



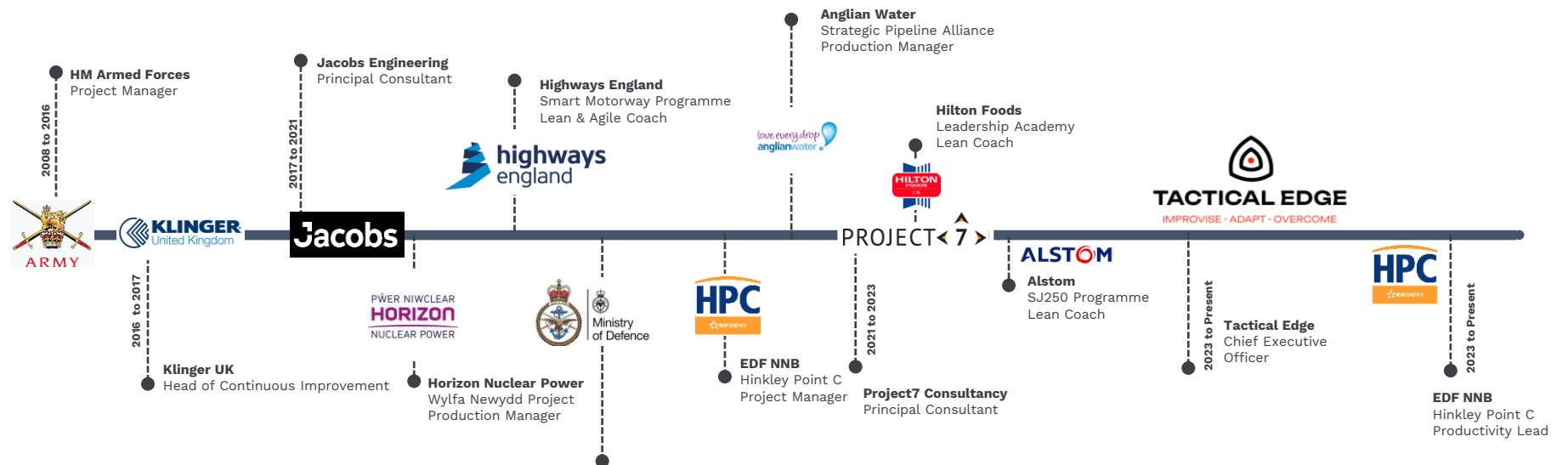
WEBINAR TITLE	The 5 Critical Measures You Need to Transform Your Projects Productivity
PRESENTER	Dan Shakespeare
ORGANISATION	Tactical Edge
DATE	September 2024

Introduction



Dan Shakespeare
Chief Executive Officer,
Tactical Edge

With over 15 years of experience in leadership, project delivery, high performance and operational excellence implementation, I began my career in HM Armed Forces, where I had the privilege of learning from great leaders and leading great teams during peace and war operations. Since then, I have been fortunate to lead significant transformational change programmes across several diverse industries across the public and private sector environments, from defence and maintenance to manufacturing and construction.

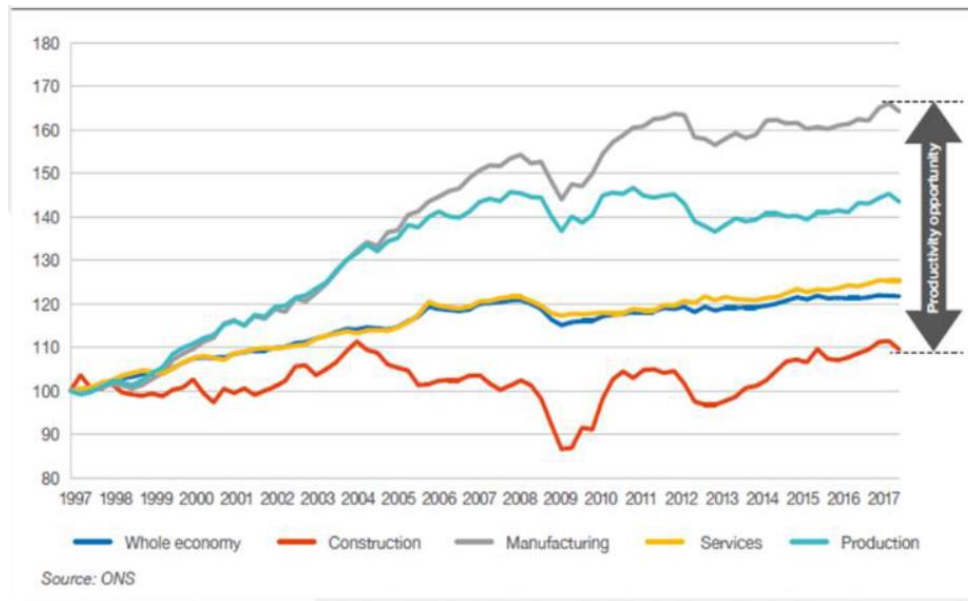


BETTER, FASTER, TOGETHER

The Productivity Imperative

The Productivity Imperative

- The UK economy saw **only a 12% increase in Gross Value Add** from the Construction industry in the **22 years to 2019**. (Less than 0.5% each year)
- This figure compared with the **whole UK economy which saw a 53% increase in the same timeframe**. (More than 2% each year)



