

# CCG New Zealand International Construction Industry Benchmarking Programme

## Introduction

Performance KPIs were originally introduced into the New Zealand construction industry in 2004 and a National data set is available up to 2006. Figure 1. shows the results for the NZ Construction Industry during this three year period.

Data Collection unfortunately ceased in 2006, yet despite this, there are now a significant number of organisations including major contractors and construction clients who are using the national KPIs to manage and improve their performance.

These organisations are currently benchmarking against their own trends, outdated NZ industry data and current UK data.

This briefing signals an intention by The Construction Clients' Group, (CCG) in New Zealand supported and funded by members to deliver an up to date National KPI data suite to be made available freely to the industry; those currently benchmarking and to encourage those who are not yet benchmarking to do so.

## Business Case

The industry is facing a number of challenges. In parallel there is a high level agenda led by the NZ Government to improve the productivity and performance of the industry, the Productivity Partnership ([www.BuildingValue.co.nz](http://www.BuildingValue.co.nz)). The Task Force report which gave rise to the Partnership called for industry wide Benchmarking.

Benchmarking has been proven to support and lead significant levels of performance improvement and deliver tangible rewards.

Current benchmarking organisations in NZ are using KPIs to measure and benchmark performance and drive improvement across their portfolios.

Benchmarking is enabling them to provide evidence to clients that they are delivering high quality projects on

KPI	Measure	2004	2005	2006
Client Satisfaction - Product	% scoring 8/10 or better	73%	82%	88%
Client Satisfaction - Service	% scoring 8/10 or better	62%	79%	39%
Defects	% scoring 8/10 or better	40%	78%	31%
Predictability Cost - Design	% on target or better	53%	55%	55%
Predictability Cost - Construction	% on target or better	42%	54%	39%
Predictability Cost - Project	% on target or better	33%	48%	40%
Predictability Time - Design	% on target or better	38%	52%	22%
Predictability Time - Construction	% on target or better	65%	73%	53%
Predictability Time - Project	% on target or better	34%	50%	23%
Safety (LTI per 200k hours worked)	% companies achieving zero LTIs	3.7%	33%	
Profitability	Median profit %	10.1%	24%	7%

Figure 1. Available performance data for New Zealand 2004 to 2006

time and on budget, safely and to highly satisfied client organisations.

One such organisation reports a regular enhanced margin of some \$50k per project.

The CCG International Benchmarking programme is aligned to the UK and other countries using the same KPI suite and can be used as a method of:

- **Reporting Industry Performance trend data.**
- **Comparing with other countries.**
- **Encouraging and demonstrating industry improvement.**
- **Showcasing the business case for change.**

Clients such as Auckland Transport, NZTA, Christchurch City Council and NZDF are using benchmarking on schemes to drive performance improvement on their contracts and to deliver enhanced value for money for the tax payers' dollar.

A number of Client based Benchmarking Clubs are also emerging, with the first two established in the South Island.

Performance Measurement and Benchmarking enables organisations to understand how they are performing at a project and company level. It provides them with the practical management information that they require to drive effective decision making and to improve performance and project outcomes.

Critical to this process are the improvement strategies implemented to drive performance improvement and the capability to then review the impact of the relevant improvement strategies.

In short, the re-introduction of a relevant, practical and up to date KPI programme for CCG members will enable us to 'weigh the pig' and then put the strategies into place to then 'fatten the pig' and drive project, organisation and industry improvement.

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## Benefits

The key benefits of measuring project performance via National KPIs are many and often fairly immediate. The percentage of projects achieving improved time, cost, quality, H&S, and customer satisfaction goals are, over time dramatically increased.

### Tangible benefits include:

- Performance is lifted across most KPIs, often immediately, as access to performance data provides a focal point for decision making and improvement – ‘you can’t manage it if you’re not measuring it’
- For clients, benchmarking provides an assurance that 'Best Value' is being achieved
- For suppliers, their profit margin is improved alongside performance
- KPIs provide a measurement framework for panel and framework contracts to demonstrate year on year improvement, Best Value and continuous improvement
- Targets can be realistically set based on national performance data
- Improvement efforts are focused on issues that highlight poorer performance & are critical to success
- Suppliers can demonstrate differentiation from their competition on performance and non-price attributes
- Benchmarking provides confidence that your organisation's performance compares favourably when benchmarked against industry data and associated best practice.

