



Case study

Name: Laing O'Rourke
Sector: Engineering and Construction
Location: Dartford, England

Turning on Performance Excellence at Laing O'Rourke

As one of Severn Trent Water's dedicated engineering partners, Laing O'Rourke is responsible for maintaining and improving the company's water networks which serve around 1.9 million customers. Under a series of 5-year framework agreements, Laing O'Rourke is required to respond fast to new connection requests and deliver scheduled renewals and rehabilitation activities, generating cost savings without impacting on stringent KPIs.

Background

Laing O'Rourke provides a full range of engineering, construction and asset management services, delivering single-source solutions for some of the world's most prestigious and private organisations.

The company's Utilities Division takes an integrated approach to complex water management issues. Its capabilities encompass expertise in pumping stations, processing plants, tunnelling, clean water, waste water and water main construction and maintenance to ensure the efficient operation of water services for urban, agricultural and industrial purposes. It also offers the installation of mains and service utility networks, as well as continuous maintenance and disconnection services.

As a trusted engineering partner delivering Severn Trent Water's future investment programme, Laing O'Rourke is responsible for enabling the water company to create a legacy to be proud of while delivering the lowest customer bills in England and Wales.

Its five-year framework contracts for the Southern and Eastern regions cover a broad range of project responsibilities including the provision of new assets, renewals, modifications and the extension of existing assets. Embedded within these contracts are stringent key performance indicators (KPIs) and a requirement to deliver efficiency improvements that drive down the cost of services.

Key challenges

- Generate additional efficiencies and cost savings to maximise contract performance and delivery outcomes
- Identify potential 'disconnects' that impact on efficient operational delivery
- Maximize productivity without sacrificing safety or quality

Key gains

- Efficiencies in excess of £600,000 annualised savings generated to date
- Eliminated reliance on subcontractor work gangs and removed non-essential weekend overtime working
- Improved WIP visibility and insights has improved contract pricing modelling

The challenge

Severn Trent Water depends on Laing O'Rourke to deliver quality services while driving down costs and maintaining a strong customer focus. To meet escalating efficiency expectations while preserving contract margins, the Utilities Division needs to be confident it's leveraging its operational resources to the maximum.

"Competitive advantage and commercial viability depends on our ability to deliver value for money," explains Martin Bradbury, Managing Director, Utilities, Laing O'Rourke. "Complacency isn't an option – working smarter means delivering a high response engineering service while maintaining a stable cost base."

Increasing the capacity and performance of the operation would enable the division to achieve long term expenditure savings that would go straight to the bottom line and minimise the potential risk of penalty or compensation payments. It would also demonstrate its commitment to collaborative partnership values for Severn Trent Water.

Uncovering new performance pipelines

Turning to Managementors to assess its daily operations, the Utilities Division wanted to uncover where the opportunities for greater efficiencies lay.

"Their initial operational analysis was extremely revealing," confirms Martin. "They spent time with everyone involved in the scheduling and delivery units – including our on-site work gangs – asking 'what would your perfect day look like?'. Their observations highlighted a number of areas where performance was not what we'd expected. We were working hard, but not smart."

Armed with this information, the Utilities Division embarked on a 20 week change mission to embed performance improvement into its operational DNA.

"Managementors generated powerful data points that clearly identified where we weren't capturing our full productivity potential. They created a plan for process, system and people development that would drive rapid action and generate outcomes fast," continues Martin.

Streamlined performance

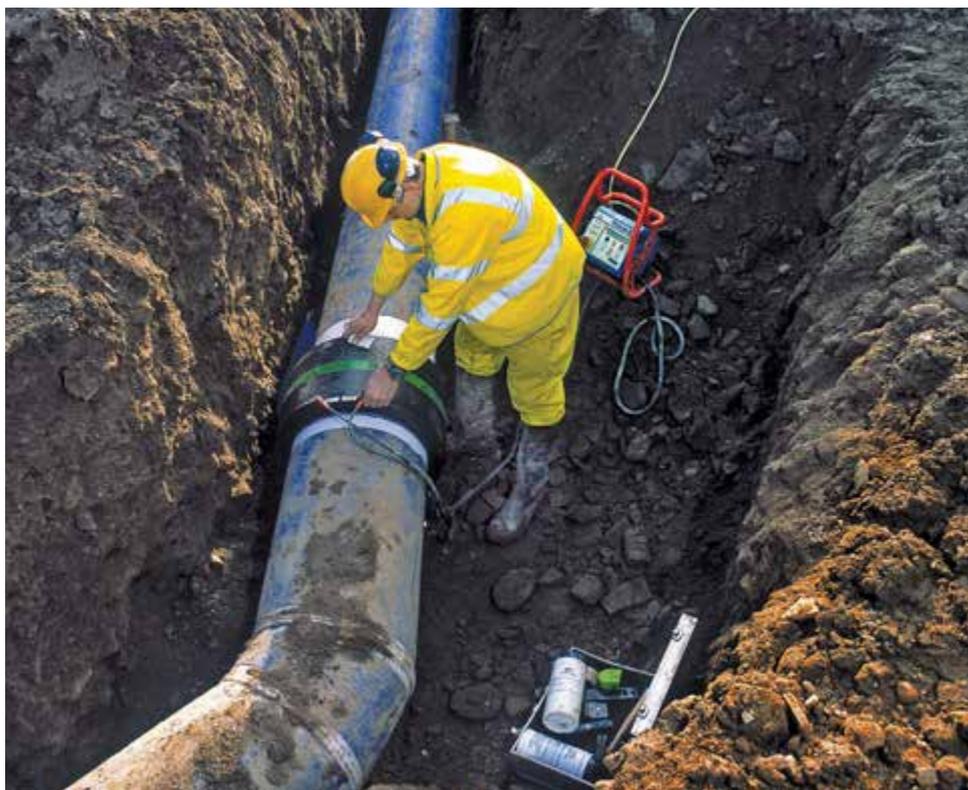
The Division's Corona system, which links hand held devices used by field-based teams to its central system, enables street work management teams to eliminate elapsed time between project phases, share real time works information and manage workflow management. But it had the potential to do much, much more.

