



the contractor is king?

... dealing with the ultimate decision-maker

the issues

the growth of contractor power in product procurement

Until the early 1980s architects and consultants specified most of the products and materials to be used in construction. They would rarely agree to a change of their specification and contractors were wary of upsetting them. This is the 'Traditional' construction process with all the inefficiencies it contains – late completions and budget over-runs. This regularly caused serious client dissatisfaction!

Design and Build seemed to offer one solution to the problem – with the main contractor being responsible for delivering the project on time and budget. One consequence of the move to Design and Build was that ultimate specification power was often in the hands of the main contractor instead of the architect. Design and Build, together with PFI and Prime Contracting, now account for about two thirds of the turnover of most large main contractors.

In addition, Egan's 1998 report 'Rethinking Construction' changes the way products are procured, with the main contractor in pole position in the supply chain. 'Egan' projects are targeted to account for 50% of all construction in just over three years' time*.

**Accelerating Change 2002*

contractors are increasingly demanding

Our latest survey of the contractor sector shows an industry in a state of rapid change. Contractors increasingly demand more and more from suppliers but, at the same time, recognise the benefits of genuine collaboration.

Three particular issues are:

- Since Latham / Egan, construction clients now demand more than cheaper and faster construction. They also want lowest *cost in use* for their buildings. This implies the use of high performance products and materials.
- Most large contractors have experience of PFI work. This may include responsibility for maintenance and repair. Not surprisingly, contractors have found that lowest price products can be expensive in the long-term – and they foot the bill!
- In reality, getting contractors to change attitudes and working practices is never easy and should be seen as a long-term project.

further issues

Our recent research on the fast changing contractor market identified important issues the programme would need to help sales teams deal with.

These include the following:

- The growth of large contractor power in specifying construction and M&E products – currently over 50% of all products specified*
- Most major contractors are heavily involved in PFI projects, which usually involves responsibility for long-term building performance

- To meet construction clients' demands, contractors increasingly seek high quality at lower cost from their suppliers
- Egan's 1998 report 'Rethinking Construction' asks products suppliers to become part of 'integrated supply chains' at early design stage.
- Most main contractors want product information through websites, literature and media. Only 22% expect 'sales visits'*
- Dealing with the 'lowest price' issue

**The Barbour Report*

the programme

- What's happening in product specification today?
 - The fast growing specification power of the main contractor
 - The changing roles of architects and consultants
- How to sell to main contractors – key issues from the Howitt Consulting 2004 Survey of Main Contractors
 - The demands from construction clients for better buildings at lower cost
 - The impact of client demands on contractors
 - The business opportunities this raises for product suppliers
 - The key messages to communicate to main contractors
- Plans for sales teams for winning business
 - Finding the decision-makers – who has the ultimate power?
 - Finding worthwhile projects – and how to spot the time-wasters
 - The ultimate strategy – project selling *plus* account management – for short and long-term business gains

the benefits of attending this seminar

The seminar will give a better understanding of selling to contractors today and strategies for success. These will include:

getting the account management / project selling balance right

Most sales people have a limited number of contacts within main contractors and tend to deal with one project at a time. How to get involved in other suitable projects the contractor is working on?

*'Most suppliers push for project contact as opposed to innovative long-term ideas in supply chains'**

identifying which projects to chase

There are usually far too many sales leads for the sales team to manage properly. How to identify the best in terms of 'return on investment' of their time and resource?

*'Lots of suppliers do the same products. We've set up preferred suppliers – competitors are wasting their time'**

finding the ultimate decision-maker

Buyer, procurement director, supply chain manager, construction manager, site manager – how to find the right contact(s) for each project?

*'We negotiate 90% of work and involve suppliers early on. Traditional architect / specification is not today's best route to market'**

when to make contact

Different types of contract and procurement demand different response times. How to understand the why and when.

*'It's no good leaving it until the last minute and trying to break the spec – suppliers have got to get in early'**

dealing with the lowest price issue

Most large contractors are having to reconsider their thinking on product price. Since the Latham / Egan reports, their clients (especially in the public sector) expect cheaper and faster construction, coupled with better build quality. They also expect reduced whole life running costs. As products and materials absorb 40-50% of built cost, there is more interest in working with suppliers to deliver improvements in procurement.

*'Many just sell the cheapest price, not whole life cost. PFI has shown what cheap and nasty product procurement does to maintenance and service costs'**

the role of the sales team in selling to contractors today

Procurement managers today resent the standard 'sales pitch' from sales personnel. But those who understand their needs and offer genuine added-value solutions are invariably welcome. Suppliers cannot afford for contractors to use websites, literature and media alone for product short-listing. Sales personnel are now more vital than ever in the development of new business, but 'professionalism' is paramount.

*'We're not allowing them to participate enough – they need to push themselves forward'**

** Howitt Consulting Major Contractor Survey 2004*

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- John Doyle Group
- Fitzpatrick
- Galliford Try
- HBG
- Interserve
- Jarvis
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- Laing O'Rourke
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