

**How the influence of construction
contractors in the specification
of products and materials is
growing and changing**

February 2010



1. Introduction

This report is based on research commissioned by Emap, owners of Construction News and the BEST show, and carried out by Lychgate Projects. The questions were devised by Emap but the interviews were carried out independently by Lychgate and analysed by them.

The report shows that contractors are emerging as a key influencer of which products and materials are used in projects, and that this trend is likely to accelerate over the next few years.

We believe this makes Emap brands such as Construction News and Best – the new construction clients and contractors show running alongside Interbuild – a compelling vehicle for manufacturers and distributors to market their brands.

To find out more about advertising in Construction News call commercial director Fran Christofides on 0207 728 4604.

To find out more exhibiting at BEST, visit www.best-show.co.uk

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Emap Inform



Methodology

A programme of telephone interviews was carried out with Main Contractors. These were taken from the top 100 UK Contractors by turnover and other, medium size contractors. Contacts were sourced using Lychgate's database of contractors and supplemented by contacts supplied by emap.

Telephone interview programme	
Top 100 Contractors	101
Medium Contractors	51
Total	152

We sought interviews with people able to give a management overview of the product selection process. At some companies, more than one person / regional office was interviewed (up to 3 in some companies).

Job titles interviewed include Contracts Manager, Design Manager, Procurement Manager, Buyer, Commercial Manager, Architect, Designer, Estimating Manager, Project Manager, Supply Chain Manager and Structural Engineer.

Companies interviewed include:

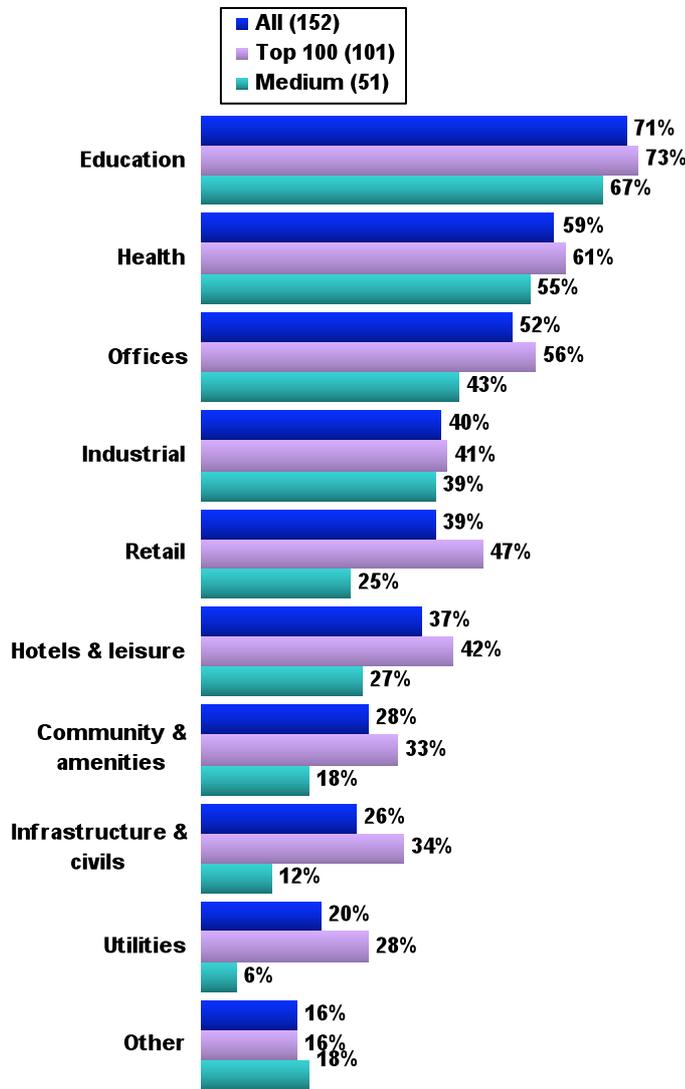
Amec
 Balfour Beatty
 BAM Nuttall
 Barhale
 Bowmer and Kirkland Ltd
 Brown Contracting (Head Crown Group)
 Carillion
 Eric Wright Group
 G B Building Solutions
 Galliford Try Construction
 Interserve
 ISG
 J Murphy
 John Sisk
 Kier
 Laing O'Rourke
 Mansell Plc
 May Gurney Group
 Miller Construction
 MITIE
 Morgan Ashurst
 North Midland Building Ltd
 Norwest Holst Construction
 Ogilvie Construction Ltd
 Osborne
 Patton Group
 R G Carter
 Robert McAlpine
 Robertson Construction
 ROK Group Ltd
 Seddon Group
 Shepherd Construction
 Simons Group
 Skanska Construction Group
 Tolent Construction
 Vinci Building
 Wates Construction
 Willmott Dixon