Sustainable Industry

- In the latest 2021 accounts of the top 100 contractors in the UK made an **average 2.6% net operating margin**.
- This is viewed against a backdrop of **regular and high-profile administrations**.

Whitehall on alert as construction group ISG heads for collapse

ISG, which builds prisons and police stations, employs 2400 people and is being closely monitored by the Cabinet Office as it heads for administration, Sky News learns.



Mark Kleinman
City editor @MarkKleinmanSky

Friday 20 September 2024 11:41, UK



Construction News

[https://www.constructionnews.co.uk/contractors/nmcn-12-months ...](https://www.constructionnews.co.uk/contractors/nmcn-12-months-...)

NMCN: 12 months that led to collapse - Construction News

WEB 5 Oct 2021 · On Monday afternoon, NMCN announced it was calling in the administrators after its £24m refinancing plan fell apart. It marked the end of a downward.

"Productivity isn't everything, but in the long run, it's almost everything."

Paul Krugman, Economist

Insight from Major Programmes

- **Poor communication and misaligned goals** between stakeholders contribute to rework and delays, with **30% of project cost** tied to **inefficiencies due to rework and errors**.
- Construction workers spend **less than 50% of their time on direct construction activities**, with a significant portion of time lost due to waiting for materials, equipment, or instructions.
- **Avoidable errors** in the UK construction sector cost approximately **£21 billion annually**, representing **21% of project value**.
- **Large construction projects** typically take **20% longer to complete** than scheduled and are up to **80% over budget**.
- **9 out of 10 megaprojects** experience cost overruns, with an **average cost overrun of 39%**.

“Success comes from the ability to view each arising problem as an opportunity for improvement.”






Steven Covey, Author & Speaker

But How Do We See Problems?



BETTER, FASTER, TOGETHER

The 5 Critical Measures of Construction Productivity

Level I Key Performance Metric	Description	Unit of Measure
 The efficiency of Human Capital	The proportion of time spent doing productive value adding work.	%
 The efficiency of Production	The efficiency and rate at which the asset is being constructed as a ratio of capital cost to man hours worked.	£/hr
 The cost of rework, defects, and poor quality	The proportion of rework required as part of the overall construction process.	%
 Pre-Manufactured Value	The proportion of the building cost of work that is being manufactured, preassembled, or constructed away from site.	%
 Scrap, waste and excess inventory	The volume of waste that has been generated in the construction phase	Volume/£100k

BETTER, FASTER, TOGETHER

Are We Going the Right Way?

Lagging indicators:

Typically, “output” oriented, easy to measure but hard to improve or influence.

Leading indicators:

Typically, “input” oriented, hard to measure but easy to influence. A good leading metric should positively or negatively influence the lagging reporting metric.

Think about wanting to lose weight



Balancing the Scales



BETTER, FASTER, TOGETHER

"Make your workplace into a showcase that can easily be **understood by anyone at a glance,**

