

## Forward

In 2002, Business Vantage carried out a major study to understand customer and supplier alignment in private sector construction. The resulting report, 'Equal Partners - Customer & Supplier alignment in construction', was launched at a major seminar attended by senior customers and industry leaders.

The success of the report prompted a call for Business Vantage to undertake a similar study in the public sector. Capita Symonds, Costain, Faber & Maunsell, HBG, HOK and Hornagold & Hills have generously sponsored this research project.

To undertake the research Business Vantage engaged CWC, the Collaborative Working Centre of Be. This report includes the input of senior executives and managers across the public sector, together with the involvement of key suppliers, to provide a balanced perspective.

The report aims to present a clearer picture of customer and supplier expectations and to help both sides to understand any differences in those expectations. The study provides a practical 'action plan' to help stakeholders from the demand and the supply side identify ways of aligning procurement with delivery more effectively.

There is a significant and an exciting opportunity for suppliers and customers to improve their relationships and deliver greater value.

I would like to thank the sponsors and contributors without whose support the study could not have taken place and I would like to acknowledge the enthusiasm and commitment of the research team.

Yours sincerely



David Jennings, Managing Director  
Business Vantage Ltd

"The public sector spends around £40 billion a year with the construction industry. As major suppliers in that industry we felt that we did not know enough about the challenges facing us to deliver value to customers in this sector. We thus sponsored Equal Partners in an effort to be better informed and equipped to meet customer expectations.

The results have proved fascinating and have raised our understanding. We support and endorse the report and its findings. However, if we are to see real change to benefit both government, public customers and our own businesses, we now need to see a genuine commitment to the Equal Partners Action Plan by both suppliers and customers alike."

- Richard Beevers, Capita
- Bernard Cashin, Costain
- Peter Ayres, Faber Maunsell
- Chris Gilmour, HBG Construction
- Andrew Barraclough, HOK
- Stan Hornagold, Hornagold & Hills

## Executive overview

*Equal Partners – Customer and supplier alignment in public sector* offers a new perspective on the relationship between private sector suppliers and public sector customers: the difficulties, opportunities and the areas for improvement.

*Equal Partners* explains how to advance customer and supplier alignment in public sector construction procurement by getting to the heart of what drives each side.

By following the *Equal Partners Action Plan* businesses can:

- IMPROVE** performance of frameworks and other long-term arrangements
- EXCHANGE** best practice
- ENHANCE** client performance and efficiency
- SHARE** valuable feedback for continuous improvement

### Expansion in public sector procurement

Equal Partners focuses on four major procurers of public sector buildings and infrastructure: **health, education, defence, and local authorities.**

They account for £17.6 billion (65%) of government capital expenditure in 2004-5. This figure is expected to grow to £23.8 billion (68%) in 2007-8.

### Changing landscape

With Government procurement strategies stressing 'best value', the public sector is changing rapidly. We have therefore 'future proofed' the report by focusing not just on individual department strategies (which will change) but also on changing general trends.

### Overview and trends

- Health** The current initiative is ProCure 21, a centrally-run framework. Although non-compulsory acceptance is growing
- Education** Probably the sector in greatest flux, relying on various procurement methods, including design and build, PFI, PPP and framework agreements. The emerging 'Building Schools for the Future'

envisages large-scale property renewals over the next decade

### Defence

Prime Contracting – a series of major framework contracts necessitates a significant shift in supplier thinking

### Local Authority

Partnership and framework contracts are on the increase to be the Government's policy of 'Best Value'

### Private sector comparison

The report examines the key differences between public and private sector purchasers:

- Accountability and transparency
- Decision-making processes
- Safeguarding the public interest
- Delivering value for money, rather than the lowest-price
- Moving towards collaborative working with key suppliers
- Central funding but through multiple, often autonomous agencies

### Aligning customer and supplier

How can you align customer and supplier expectations? What are the perceptions and how do you close the gap between them?

The report gets to the heart of the challenges. We assess how big-spending central government departments are committed to change but suffer with inconsistent delivery and are hampered by a cultural reluctance to embrace the private sector. We also examine how the private sector is unaware of the extent of public sector change – and the opportunities that may be missed.

Three core skills are found to be lacking: communication, stakeholder management and greater knowledge of each other's drivers, processes and guidance.

### Equal Partners Action Plan

The report provides senior executives with a comprehensive Action Plan to close the gap between customer needs and expectations and the reality of the response of suppliers. Used as an agenda for change by executives on both sides, the Action Plan acts as a set of practical initiatives that can be incorporated into a long-term strategy that moves both sides forward.