a fortune because of the amount of money some people have to spend in putting in comprehensive quality submissions and price tenders. If there is a collaborative relationship where all that has been established and you don't have to keep going through that. I think there is more of an understanding of each other's needs. We have heard the phrase win / win but our chairman said you don't get winners and losers you get everyone is a winner or everyone is a loser. Don't think that you have won if you put the contractor out of business because somewhere down the line you will lose out or some other client will lose out. So I think there is that aspect that there is some equity in the relationship. So those are some of the things.

Question 8

I think some of the things I said earlier about the risk of the relationship becoming too personal. In the sense that the challenge disappears and you forget that it is a contractual relationship. That is a disadvantage and an advantage. It's just that it can lead to disadvantages if it's not managed properly. Costs can run away because if the cost management is not managed properly then costs can get out of control through lots of compensation events and things like that. I think you can have a bit of a dependency culture. The client can sometimes abdicate their responsibilities to the contractor so they don't think about the project enough. If it is done properly the disadvantages should be dealt with, with collaborative working. It is understanding what you are doing, you have to measure performance properly and monitor performance which doesn't always happen. You have that opportunity because that is often the way collaborative projects are set up. That's all I can think of.