Summary

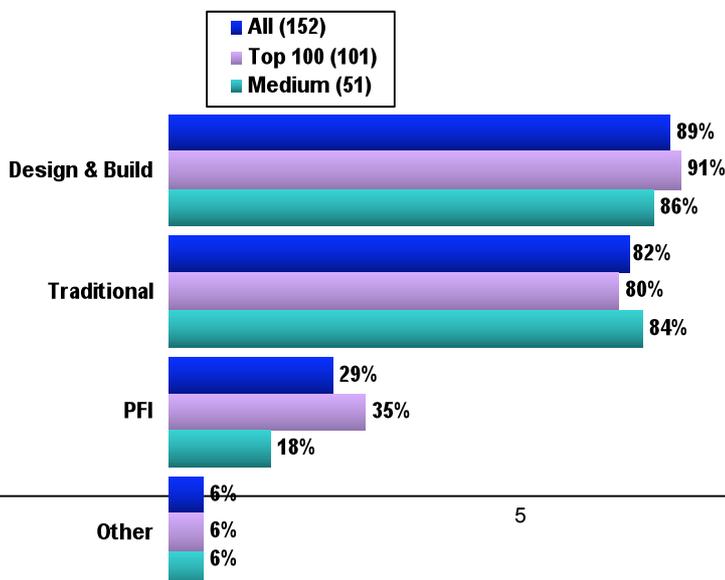
- Main Contractors have a significant influence on product decisions; the average percentage of project spend on products/materials which they choose or heavily influence is estimated to be 40%.
- When asked to rate out of 10 the influence of the parties on a project, in Design and Build projects the Main Contractors estimate their influence to be just behind that of the Designers (Architects/Engineers). In PFI projects, the Main Contractors and the Designers have almost equal influence. In Traditional projects, the Designers continue to be the most influential party.
- 39% of Main Contractors think they will become more influential over the next 2 years on the make or brand of products used; 23% think the Designers will become more influential.
- To further reinforce the growing role of the Contractor, 51% think there is a growing trend towards Design and Build contracts, where they have more influence.
- Main Contractors particularly influence the final choice of products by suggesting an alternative to the one proposed, this being their main influence according to 59%. However 32% may influence the products used at the project outset, and a further 32% through choosing the manufacturer where a performance specification only is given.
- Those most involved in influencing products are Contract/Project Managers, Buyers/Procurement Managers, Estimators and Design Managers.
- The product decision process is a team decision. Typically Architects and Engineers produce a specification on behalf of the Client. Estimators are involved at the tender stage. Design Managers oversee the design stages and are the link between the Designers and Clients and the Sub-contractors at site stage. Contracts Managers also work with Designers and Clients, using their experience to suggest suitable products. Buyers look at cost and value and suggest products in consultation with others. Others on the Design Team also have input into the process such as Quantity Surveyors.
- Influence over product choice extends across all product areas, although less with building services than other areas.
- 29% of Top 100 and 14% of Medium Contractors employ their own Architects, Engineers and Designers on a permanent basis.
- 81% of top 100 and 55% of medium Contractors have supply chain or partnering agreements with product manufacturers.
- As might be expected a high figure, 88%, believe that sustainability credentials of products will become more important this year.
- Main Contractors learn about new or innovative products mainly through trade journals.
- Interbuild is the most known industry exhibition, mentioned unprompted by 24%.
- When prompted with a list of determining factors for attending exhibitions, interaction with potential clients, meeting new suppliers, meeting existing suppliers and learning/CPD were all main factors.
- The most read trade journal by Main Contractors is Construction News

2. Results

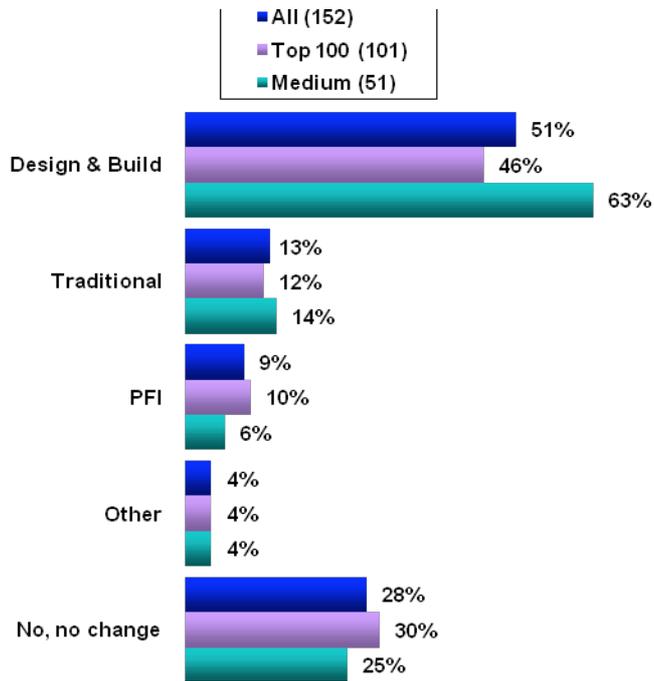
Which industry sectors do you mainly work in?