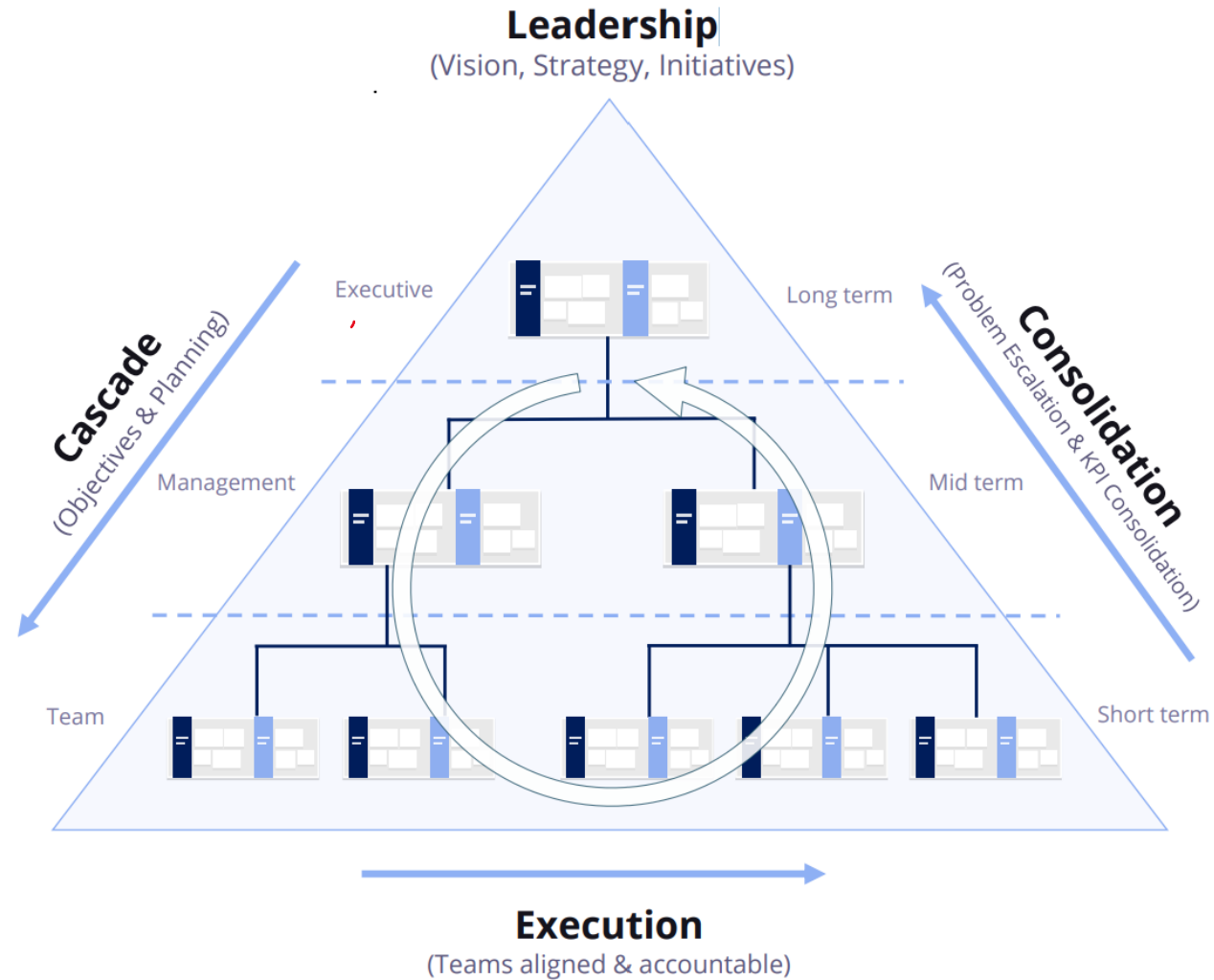
in terms of Quality, it means to make **defects immediately apparent,**

in terms of Quantity, it means that **progress or delay,** measured against the plan, is made immediately apparent.

When this is done, problems can be discovered immediately, and **everyone can initiate improvement plans."**

Taiichi Ohno, Father of the Toyota Production System (TPS)

Tiered Visual Performance Management



BETTER, FASTER, TOGETHER

Five Stage Implementation Process

Win/Win Systems That Drive Business's Forward

A Tiered Visual Performance Management System uses physical or digital visual structures at different organisational levels (Strategic, Functional, and Operational) to manage and drive the business's Balanced Scorecard and Key Performance metrics. This approach enhances transparency, drives accountability, facilitates problem-solving, and accelerates decision-making by providing real-time tactical insights tailored to each level of the organisation.



Current State

Understand the Organisations current performance management structure and set the Balanced Scorecard and KPIs.



Design Architecture

Create the customised Visual Management architecture and performance drumbeat for each tier.



Pilot Implementation

Test the TVPM system on a smaller scale within a vertical slice to identify potential challenges and refine the process.



Full Deployment

Roll out the refined TVPM process across the organisation.



Sustain

Continuously improve the TVPM process.

Key Takeaways

- The Current Model of Construction is Flawed
- What Gets Measured Gets Improved
- The Reasons Change Fails
- Principles First, Then Systems and Then Tactics
- Build, Measure & Learn

Any Questions?

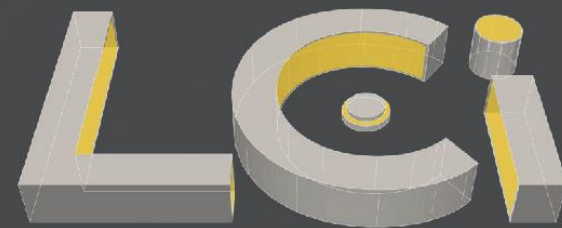
Dan.Shakespeare@tacticaledgeconsultancy.com

+44 (0) 7826 208876





LEAN
CONSTRUCTION
IRELAND



BETTER, FASTER, TOGETHER