

# CONTRACTING ALLIANCES A CASE STUDY



Greg Slaughter  
Delivery Manager

# Today

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- Formation of SCIRT
- Progress
- How do you make it work?
- Performance Measurement (KRAs)
- Challenges

# Post Earthquake Situation

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- Scope of the damage unprecedented in NZ
- Rapid response needed to underpin the recovery
- Resources not available
- No single design or construction provider could cope
- Ongoing uncertainty and associated risk

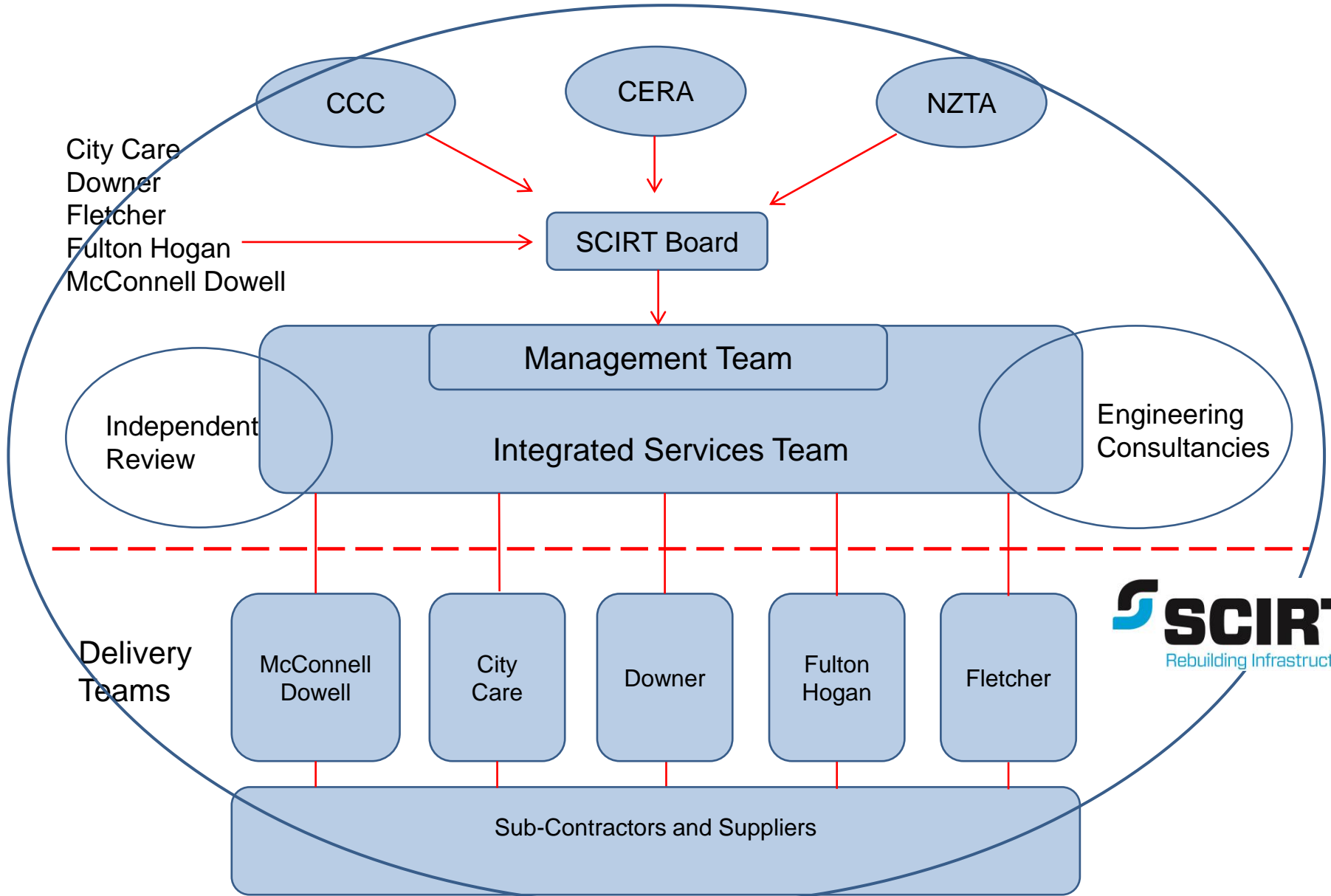
# Formation of SCIRT

- Purpose built organisation created as 'delivery vehicle' for client organisations
- Head contractual agreement - collaborative arrangement, 3 client and 5 private enterprise organisations
- People 'on loan' from employers
- Many other parties collaborating, but working under different commercial arrangements

# WHAT WE'RE HERE FOR :

*Creating resilient infrastructure  
that gives people security  
and confidence  
in the future of Christchurch*