Which of these contract types have you worked on in the last 12 months?



Do you think there is a growing trend to any of these contract types?



Adds to over 100% as some gave more than one answer.

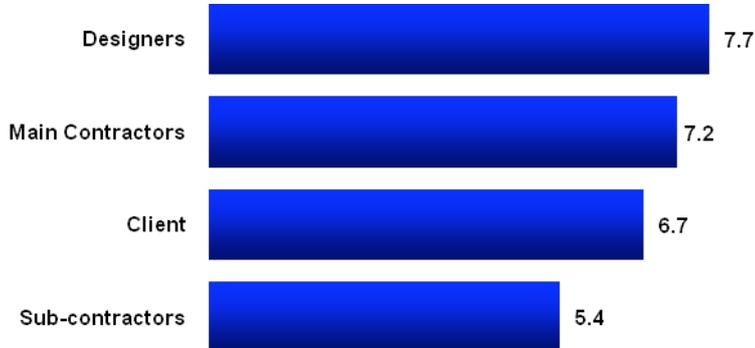
Other includes partnering and framework agreements, sub-division seem to me more common place, negotiated projects.

How important are each of these parties in selecting or influencing the actual manufacturers' products which are used for each contract type?

1 = not at all influential, 10 = very influential.

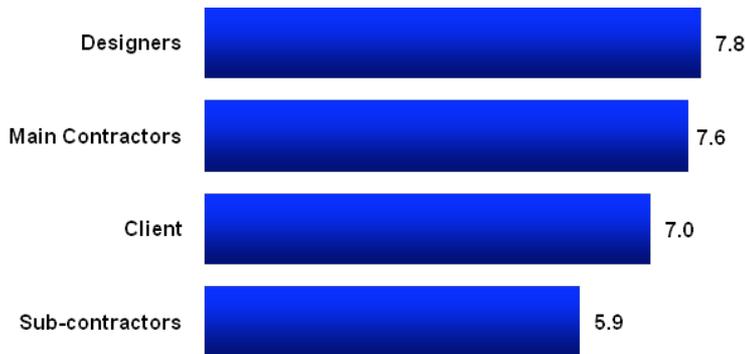
Average scores

Design & Build



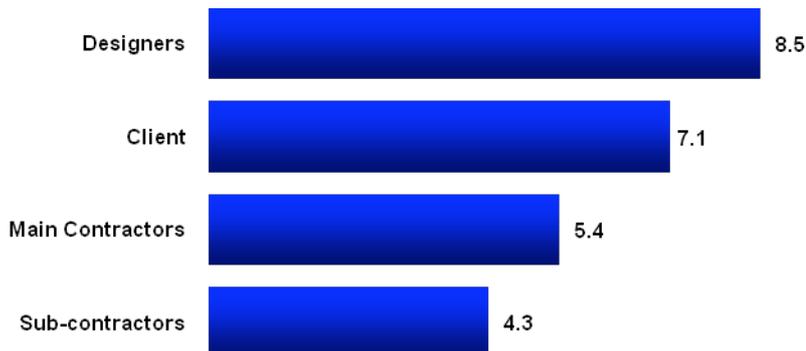
Based on 138 who have worked on a Design & Build contract in the last 12 months.

PFI



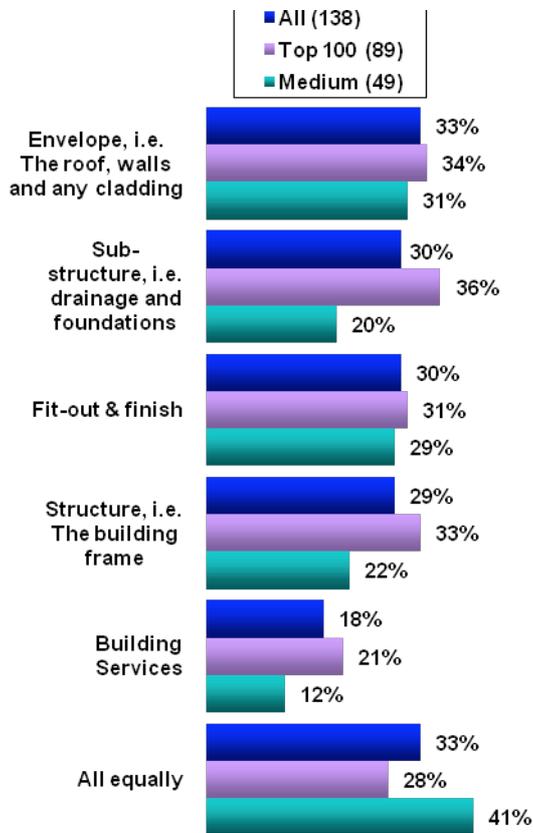
Based on 44 who have worked on a PFI contract in the last 12 months.

