



Introduction and key issues

- * Company A is a NW SME demolition contractor trading for over 23 years – direct to clients and as sub contractor to T1 Contractors
- * Having been awarded a contract for a Banking Client via a Main contractor – Company A found themselves being under paid and in conflict
- * Recovery of funds due against WIP and route to determination, and actions to avoid it occurring again – IDP innovation challenge intervention

Summarizing the outcome

- Recovery of cash against WIP sum in intervention period of over £360,000
- Transferable / replicatable process to inform communication approach and future management strategy of T1 interface
- Methodology and actions to reduce risk of future repetition of this scenario – potential client assessment checks and validation, prior to accepting awards and opportunities.
- Upskilling of key team members
- beneficial use of 3rd party networks

Project A

demolition and enabling package

- * Banking Client via Main Contractor.

RELEVANT FACTS

- * Complex site and work scope
- * First relationship with Client and Contractor
- * Traditional contract and methodologies

IMPORTANT ISSUES

- * No relationship in place
- * Contractor - traditional / confrontational / exploitative
- * Company A - Inadequate skills, structure and no de-selection criteria

The problem

Through good intentions and a hunger for business, Company A found themselves in a complex project within their technical capabilities and experience,

... but outside their commercial skills and experience of dealing with a confrontational exploitative main contractor.

The situation could have been avoided by a more robust opportunity suitability protocol and process. (IDP consultancy intervention outcome)

Working

- * Technical experience and availability of resources and equipment
- * Right attitude and approach to problem solving and collaboration / equitable sharing ethos
- * Appetite to learn from mistakes – and avoid future repetition of this project experience and issues.

Not Working

- * Accepting unknown Customer opportunities, where no known track record and no existing relationships
- * Allowing helpful problem solving behaviours out play the administration of the contract terms and maintaining payments inside agreed terms
- * Accepting variations and extensions when contention and issues are already occurring and WIP funds escalating

Why is it not working?



Lack of opportunity pre selection process and checks



Relationships established at point of opportunity / award – no route to communicate around the project itself



Company A allow hunger for work and momentum of project to overcome commercial



Lack of linkage and traction outside of Project team



Communication technically appropriate , but less robust in terms of commerciality and due process



Lack of process to de select from potential “risky” opportunities.

Changes needed

- * Checking protocol for future customers and project opportunities.
- * Identify routes to third party relationships and reputational checks process
- * Improve communication language process and skills - to be contractually compliant and stronger, but still helpful and collaborative
- * Take advice in a timely manner from the right resources (IDP consultancy intervention effected introduction to suitable legal advisor)



About the Solution

on Project A
IDP project support

- 1) Create a stepped process model for assessing potential future opportunities in scale, scope, and client suitability. (IDP consultancy supported)
- 2) Identification of people and structure and any relationships within wider Company A network – IDP consultant has long standing relationship with CEO of Main Contractor (IDP consultancy supported)
- 3) Personal tutoring and drafting input to support key Company A staff in the process and communications by IDP consultant. Commitment to provide further contract specific training to key staff in Company A. (IDP consultancy supported)
- 4) Company A Commitment to provide further contract specific training to key staff and adopt the pre-selection Go/NoGo processes. (IDP consultancy supported)

Specific strategies

- Do business only with organisations who share our values and behaviours
- Do not do attract or secure work with incompatible organisations, where we don't "know" anyone
- Communicate appropriately and robustly.
- Manage additional works additional to contract sum - to avoid scope creep and compounding commercial issues
- Be Safe, Be Open, Be Collaborative, Be Helpful – but not at any costs !

Actions planned for new work / customers

- 1** identify the contractual entity early – check and validate them and seek 3rd party references / knowledge
- 2** Checks – fair payment charter, fair payment days check, seek out referees or 3rd party opinion
- 3** Identify experience and relationships with entity – internal with Company A and sub contract team experience and 3rd party network and contacts
- 4** Check PR and coverage of entity – search Trade Press coverage, internet searches, trade bodies and institutions.
- 5** Only do work we are good and experienced at – robust interrogation of scope, location, and previous and intended use of site being remediated..
- 6** Communication - up skilling of Company A staff to be commercially robust and aligned to contract and project, as well as being helpful and collaborative wherever possible

What should be done?

Pre-selection go / No go model and processes adopted on all opportunities.

Opportunity / New Client checks for previous relationships and experience, both internally in Company A team and also with trusted 3rd party contacts and advisors.

Communicate better and more robustly with an awareness of commerciality and current status, as well as topics generating the communication.

Don't be so trusting and assume everyone is like Company A.

Who should do it?

IDP funded model process adopted

Directors and key staff, with input from operatives and sub contract partners.

Trusted 3rd Party contacts and associates

All of Company A team and anyone in direct contact with Client team and their advisors

Everybody in Company A team

IDP actions and activities have supported Company A's team and its difficult relationship by :

- Drafting and re drafting communication exchanges (multiple)
- Accessing key senior contacts in the Main Contractor to investigate the behaviours at site level, and adjust accordingly (IDP consultant relationship at Board Level)
- Support and comment on multiple communications from Company A to Contractor – emails, pre meeting briefings, post meeting analysis, and telecon support and advice.
- Search of and Introduction to specialist Lawyer on Built Environment Contractual matters – (IDP recommendation via network)
- During intervention period recovery of **£367,000+** of WIP, with a structured drawdown against milestones of balance outstanding on a defined time scale.



Recovery of over 35% of bad debt



Process to make less risky new business opportunity decisions in future.



Actions underway to up skill key Company A staff to improve future communications and be more aware of contractual obligations



They might look like us, but they are not always like us – only do business with people who are like us - with similar values and behaviours.