# People of Christchurch and New Zealand



City Care  
Downer  
Fletcher  
Fulton Hogan  
McConnell Dowell

CCC

CERA

NZTA

SCIRT Board

Management Team

Integrated Services Team

Independent  
Review

Engineering  
Consultancies

Delivery  
Teams

McConnell  
Dowell

City  
Care

Downer

Fulton  
Hogan

Fletcher

Sub-Contractors and Suppliers

**SCIRT**  
Rebuilding Infrastructure

# Work to be Done

|                       | Unit | Replacement/Repair |
|-----------------------|------|--------------------|
| Water Reticulation    | Km   | 69                 |
| Sewers                | Km   | 659                |
| Sewer Pump Stations   | No   | 136                |
| Storm water           | Km   | 26                 |
| Roading - residential | Km   | 1,021              |
| Bridges               | No   | 224                |
| Retaining Walls       | No   | 141                |

# Progress – Programme Level

As of 28 April 2014:

Percentage complete: 43%

- Project Definition 98%
- Asset Assessment 85%
- Design 75%
- Construction Delivery 36%



# How do you make it work?

- Need total commitment from the top
- Commercial drivers that align all parties
- Shared and agreed goals and objectives
- Expert support – don't know what you don't know
- Create compelling vision
- Let go corporate 'ego' in service of organisation

# Performance Measurement

Delivery Teams **compete** for share of work on basis of Performance:

- Actual cost v target out-turn cost (TOC)
- Non-cost Key Result Areas (KRA's)

Aim is to drive behaviour in service of common purpose

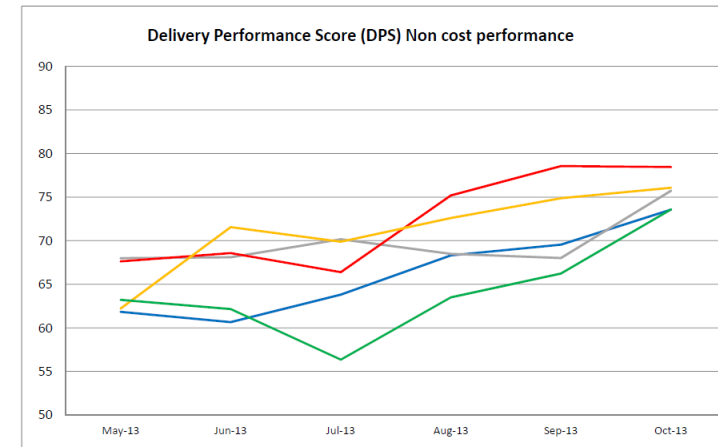
# SCIRT KRAs

- Part of the SCIRT agreement – identified by Alliance partners as key to success of rebuild.
- Focus on:
  - Safety
  - Value
  - Our Team
  - Customer Satisfaction
  - Environment



# What do KRAs do?

- Deliver outstanding outcomes in key areas
- Influencing behaviours
- Allocating work



# Safety KRA

| KPIs   | KPI WEIGHTING |
|--|---------------|
| <b>Measure of Safety Engagement - Awareness</b> <ul style="list-style-type: none"><li>• Near Miss reports</li><li>• Quality of Safety Auditing</li><li>• Service strikes</li></ul> | 40%           |
| <b>Safety Initiatives – Action</b> <ul style="list-style-type: none"><li>• New ideas</li><li>• Spreading lessons learned</li></ul>   | 30%           |

# Our Team KRA

## Why?

- Outstanding Outcomes for the People of ChCh
- High Performing Teams

## What?

- Skilled Resources
- Understood Vision, Goals and Objectives
- Environment of Uncertainty



## How will we measure success?

# Value KRA – 35% weighting

| KPIs   | KPI WEIGHTING |
|--|---------------|
| <b>Productivity Gains</b> <ul style="list-style-type: none"><li>• Rate of Work Completed by month and Average over project</li></ul>   | 40%           |
| <b>Quality</b> <ul style="list-style-type: none"><li>• Project Design Review</li><li>• Project Construction Review</li><li>•</li></ul> | 15%<br>15%    |
| <b>Innovations</b>   | 30%           |

# Customer Satisfaction KRA

- **SCIRT Commitment**
- **Highest Possible Standards**
- **Community and Stakeholder**
  - Trust & respect
- Independent market research:
  - Satisfaction with **communication**
  - Satisfaction with **product**





# Environmental KRA

Develop environmentally aware people and promote sustainable practices

| KPIs   | KPI WEIGHTING |
|--|---------------|
| <b>Construction</b> <ul style="list-style-type: none"><li>• Culture – incidents/hazards reported</li></ul> | 60%           |
| <b>Waste Minimisation</b> <ul style="list-style-type: none"><li>• Reduce, reuse and recycle</li></ul>      | 40%           |

# Current Challenges

- People
  - Competition
- Performance
  - Consistency
- Politics



# Summary

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- Public and private competitor organisations working together
- Committed to a common cause
- KRAs successful tool to drive behaviours
- Link to allocation of work and limb 3 remuneration provides real focus
- Best practice and legacy