Traditional



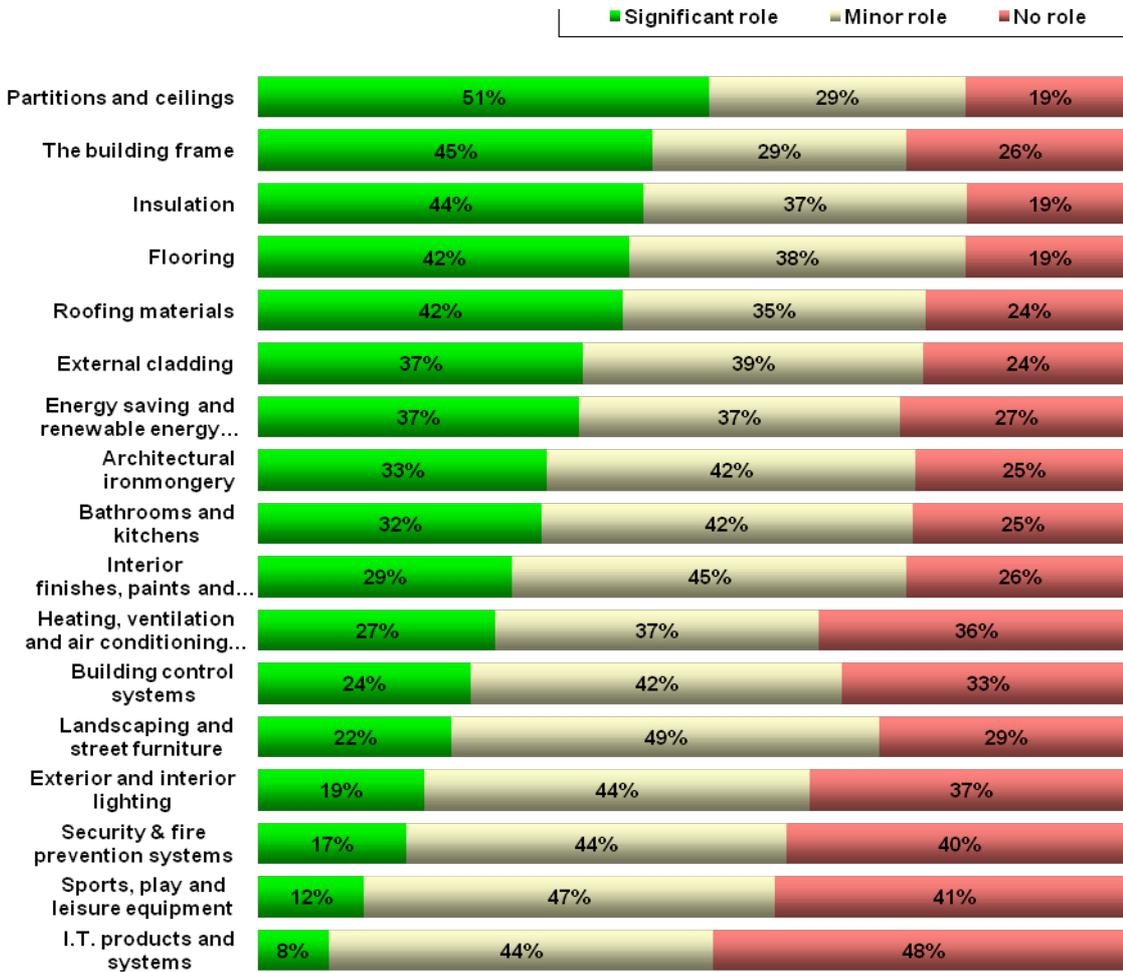
Based on 124 who have worked on a Traditional contract in the last 12 months.

In which of these broad areas of the building does your company as the Main or Managing Contractor have most influence on the products used?