"Managementors showed us we weren't using Corona to its full potential. They made the linkages between planning and scheduling, ensuring that everyone utilised the system. At a stroke we eliminated the duplication of effort that resulted from individual teams pulling off data into spreadsheets. As a result, we moved to an 'input once, use by all' method of working in which everyone views the same data on one single management system," explains Martin.

Today, Corona manages all audits, briefings, safety notes, scheduling, commercial stock management and health and safety reporting, ensuring that coordination between different departments is fully in synch and highly streamlined.

"Continual efficiency is a key delivery requirement for Severn Trent Water. As a trusted partner we have to plan to work faster and smarter, translating this into a quantifiable recovery opportunity that truly benefits our client and their customers."

Martin Bradbury, Managing Director, Laing O'Rourke



Adopting new ways of working

Having eliminated the need for multiple hand-offs between job dispatch to reinstatement and barrier collection, and with everyone working from the same data, the Division has been able to reduce historical time delays between different work phases.

Making this a reality meant teams from across the operation came together to review process flows in a bid to reduce cycle times, creating an effective end-to-end service engagement model that's focused on a 'right first time approach'. Mechanisms are now in place at each critical stage to identify potential issues and flag these for early resolution. All of which has given Laing O'Rourke a platform for continuous improvement and root cause analysis – all of which will generate increased customer satisfaction.

"Key decision makers were able to step away from their day-to-day responsibilities and dispassionately review how we work today in order to establish a blueprint for how we work going forward," says Martin. "It's something organisations know they should do, but often lack the resources, motivation or time to make it happen."

Tackling issues together

Next team leaders examined the key interfaces between the Division's various departments and Severn Trent Water, identifying where disconnects introduced unnecessary wastage into the delivery process.

"By capturing issues and entering into open collaborative discussions with Severn Trent Water, we're now able to feed back when data is incomplete or a process failure that means callouts or planned servicing activities are unnecessarily delayed. Together we're able to focus on the issues that create challenges for both organisations and ultimately represent a cost that could be eliminated," explains Martin.

"Managementors have a tried and tested methodology and know how to make a step change in performance happen, with no blind starts or stops. Their deep understanding of the environment we operate within and objective analysis of what needed to work better meant they were able to kick-start a new era of sustainable productivity that's become embedded in our DNA."

Martin Bradbury, Managing Director, Utilities, Laing O'Rourke



Streamlining execution

The roles and responsibilities around the management of work and support gangs have now been clarified, with schedulers responsible for planning and control of gang activities while supervisors deal with performance, issues, quality and control.

To enable field supervisors to proactively manage workforce productivity, Managementors developed easy-to-use management tools that utilise the data captured by field-based work gangs and transmitted via their PDAs to Corona.

Supervisors are now able to evaluate performance against plan on a daily basis, and meet and communicate with field gangs on a regular basis, identifying operational issues that impact on their performance.

“Our supervisors now understand what active management means and are clear about what their role is – and when to hand off other responsibilities to colleagues in other teams,” confirms Martin. “We’ve given them the tools and capabilities they needed to competently undertake their role.”

Outcomes

In just a matter of months, the Utilities Division has been able to generate significant productivity gains and prepare the operation to undertake continual performance improvement.

“We’re now able to ensure we get the right people to the right place, at the right time, and with the right kit – and do it first time, every time,” explains Martin. “As a result we’ve been able to reduce our reliance on subcontractors, significantly reduce non-essential weekend overtime working and cut our reinstatement costs – which has generated an annualised saving of around £600,000 to date.”

The improved visibility of the operational work in progress and greater management intelligence is generating additional gains for the future. The teams are now able to identify when external factors impact performance and implement resolutions that are cutting the incidence of overdue jobs. Furthermore, improved knowledge on job tasks and duration times is resulting in improved contract pricing models.

“Everyone in the operation now has a singular appreciation of the commercial consequences of lost time and what resource utilisation really means. This, coupled with improved communications within and beyond the organisation, will generate benefits for all in the future,” concludes Martin.

Contact us to find out what Managementors can do for you

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