

The Business Case for adopting the Construction Clients' Charter

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Introduction

The Clients Charter was launched in 2001 with the intention that it should enable clients to improve their procurement and management of constructed assets within a framework of continuous improvement. Suppliers were expected to be attracted to working with Charter Clients because those clients had created a collaborative approach for improvement and therefore represented a better business opportunity.

Recognizing the importance of developing the business case for the Charter, the Charter Management Board agreed it would be timely to survey a group of clients in order to gauge their views on the performance, good and bad, of the Charter, and the business benefits that adoption and implementation of the Charter brings.

A number of clients were interviewed. It is considered that the findings about the business case for adopting the Clients Charter are applicable to clients large and small in both the private and public sectors.

Study Contents

1. In a related study, nearly 70% of companies considered themselves to be mostly or completely world class - fewer than 3% were independently judged to have made the grade. Worse still, the least competitive organizations had the least realistic view of themselves.

The remedy is not to work harder but to use new insights to work more efficiently. The Clients' Charter provides the context to substantially improve the financial and business results from the construction and operation of built assets in ways that add, in the long term, real value to the organization.

2. The financial benefits have been shown to include;

- Better efficiency in use and easier maintenance over the whole life of constructed assets and buildings.
- Higher returns on assets and lower charges to users and tenants.
- Increased competitiveness through lower costs;
 - More competitive in acquiring development sites.
 - Lower construction and running costs.
 - Reduced procurement costs

3. The business benefits have been shown to include;

- More focused leadership within clients,
 - Constructed assets are a key component of a successful organisation,
 - Explaining a common purpose to the client organisation and its suppliers.
- Creating a coordinated construction and business strategic framework for continuous improvement. For those organisations that realise that cultural change is a vital part of good management, the Charter provides a structure to coordinate, communicate and collaborate with supporting initiatives.
 - The resulting supportive culture allows suppliers to respond by offering improvements and by supporting the emphasis on whole life value and sustainability.
- Providing a systematic management process for introducing continuous improvement in the procurement process down the supply chain and within the client organization. It defines the intent and process of 'partnering'.
- Ensuring that the procurement of construction services concentrates efficiently on what the client decides is 'best value', right down the supply chain.
- Establishing an "engaged" supply chain
- Providing a widely agreed and understood agenda, language and array of techniques for improvement and the measurement of improvement.
- Providing key performance indicators and measurement for comparing the performance of clients and their suppliers.
- More effective motivation of people,
 - Allowing people to understand their roles in relation to the objectives of the organisation.
 - Creating a personal context for cultural change and continuous improvement.
 - Greatly improving communication through common understanding, terminology and content.
 - Building teams committed to common goals.

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Case History

Charter Status awarded for the Second Year to Portsmouth Housing Association

The early participation of Portsmouth Housing Association in the Clients' Charter and their proactive approach taken to the Clients' Charter has been recognized. Portsmouth Housing Association has become the first

organisation to achieve and retain Clients' Charter status following their achievements in year one of their programme.

"The self examination process underlying the formulation of our initial programme was in itself of great benefit to the organisation, yielding as it did immediate opportunities for improvement. As we progress through our plan, the business sense behind cultural change is becoming clear as a more holistic approach to development delivery emerges. Our view at PHA is that the adoption of the philosophy that underscores the Charter, with energy and enthusiasm, can and will deliver real benefits for all concerned in the process. We are therefore proud that our commitment results in our being the first organisation to achieve second year Charter Status."

John Barker, Development Manager – Portsmouth Housing Association