

- ✓ PRODUCT development
- ✓ PROJECT implementation
- ✓ PARTNERING the supply chain
- ✓ PRODUCTION of components

PROJECT 64



MAY 2000

# The Pavement Team

## Integrated team making airport pavement savings of 30% over 5 years

Sir Michael Latham's 1995 report led to a proliferation of marriages between some unlikely bedfellows. But while many go through the motions of partnering, a few have made a real success of it. "We've lived together for nearly five years now," according to AMEC's Andrew Ellis, "we've learned how to make it work." And the results are impressive.

The Pavement Team has a fully integrated structure, meeting the needs of a virtual company. Staff is seconded from BAA, AMEC and three other suppliers. They share office facilities where IT and administration are provided by AMEC. "An outsider would find it difficult to match individuals to parent companies," remarks general manager Richard Jeffcoate, of BAA. "We pick the best person for the job, irrespective of whether they're client or contractor staff."

It is all about getting best value for money. "We moved towards partnering and an integrated team when we realised that traditional procurement methods offer very little scope to improve value for money," Jeffcoate explains.

### Benefits of the BAA/AMEC integrated team

**Capital cost** is on course to fall by 30% over five years. Jeffcoate claims, "By bringing 3rd and 4th tier suppliers into the Pavement Team we'll do even better."

**Construction time** has fallen dramatically. Ellis compares two 10,000m<sup>2</sup> pavement projects. "In 1998 we took 12 months, but the second job a year later was only eight. The designers saved a month and construction another three."

**Predictability** is a big bonus for the contractors. "Having client commitment to more than 50 projects over five years with an average value of £2.5M makes an enormous difference," agrees Ellis. The team's track record in delivering on time and within budget ranks them in the top 10% of the construction industry.

**Productivity** has risen substantially, mainly due to a continuing workload that reduces learning curves and enables continuous improvement to be achieved. The added value of the pavement team is approximately £150k per employee, about 2.5 times the industry average.

## CASE HISTORY



“traditional procurement methods offer very little scope to improve value for money”

Richard Jeffcoate, The Pavement Team



The Pavement Team, Heathrow Airport

**Accident statistics** show an Accident Frequency Ratio of 0.36, which is well below the industry average of 1.1.

So, is it a marriage made in heaven?

"Well we have the normal domestic squabbles," admits Jeffcoate, "but with our disputes procedures, we manage to resolve them all amicably. We'll go for an extension!"



### CREDITS

Client – BAA

1st Tier Supplier – AMEC Civil Engineering

2nd Tier Suppliers – Tarmac Topmix,

ABB Steward, Lafarge Redland Aggregates

# The Pavement Team

## The Challenge

BAA spends about £35M pa on the pavements at Heathrow, Gatwick, Stansted and Southampton. They invited AMEC Civil Engineering to work in partnership to procure £130M of projects over 5 years. AMEC were keen to improve cash flow and break the cycle of unpredictable profits and losses. BAA believed that cost savings in the region of 30% over the life of the framework were obtainable.

## Solving problems

A five-year Framework Agreement led to back-to-back frameworks, strategic supplier groups, supplier clubs, mentors and benchmarking.

The management structure utilises BAA's client skills in project and commercial management, while exploiting AMEC's contractor expertise in planning and operations. Responsibility for development was to be shared. A jointly agreed general manager who is a BAA employee leads the team. Within the team, some BAA personnel are directed by AMEC managers and vice versa.

The BAA Resident Engineer's team were initially sceptical, fearing their jobs were at risk. It took some time to move them into QA roles within the construction team. A few people in BAA and AMEC found it difficult to let go of the adversarial culture but most were won over by early successes. Those unable or unwilling to adapt were transferred to other projects.

## Implementation

With 50 projects completed, the Pavement Team has moved a long way from traditional shadowing of roles in the early days to a fully integrated culture. Management appointments are now made on ability irrespective of company affiliation. Integration has increased trust and that promotes further integration.

Recently, 2nd tier suppliers have accepted management roles in the team, strengthening further the concept of partnering the supply chain.

## Future development

The management team is continually adapting to further strengthen the supply chain. Having successfully integrated 2nd tier suppliers into the Pavement Team, negotiations to draw in 3rd tier suppliers are underway.

## Innovation case history

*This case history is a snapshot of just one innovation making construction in the UK more profitable for the supply chain and the Client. Further details will be found in the Knowledge Exchange or you should contact the Innovator directly or M<sup>4</sup>I.*

How to make this radical change in your business

**Framework agreements are ideally suited to long term client-contractor relationships for the operation and management of infrastructure assets.**

**The integrated team structure is also effective where project teams work together to deliver a series of one off projects of a similar generic type.**

## Contact the innovator

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## Links

BAA: [www.baa.co.uk](http://www.baa.co.uk)  
AMEC Civil Engineering:  
[www.amec.co.uk](http://www.amec.co.uk)  
Topmix: [www.topmix.co.uk](http://www.topmix.co.uk)

## Related Topics

Visit the Construction Best Practice Programme: [www.cbpp.org.uk/cbpp/themes/theme\\_list.html](http://www.cbpp.org.uk/cbpp/themes/theme_list.html)

## Our vision

is for the whole UK construction industry to create self-sustaining continuous improvement leading to **world class performance and better profitability**



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## The M4I Strategy Model applied to this innovation

