

Continuous improvement – how to keep the momentum

Client: Kent County Council

Consultant: Babbie Group Ltd

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Sector: Highways

Theme: Benchmarking, Continuous Improvement

Analysis of Key Performance Indicators (KPIs) in a seven-year partnership between Kent County Council (KCC) and consultant Babbie reveals that further improvement depends on changing some inherited processes. Now in its fifth year, the partnership covers the design and supervision of Highways schemes. Indicator scores improved steadily over the first three years, but reached a plateau in the fourth. Attention has turned to the upstream processes that inhibit the partnership's ability to improve, in particular scheme planning. The partners identified seven critical actions to unlock jams.

Key benefits of these KPIs for Kent

- The KPIs enable everyone (including Councillors) to see easily how the partnership is performing.
- The KPIs underline the joint responsibility for achieving targets.
- Some missed targets have led to the Council detecting the underlying causes in its own processes.

Key benefits of these KPIs for Babbie

- The KPIs help staff to focus attention on what the client wants.
- Demonstrating early improvements earned Babbie a two-year extension.
- Other clients are now interested in Babbie's partnering experience.

Partnership profile

Kent decided to privatise its highway design services in 1999 and sought a consultant with the right culture to adopt its staff and work in partnership. Of the 210 KCC employees, 150 transferred to Babbie while 60 remained with the council to perform the 'client' role. Fees, initially £8m, have grown by about 7% annually.

Why these KPIs were needed

The demise of price-driven compulsory competitive tendering and the rise of 'best value' revolutionised local government procurement strategy. Just accepting the lowest price was no longer an option; getting the best value for money (albeit for a still tightly reined budget) became the new mantra. How to assess the value of design services was the issue.

Lessons learned

- KPIs are an effective way to see the 'big picture' of a partnership's performance.
- Specific indicators show where strengths and weakness lie.
- Without KPIs, the partners have no objective way of knowing whether the partnership is succeeding.
- Persistent failure to achieve targets signals weakness in processes.

Performance measurement strategy

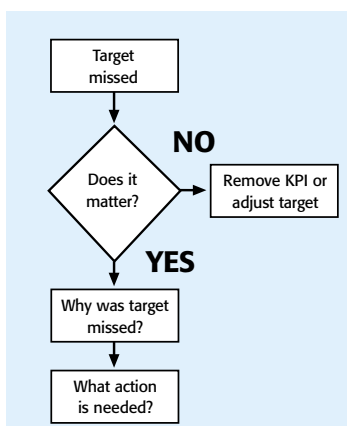
In a series of partnering workshops, the client and consultant teams agreed on eight 'hard' indicators (based on facts) and four 'soft' indicators (based on opinions). Roadshows communicated the concepts to the staff and gained their commitment.

Initially KPIs were measured and published quarterly, and senior managers and a cross section of staff met to review the results and decide on corrective actions. More recently the Partnering Co-ordination Team has been formed from a 'vertical slice' through the Kent and Babbie organisations. The Team meets every two months to progress issues that are blocking improvement.

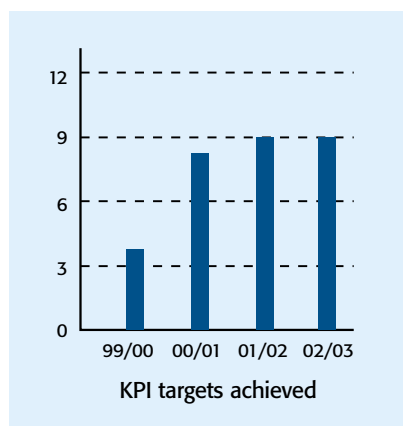
The KPIs

The eight 'hard' indicators are:

1. fee cost / fee estimate
2. final works cost / tender value
3. final works cost / estimate
4. contract start date minus published date
5. actual construction period / published period
6. non-scheme works delivered on time
7. adequacy of time between the client issuing the brief and the start of delivery
8. provision of health and safety files on time.