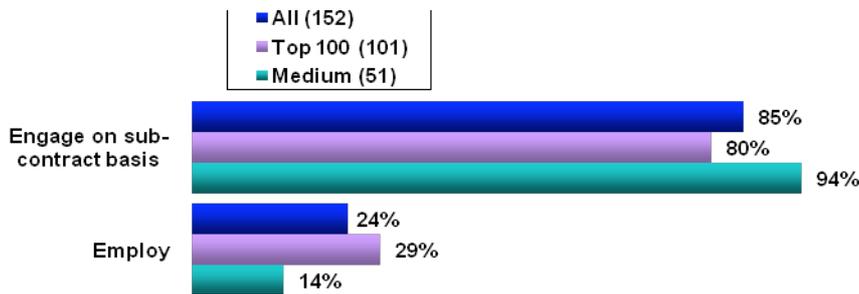


Not asked of those only involved in utilities, infrastructure, civils and community and amenities. Bases in brackets.

What role do you have in influencing the actual make of products used in each of these areas?

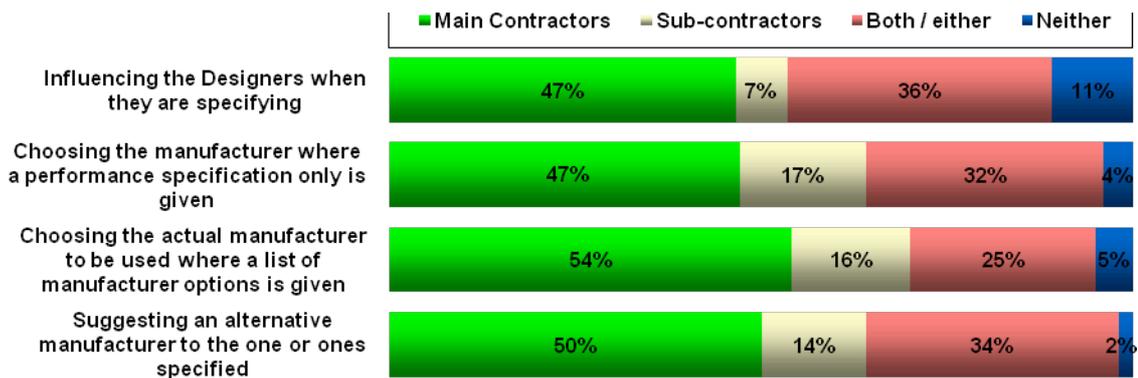


Do you fully employ Architects, Engineers and other Designers on a permanent basis or do you engage them as necessary on a sub-contract basis?



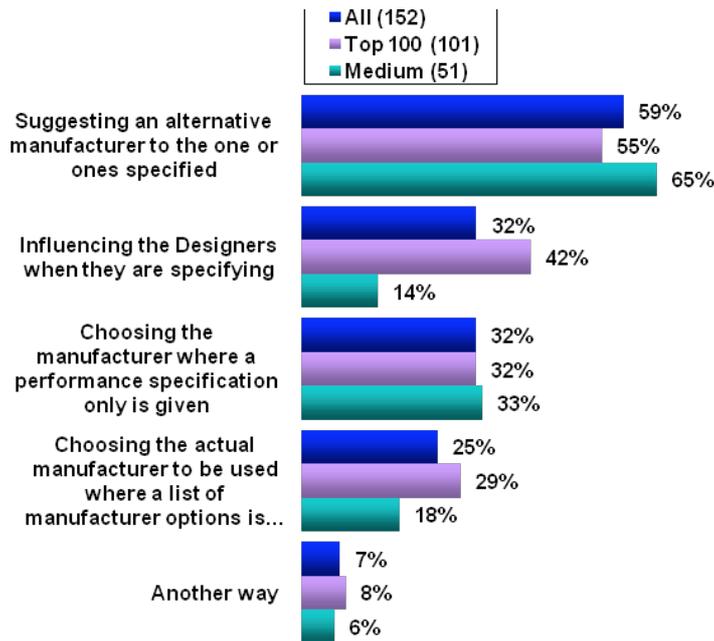
Adds to over 100% as some both employ Designers and engage them as necessary.

It is our understanding that Main or Sub-contractors can influence products used in one of several ways. Can you tell me which of these 4 options apply to the role of your company, or whether each applies more to Sub-contractors?



Base 152

Which of these is the main way in which your company influences products?



Other answers include making suggestions to sub-contractors, have little influence on product choice and if can suggest a cheaper alternative. Other includes two Contractors who said they don't influence it.

Those with supply chain arrangements (72%) are more likely to try to influence the products used:

Influence on products according to whether Contractors have supply chain arrangements with manufacturers		
Which of these is the main way in which your company influences products?	Have supply chain arrangements (72%)	No supply chain arrangements with mfrs (28%)
Suggesting alternatives	62%	50%
Influencing the Designers when they are specifying	35%	24%

What does the term Specifier mean to you?

