




**DRIVING PERFORMANCE MANAGEMENT**

**KPIs in Practice - 'A Model for Success'**  
- Case Study...



CONSTRUCTING EXCELLENCE  
in the built environment  
PUBLIC SERVICES Network



**• KPIs: Why Measure?**

- Because we want to or because we have to?
- Demonstrate level of service
- Drive improvement
- Internal drivers (Board/customers etc.)
- External drivers (Funders, auditors etc.)
- Competition for funding in Govt. funded work



**Developing Successful Project KPIs**

1. 'Hearts and Minds' approach
2. Include in Selection process (QQ)
3. Evidence based examples
4. Start-up Workshop
5. Implementation Plan ('Golden Hour')
6. Working Group to develop
7. Core Group ownership
8. Supply Chain workshop
9. Training & Roll-out
10. Test and evaluate
11. Review process





**About Raven Housing Trust**

- LSVT in 2002
- c5500 Units
- Based in Redhill, Surrey
- Delivery of 'Promises Programme'
- New Systems
- New Staff
- Resident Involvement
- 5-Year Programme
- £36 Million



**The Merlin Project**

- Delivery Vehicle for Promises Programme
- Qualitative Selection Process
- Open Book Cost Model
- Profit Linked to Performance
- Single Source Volume Supply Agreement( Travis Perkins)
- Residents at Centre (Round Table)
- NEC Option C (Target Contract) with X12 Partnering Option



**Details of Cost Model**

- Open Book Model - Complete Access to All Costs
- 7.5% Head Office Overheads
- Project Overheads at Cost (currently <10%)
- 3% Base Profit
- 5% Incentivised (Only Paid if Target Cost Achieved)



### Mutual Development of KPIs




- Facilitated Workshop with all Parties
- Focus on Project Delivery
- Learn from Others – WWHS & Partners Experience
- Resident Input (Designed Customer Satisfaction Form)
- Agreement of Incentivised KPIs
- Development of KPI Handbook



### There are 9 KPIs:




1. Safety (Reportable Accidents and AIR)
2. Resident Satisfaction
3. Handover Inspection Pass Rate
4. Defects Impact at Handover
5. Time Predictability (average unit time)
6. Completion of Health and Safety File
7. Merlin Satisfaction with Product
8. Raven Satisfaction with Contractor
9. Contractor Satisfaction with Raven




### KPI Matrix


KPI	KPI Name (CI Headline KPIs in bold type) (KPIs linked to Profit in Red)	Area	Target	Profit %	Scorer
1	<b>Safety – main contractor</b>	Safety	<600	0.5%	Cont
2	Resident Satisfaction – overall service	Quality	80%	2%	Resident
3	Quality/Defects – inspections	Quality	85%		RBHT
4	<b>Defects – impact at handover</b>	Quality	70%*	1%	RBHT
5	Predictability time – project	Time	+/- 5%		RBHT
6	H&S File Documentation	Safety	100%	0.5%	RBHT
7	<b>Merlin satisfaction – product</b>	Quality	70%		RBHT
8	<b>Client satisfaction – overall service</b>	Quality	70%	1%	RBHT
9	Contractors satisfaction with RBHT	Quality	70%		Cont



### Measuring Performance




- Work Packaged into Individual Projects
- Target Cost Agreed
- KPI Targets Agreed for Project
- Project Review – all Stakeholders Present
- KPI Data Populated into Review Form
- Narrative Against KPIs & Actions for Non-performance
- Incentivised KPIs Only Paid if Target Cost Achieved




### Some Examples...Resident Satisfaction...

There are 10 questions scored 1-10...



No	Question	Score
1	Were the Contractor's employees courteous and polite?	96.9%
2	Did the Contractor explain the work to you in a way that you understood before the work started?	96.2%
3	Did the Contractor keep you informed at all stages of work?	94.1%
4	Did the Contractor take steps to protect and respect your household belongings?	94.7%
5	Did the Contractor keep disruption and disturbance to a minimum?	94.7%
6	Did the Contractor complete the work in the agreed timescale and keep you informed of any delay?	94.4%
7	Were you happy with the quality of the workmanship and finished installation?	97.3%
8	Were you always able to contact Contractor's staff if necessary?	94.8%
9	Were any queries/complaints dealt with in an efficient and prompt manner?	96.3%
10	Did the Contractors operatives wear ID and company clothing at all times?	96.3%
11	Were you given instruction/manuals on how your new equipment works? (Yes/No)	Y   N 115   0
<b>Overall Resident Satisfaction for Project</b>		<b>95.6%</b>




**Some Examples...Defects Impact at Handover...**

Performance against target and Industry KPI			
Target Score	Project Score	Last Project Score	Industry Score
Min 70%	85%	82%	74% scored equal or less (top 26%)


Note: Defects Impact KPI is paid on a sliding scale. The proportion of the 1% available is paid against the score (e.g. 70% will trigger 0.7% profit). However, the full 1% will be paid if a score in excess of 90% is achieved.

The Defects are recorded and discussed with the Contractor at the Review Meeting – the number of defects at handover has reduced project by project.




**The performance against the incentivised KPIs is recorded at the Review Meeting and the fee released against the out-turn cost of the project:**

PERFORMANCE PROFIT FOR PROJECT	KPI	TARGET	SCORE	Available	Actual
	1	AIR <600	0	0.5%	0.5%
	2	80%	95.6%	2%	2%
	4	Min 70%	85%	1%	0.85%
	6	100%	100%	0.5%	0.5%
	8	70%	90%	1%	1%
<b>TOTAL FOR PROJECT</b>				<b>5%</b>	<b>4.85%</b>




**Using the data...**

- Project Review Form issued to all stakeholders
- Contractor provides Performance Report to Merlin 'round Table'
- 'Round Table' made up of Residents, Board Members, Staff and Contractors
- Scores discussed and reviewed – trends?
- KPI process evolves – 7<sup>th</sup> version in place




**Where do they go from here..?**

- Merlin model being utilised as primary procurement & delivery vehicle
- Full audit of Customer Satisfaction survey process
- Targets to be revised and bar raised!
- Development of peer group benchmark process
- Celebrating success of Merlin! – Demonstration project with Constructing Excellence




**Benefits of Partnering/Open/Book/KPI Process**

- Complete access to data from Customers
- KPIs used as management tool
- Links to incentives worked well
- Buy-in from *all* stakeholders through engagement
- Process has (and continues) to evolve
- Focus on what is important to Project





**Lessons Learned**

- Hard work
- Engaged Staff (buy in) – helping hands
- Nimble contractor – draw on experience
- Trust and Openness (Alignment)
- Shared visions
- Realistic targets
- Pain and Gain together




**Lessons Learnt?**

- Regular collection and analysis
- Use of IT
- Develop and use standard forms
- Remove subjectivity
- Regular feedback
- Client has to take lead



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