Questions asked when a target is missed



KPI targets achieved

The four 'soft' indicators are measured by asking team members to rate their perception of a basket of issues on a numeric scale. These KPIs are:

9. Babtie staff view of the partnership
10. Kent staff view of the partnership
11. Babtie managers' view of Kent
12. Kent managers' view of Babtie.

There is also a Gold Report that measures the level of satisfaction within a wider partnership involving the Council's area offices, highway units, Babtie and Ringway (the main contractor).

Measurement and dissemination

Babtie, who administer the KPIs, estimate the cost of running the system is less than 0.1% of fees. A Microsoft Access database stores the results of some 400 projects annually and calculates the KPIs. An administrator inputs data from paper records prepared by project staff. Results are computed every six months and published to the whole team via A1 size spider charts that also show actions.

Seven actions for change

Despite many early gains, there are three indicators that still show targets missed and two more are on the borderline. The 'problem' indicators are:

- fee cost / fee estimate
- final works cost / tender value
- final works cost / estimate
- actual construction period / published period
- provision of health and safety files on time.

The conclusion drawn from similar results over two years is that 'doing the work better' is not the answer; it is the processes holding the team back. Kent acknowledges its responsibility (shared with Babtie) to address these issues.

Managers studied missed targets using the method illustrated on page 1 and decided on seven actions, assigning responsibility to seven individuals.

1. Move to a rolling programme instead of the annual batch of schemes. Pre-empting a change to the planning process, Thomas says: "We've been focusing too much on delivering and budgeting the whole programme of schemes, not enough on planning the individual schemes."
2. Revise the guidance for estimating. Financial lessons from completed work, particularly assessment of risk and allocation of contingency allowances, need to feed back to estimators.
3. Ensure that if work added to any scheme increases its cost, this does not jeopardise the entire programme.
4. Be 'smarter' about publishing construction periods; it is better to impress the public by finishing early than to irritate with delays.
5. Resolve the Health and Safety File backlog. A six-month amnesty on backlog files being included in the KPI is an incentive to clear up old projects.

Next steps

■ About KPIs:

- Visit the KPIZone at www.constructingexcellence.org.uk.
- Read the fact sheet *Benchmarking* at www.constructingexcellence.org.uk.
- Attend *Introduction to KPIs* – one of the Constructing Excellence 'Learning By Doing' workshops. Book via Camargue T 01242 577277.
- Measure your progress with *The Construction Industry KPI Pack* or *The Housing KPI Toolkit*. Order from Rakusen Design, T 01702 393200.
- Download KPI wallcharts from www.constructingexcellence.org.uk.

■ Constructing Excellence has:

- a network of advisors to help you
- fact sheets on a range of best practice business topics
- a Constructing Excellence club near you.

■ The Construction Productivity Network holds workshops on best practice business topics, T 020 7549 3300, www.ciria.org.uk.

6. Keep client managers better informed about project fees and progress.
7. Develop a new KPI to assess the delivery of committed schemes.

Public perception

Kent is also experimenting with postal surveys of residents whose property is directly affected by roadworks. They sample 10% of projects and get about 40% return. Asking drivers has proved less fruitful; they dislike being stopped and very few respond to Internet surveys.

What happens next

For the remaining two years of this partnership, the tactical focus will be on the Partnering Co-ordination Team following through the seven actions for change.

Kent officers are seeking more consultant and contractor input into the public satisfaction outcome so that this is seen to be as important as delivery on time and budget. They would also like the KPI processes to be done online, which would enable real-time input from Babtie engineers and earlier results.

Babtie uses this system in its marketing to other public sector clients to illustrate its commitment to continuous improvement.

Looking beyond this partnership in 2006, Kent's strategy is to consult with other local authorities, consultants and the Highways Agency to ensure they are in the vanguard of best practice.

Constructing Excellence

25 Buckingham Palace Road
London
SW1W 0PP

www.constructingexcellence.org.uk

T Helpdesk 0845 605 55 56

E helpdesk@constructingexcellence.org.uk

Kent County Council

David Thomas
Transport Procurement Manager
Sessions House
Maidstone, Kent
ME14 1XQ

www.kent.gov.uk

T 01622 221036

E david.thomas@kent.gov.uk