Comments show that a Specifier is understood to be a person who initially decides what products should be used and writes the specification. Some gave a job title, the most mentioned being Architect, others include Engineer, Designer and Client. Some pointed out that a specifier can be anyone involved in the process including the Contractors, though this is most often through changing the specification.

Examples of comments:

- He defines a product that they want for their building, it could be the Client or Architect.
- The person who decides what goes into the project, usually the Architect.
- Someone who decides on the manufacturer or materials to be used.
- The person who chooses the material or plant to go into the building. He decides what is to be used but we can influence it.
- The person who is given the job of specifying what is to be done, usually the Architect. Under the contract, you generally have to go back and check with the Architect.
- The person (Client or Designer) who suggests a starting point.
- The person who is responsible for detailing that aspect of the construction. For example, if it is

- a steel framed building it would have to be an Engineer.*
- *Basically it is to inform us what they believe is the best product for a particular function or need. We might not always agree with it. We find a lot of Architects we work with are more interested in the look, not how it performs.*
 - *Person who looks at the product that best serves the application and incorporates what is required by the client.*
 - *Often it is ourselves, we are frequently the specifier.*
 - *The person who specifies what products are to be used. In our case that would be in the tender document.*
 - *The Designer of the specification or Client in traditional.*
 - *The Architect specifies the products that we have to adhere to, to meet building regulations.*

Which job titles in your company are involved in selecting or influencing the actual make or manufacturers' products which are installed?

The figures include the job titles of those interviewed



Others:

General Manager (3)

Bid Manager (2)

Business Development Manager (2)

Planner (2)

Services Manager (2)

Supply Chain Team (2)

Assistant Pre Construction manager

Building Services Manager

Chief Procurement Manager

Director of Engineering & Professional Services

Director of Technical Services.

Facilities Manager.

Managing Supervisor

Regional Manager

Special Projects Manager

Technical Managers

Technical Services

Temporary Works Engineer

Can you describe your role personally in the decisions about which manufacturers' products are used and how you work with others to achieve this?

Summary of comments:

Contracts / Project Managers

Work closely with the Clients and Designers. They can make suggestions for products although the Contracts Managers' suggestions may subsequently be changed as others in the team are involved. They use their experience of products used on previous projects.

Buyers / Procurement Managers

Look at the cost and value, taking into account time, service etc. Liaise with others on the team and buy or suggest products based on cost and meeting the specification.

Estimators / Estimating Managers

Their involvement is at the tender stage. Look at cost and may suggest alternative products. They try to find the most economical solution. Their involvement ends after the tender stage.

Design Managers

The link between the Designers and Clients and the Sub-contractors. Liaise with all parties. Their involvement is at the site stage, evaluating products for use, ensuring products meet acceptable standards.

Most describe the team effort involved, with recommendations coming from the Contracts Manager, the Design Manager or Buyer and others being involved particularly on high value items, such as Quantity Surveyors, and of course the Designers who have set the initial specification.

Examples of descriptions given of the involvement of different job functions in product decisions:

Contracts Managers

- *We will side with the client, he pays the bills. I would put forward recommendations, there are materials on the market which do the same job and may be cheaper or more easily available. There would also be input from the subcontractor who is feeding us information as their ear is "on the ground".*
- *I would go into a meeting and speak to the architects / clients, we put our point over and things can get changed, products can be changed because of our influence.*
- *It is on cost, performance and past experience. If there is a comment or an improvement to be made, we would have a meeting with the contracts team. If a minor change, the Buyer would do it himself, but if it is a major change, the contracts team would decide and possibly the Client would be involved. The contracts team are the Quantity Surveyor, Site Manager and the Contracts Manager.*
- *I would find out which is the best product to use, it would be chosen on cost, reliability and how long it lasts. I would discuss this with the Client, Quantity Surveyor and the Director.*
- *It is just from experience really, being familiar with products and knowing they have worked in the past. Looking at a history of products working well and performing well. We have a couple of seminars at contract manager level when buyers and procurement managers get together and share their knowledge.*
- *When we are on a Design & Build brief, we get involved early in the design, we sit down as a team with the client. We look at alternative products that achieve the same means, we are very much of the ethos to work with the client, so we can provide them with the best product at good value and good quality. We would get together with the Client, their team and our own team, consisting of Contracts Manager, Design Manager and Commercial Manager.*

