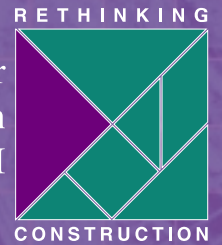


- development
- implementation
- PARTNERING the supply chain
- PRODUCTION of components

PROJECT 13

Movement for Innovation M⁴I



MAY 2000

Thames/Morrison network partnering pioneers

Together they transformed the water maintenance business in just two years

Thames Water Utilities (TWUL) and Morrison Construction Limited (MCL) maintain the vast South London water supply network under an industry first partnering agreement of this type. They share workload forecasting, operational resources and facilities, as well as keeping open book accounts. Payment to Morrison is based on performance against agreed target rates.

Nick Hester, TWUL's Customer Services Director, is delighted with the results, "Customer satisfaction and regulatory targets are key focus areas which this style of partnering helps us deliver". His colleague Andy Hall who manages network service providers agrees, "This achievement enables us to work with Morrison to squeeze out waste so we can cut our unit costs without compromising service levels."

MCL's Area Director Adam Gosnold is glad they put so much effort into monitoring performance. "It is clear that successful partnering requires measurement of joint performance objectives," he advises. "We measure the performance of the work in a number of ways and this in itself has led to significant improvements in performance."

Benefits of performance measured approach

The most significant results occurred in the first two years.

Repair time has fallen considerably and overall **predictability** is much improved. Quoting a few key measures, Hall reports, "30% improvement in job completion, 32% better permanent reinstatement compliance and a massive 65% improvement in meeting job priority timescales."

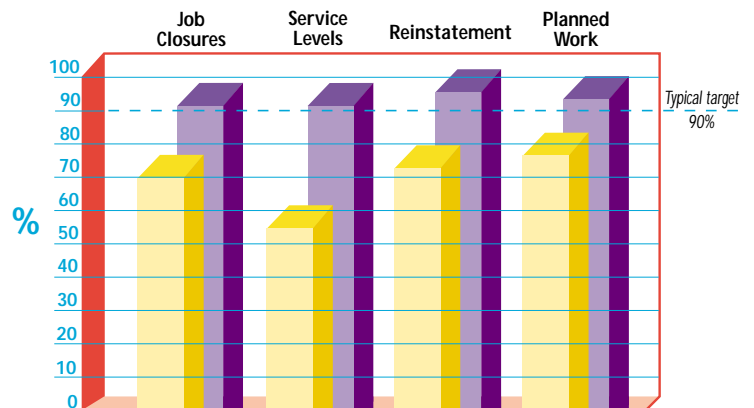
Defects are not measured rigorously as on civils and building projects. Nevertheless, compliance with streetworks legislation is essential and a dramatic reduction in defects has been seen since the NRSW Act came into force.

CASE HISTORY



“successful partnering requires measurement of joint performance objectives”

Adam Gosnold, Morrison Construction



KPIs in first two years of partnering

Key Performance Indicators

The team's **training** programme is integrated with TWUL's staff development programme and Morrison's Investors in People agenda.

Increased **turnover and profit** are essential in Egan's agenda for rethinking construction. Gosnold claims that Morrison's turnover with TWUL has risen from initially £5M in 1994 to £18M this year under these arrangements.



CREDITS

Contractor – Morrison Construction Limited

Client – Thames Water Utilities Limited

Thames/Morrison network partnering pioneers

The Challenge

In the early 90s, TWUL needed change. They wanted quicker turnaround of jobs, improved notifications and closing down work, reduced leakage and backlog work, no six-hour supply interruptions, better response to emergencies and complaints, safe working practices, and happy customers. And all at reasonable cost. Thames, in conjunction with Morrison Construction developed an integrated partnering strategy providing a framework based on trust and openness, clearly focussed on delivering these key objectives. This was two years before the Latham Report.

Solving problems

Building trust required a complete culture change in both companies. Led by committed senior management, the vision was communicated to the team and a one year pilot project established. It was to have a joint management team and open accounts. In just six months positive results convinced the whole team they were on the right track.

Measuring levels of service required target parameters to be devised for job closures, response to work orders, attendance to emergencies and reportable accidents. However customer satisfaction proved difficult to define, as fewer complaints did not necessarily equate with more satisfaction. TWUL developed a Customer Satisfaction Index based on discussing job progression and performance with a sample of effected customers.

Implementation

Following the 1994/95 pilot, the agreement was extended for three years. TWUL re-awarded the Framework Agreement for a further five years, 1998 - 2003. A review is due in 2001 with possible extension by mutual agreement for a further three years. In 1998 TWUL extended the partnering principle to other service providers and across a variety of work activities.

Future development

Having substantially achieved what they set out to do (improved service delivery and customer satisfaction), the partnership focus has moved toward driving down unit costs through improved efficiency.

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 M⁴I.

How to make this radical change in your business

Term contracts in utilities are particularly suited to continuous performance and cost measurement.

- Ensure you have commitment at senior manager level to making radical changes in how you do business
- Partners should share common vision and values
- Invest in joint team development from the beginning
- Identify common performance objectives and agree criteria for measurement
- Focus the joint team on achieving these common performance objectives.

Contact the innovator

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Links

Morrison Construction:
www.morrcon.co.uk
Thames Water:
www.thames-water.com

Related Topics

Visit the Construction Best Practice Programme: 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

