



the issues

are partnerships worth the risk?

Many suppliers who have been involved in partnerships with contractors have found them to be one-sided affairs – in the contractor's favour! So the growing demand from contractors for partnerships is something most suppliers will treat with caution.

There are good reasons why contractors are seeking more partnerships and suppliers need to understand what they are – and how to benefit from them. Whilst partnering will always carry some risk, it is now very much in the contractor's interest to make them work and share the risks fairly with supplier partners.

what's changing contractors' attitudes?

The construction industry has an unenviable record for cost and completion over-runs, especially with public sector projects – though this has often been the client's fault. Driven by Government, Latham in 1994 followed by Egan in 1998 set out strategies for the delivery of cheaper construction and on-time completion. Most public sector procurement is now moving towards the Latham / Egan agenda, with the private sector catching up fast.

A further requirement of the 'agenda' is for lower whole life costs in terms of building maintenance and service and repair, which, as PFI has shown, means an end to 'cheap and cheerful' product procurement. So contractors must source better quality products – still at the lowest price. Contractors also understand that it costs huge amounts of money to generate thousands of quotes and designs from suppliers, try to get the lowest even lower and then get let down by the chosen supplier.

Genuine partnerships offer a far better alternative in terms of the major benefits they offer – quality, service and client satisfaction. However, contractors still need convincing, especially at site and regional level.

further issues

Our 2004 survey of large contractors addressed the issue of partnerships with suppliers. The survey confirms that partnering forms a major part of the procurement policy of most major contractors and their views and requirements helped develop the programme. Specific considerations:

- Construction clients now demand long-term building performance from construction, not just lower cost and on-time completion
- Construction and M&E products absorb 40-50% of built cost and play a major part in meeting client demands
- Many suppliers have had bad experiences of partnerships with contractors
- Over 50% of large contractors already have partnerships or preferred supplier agreements with some key suppliers
- Strong partnerships, despite competition legislation make life difficult for competitors
- Partnerships enable suppliers to move from project to project with contractors
- Partnerships form an ideal launch pad with contractors wanting 'integrated supply chains' for Egan based construction

the programme

- The growth of partnerships and preferred suppliers
 - Why attitudes are changing
 - The effects on the products industry
- Partnering in practice
 - The ideal, the reality, the trends
- Partnering with contractors
 - The benefits and risks
- Researching the market
 - Finding the right partners
- Setting up partnership deals
 - The ground rules for successful long-term working
- Managing, reviewing and policing the partnership
 - Making it work through to site
 - The role of the sales team

the benefits of attending this seminar

Partnering deals can be a minefield for suppliers and the seminar will help them set up and manage successful relationships with selected contractors. Particular areas will include:

understanding why partnerships with contractors are important

Attitudes are changing and new opportunities are on offer. Why the time to seize them is now.

*'(Suppliers should) embrace partnerships and long-term relationships'**

the benefits and risks

The theory of partnerships and the real world of construction. The long-term vision as the industry undergoes a painful transformation to deliver client expectations.

*'Trust is the key. Many manufacturers have had bad experiences in the past'**

identifying suitable partners

Many contractors still represent significant risk in partnerships. How to identify the genuine opportunities, including assessing existing customers.

*'We welcome their (suppliers') involvement – it's early days and most partnerships are with sub-contractors'**

setting up partnership deals

Identifying the decision-makers and processes and understanding the contractor's needs. The supplier's requirements from the deal. Designing and presenting proposals. Agreeing Key Performance Indicators to manage the partnership.

*'Be receptive to continuous change and progress. The more partners we have the better'**

making it work

Unless agreements are communicated to all parties – supplier and contractor – they will not work properly. How to ensure all involved understand what partnership means. The need to gain site commitment to prevent product substitution. The role of sales teams – external and internal.

*'We run workshops for preferred suppliers and partners on, for example, whole life costs '**

** Howitt Consulting Major Contractor Survey 2004*

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