Buyers / Procurement Managers

- *We do a lot of the leg work, information gathering for alternatives. A Quantity Surveyor will look at the cost and the Project Manager or Site Manager will look at the buildability. A collective decision is made, there is no one person who does it. Everything is done on a project basis and if a Project Manager has products he prefers they will be looked at first.*
- *I will recommend direct alternatives where savings can be made eg: delivery, cost, better product, we are more familiar with the product.*
- *Technical services look at the criteria to be met, we suggest manufacturers from our supply chain network, we get them to submit a bid to us and/or our partners. My role after discussion with technical is to approach a specific manufacturer or manufacturers and get them to price us directly or the subcontractor partner could do this.*
- *I choose from numerous manufacturers products on best value. I work from what is proposed and we have close liaison at all times.*
- *We make the recommendations based on the parameters of what is required. We look at safety, added value (are they going to give us more eg: time, service or price benefits). We normally have an informal discussion with the engineer who has specified the item and we call the vendor in to see what he can offer us.*
- *I could have a product that is specified and I could look at it from an environmental, cost,*

availability view and suggest an alternative.

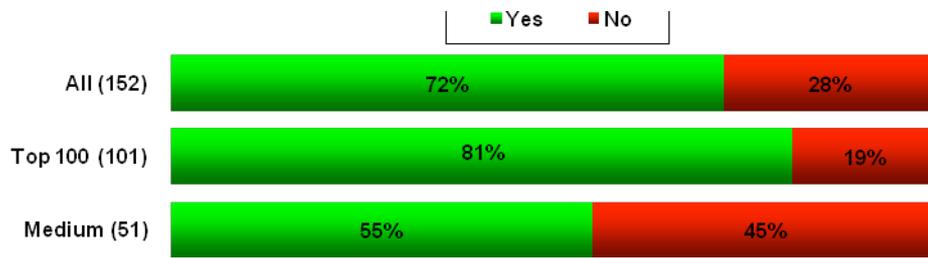
Estimators / Estimating Managers

- *At the tender stage I will choose what I think are the most cost effective components although once we win the contract and the contract is handed over to the contracts department, they will often change them and I have less control.*
- *A lot of it is cost influenced, we provide cost information on supplies and materials that could be used. Everything is cost driven, clients are looking for value for money. We sometimes work with the Quantity Surveyor if it is a negotiated project.*
- *I get involved where a tender is required and are nearly always involved where value engineering is asked for. I will suggest alternative more economical products.*
- *It tends to be at tender stage, team discussions about any experience people have had in the past of products, what's available in the market. Team meetings at tender stage and that team generally comes forward with the project.*
- *Basically I tend to integrate the specification to make sure the company gets the best value in a tender submission.*
- *My position is Senior Estimator, I am involved in the bidding process to select the most economical option.*
- *My influence (Senior Estimator) is based on price. When a design has been completed, I review it and cost it. Where there are opportunities to save money by using an alternative product or method then that is when I influence the selection of products. It happens a lot of the time that I can suggest more cost effective solutions.*

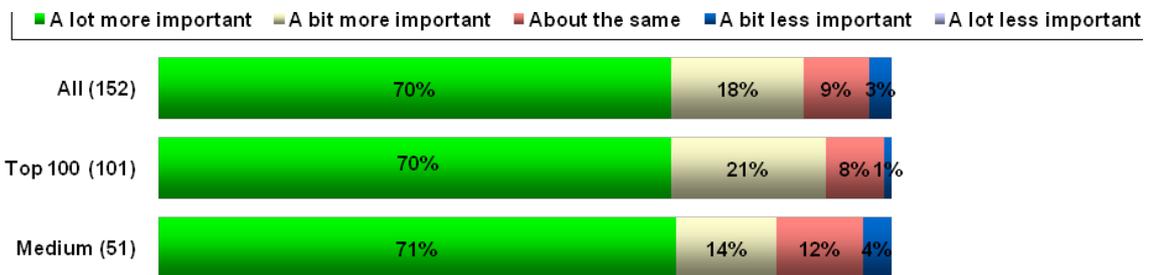
Design Managers

- *My key role is to ensure that what is specified meets the Clients' requirements and gives best value for money.*
- *As Design Managers - in Design & Build - we have control over the co-ordinating of the design. We are the link between subcontractors and the Architects and Engineers. We can talk to all parties and achieve consensus. As Design Managers we have a few key accounts with some suppliers, tried and tested products, as we have an approved list of subcontractors, who bring in their own preferences too, we listen to them.*
- *Generally, sometimes my involvement happens at the tender stage, but more often I get involved at site stage, looking at what products to use, something that is in the spec might not be fit for purpose, so we need to change it. We generally know from past experience whether a particular brand works well. I work with the Project Manager and he ensures the products are fit for purpose and the client accepts it.*
- *I have a heavy influence on making sure that we use manufacturers with whom we have a partnering agreement or we want to use.*
- *I am responsible for the general design specification guidelines, for example on a school project we issue that document which is the guideline spec based on feedback of previous experience. It shows our preferences and gives technical guidelines if certain materials and systems are to be adopted. Designers may or may not follow the guidelines, but they must show good reason and affordability.*
- *I make sure it meets performance requirements. The Project Manager is looking at safety issues and the Quantity Surveyor is looking at price. The architect may suggest a manufacturer but we work with supply chains to find something more practical or more economical or if we believe it has better performance.*