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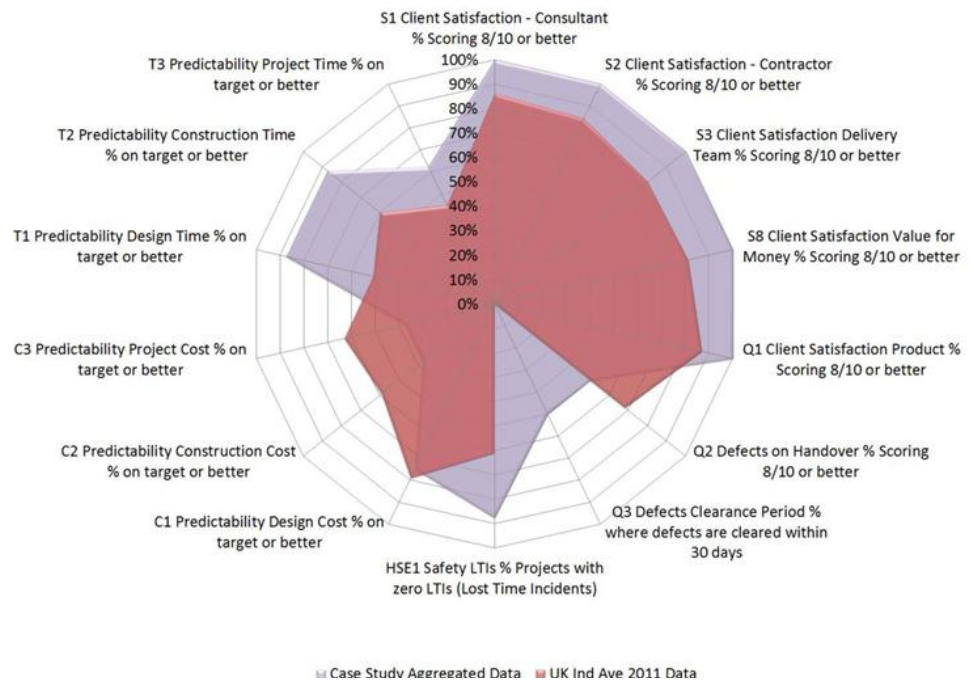


Figure 2 – Showing nine CCG Pathfinder Projects Benchmarked with UK 2011 Industry Results.

## Deliverables & Programme

Deliverables will include:

- A CCG National Performance Wallchart enabling all organisations to self-benchmark.
- A CCG National KPI Handbook describing the process.
- Presentation material.
- Suite of data tables for inclusion in in-house benchmark reports.

The programme will begin in September 2012 with Communication and Sponsorship confirmation.

Data collection and analysis will run throughout October 2012.

Publication will be at a launch event in Auckland at CCG on 28<sup>th</sup> November.

December and January will see progressive communications and the development of one-to-one international benchmarking reports for Sponsors.

## Sponsorship

Whilst CCG is part-funding the programme, we also require additional funding to ensure that we can deliver a quality product in a timely manner. A sponsorship package has been developed which comprises:

- **Sponsor Logos on all programme material and promotion as a Benchmarking Organisation.**
- **Individual Benchmark report showing the sponsors performance versus the CCG suite and UK 2011 performance.**
- **Access to the data tables for inclusion in company reporting systems (enables self-benchmarking)**

## Call to Action

As a CCG Member, we need your Data and your support. If you can help by providing data or you would like to become a sponsor of the programme, please complete the form on page 3 and send to Amanda Warren or Mark Colborn on the details left.

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## Your Action

### SUBMITTING YOUR DATA

**We are seeking data on Time, Cost, Quality, Safety and Customer Satisfaction for projects completed in the calendar year 2011. If you already use the NZ Construction Industry KPIs to benchmark your projects, you can supply Summary data in any format in which you keep it. If not, you can submit at least one project using a form which we will send to you on request or you can download it from our web site [www.constructing.co.nz](http://www.constructing.co.nz).**

Please note that your data will not be made available to anyone in its raw format. It will be used as part of the CCG national data set which and not be identifiable as an individual project performance.

There are two ways of submitting data. These are:

- As a spreadsheet or other if you already measure project performance and wish to submit multiple projects.
- As a single project on the form which we will forward to you by email or download from [www.constructing.co.nz](http://www.constructing.co.nz). NB We can help you to complete the form.

**Yes, we already use the National Construction Industry KPIs and would like to contribute Data to the Programme. Please contact**  
**Name:** \_\_\_\_\_ **Tel:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Yes, we would like to contribute Data to the Programme via the attached form for a single project. Please contact**  
**Name:** \_\_\_\_\_ **Tel:** \_\_\_\_\_ **Email:** \_\_\_\_\_

### SPONSORSHIP

**We are also seeking a small number of Sponsors to help support the programme. The sponsors are requested to contribute \$5k towards the programme and in addition to supporting an industry-wide initiative, will in return will receive:**

- Sponsor Logos on all programme material in recognition of the support and promotion as a Benchmarking Organisation.
- Individual Benchmark report showing the sponsors performance versus the CCG suite and UK 2011 performance.
- Access to the data tables for inclusion in company reporting systems (enables self-benchmarking)

**Yes, we would like to be a Programme Sponsor. Please contact**  
**Name:** \_\_\_\_\_ **Tel:** \_\_\_\_\_ **Email:** \_\_\_\_\_