

Illustrative reward strategy

The following is an example mechanism for calculating the reward to be provided to a contractor for their contribution in achieving a project's key success factors. For the purposes of this example, key success factors have been identified (in priority order) as follows:

- Completion within budget
- Level of defects
- Health and Safety

Completion within budget

The contractor's share of any savings achieved from the approved budget will be 50%

Level of defects

The contractor's share of savings (50%) will be adjusted according to the extent to which defects delayed availability of the completed building, in accordance with the following table:

Level of defects	Adjustment to share of savings
Defects free	+20%
Few, but available on programme	+10%
Some causing slight delay in availability (less than 2 weeks)	-10%
Major defects causing delay of over 2 weeks	-20%

Health and Safety

The contractor's share of savings (50%), as adjusted following the above ($\pm 20\%$), will be further adjusted according to the number of health and safety incidents on site, in accordance with the following table:

Health and Safety incidents	Adjustment to share of savings
No incidents	+10%
50% below the industry norm	+5%
Industry norm	0
50% above Industry norm	-5%
100% or more above industry norm	-10%

Maximum share of savings to contractor is therefore 66% (50% plus 20% plus 10%).

Savings to be shared between team members as follows:

Main contractor 50%; Architects 10%; Major steelwork subcontractor 15%; Manufacturer 10%; Major earthworks subcontractor 8%; Structural Engineer 2%; Cost consultant 5%.