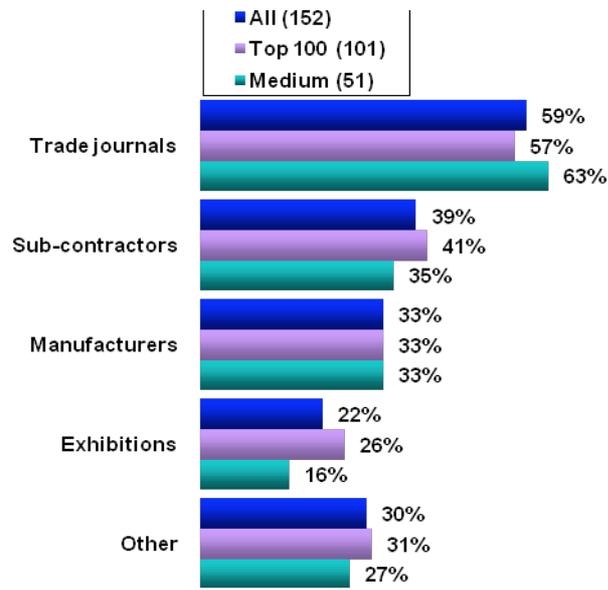
Does your company have supply chain or partnering arrangements with building product manufacturers?



Do you believe the sustainability credentials of products will become more or less important in 2010?

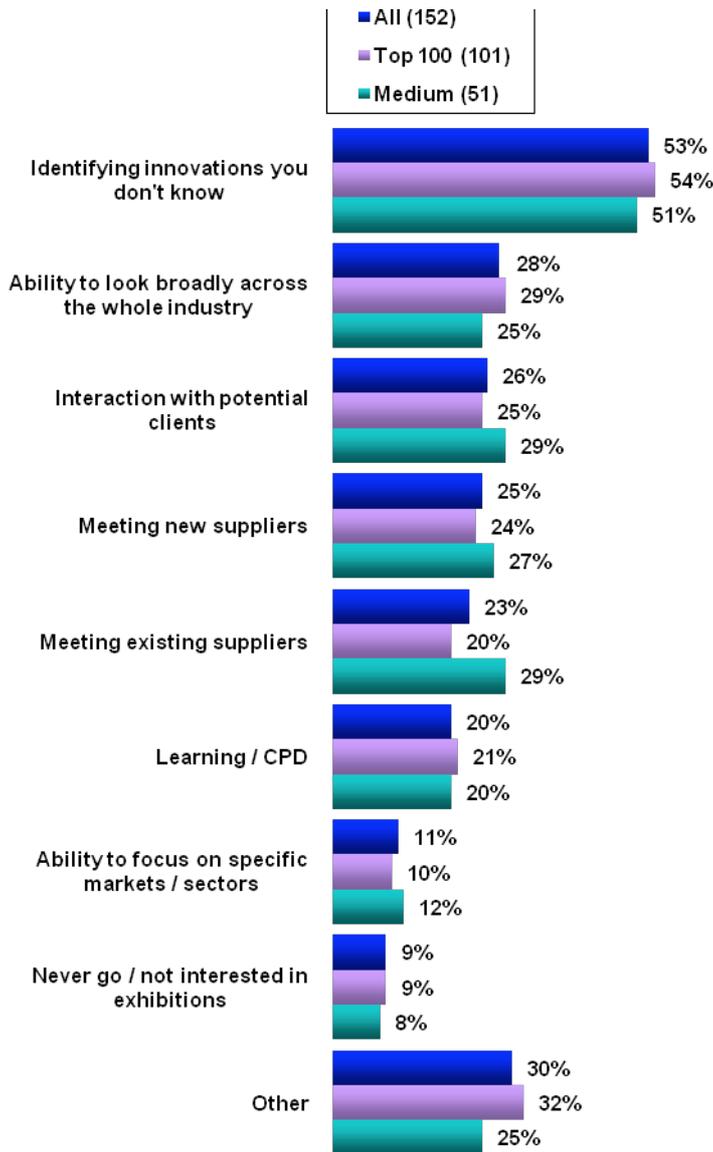


Where do you mainly hear about new or innovative products?



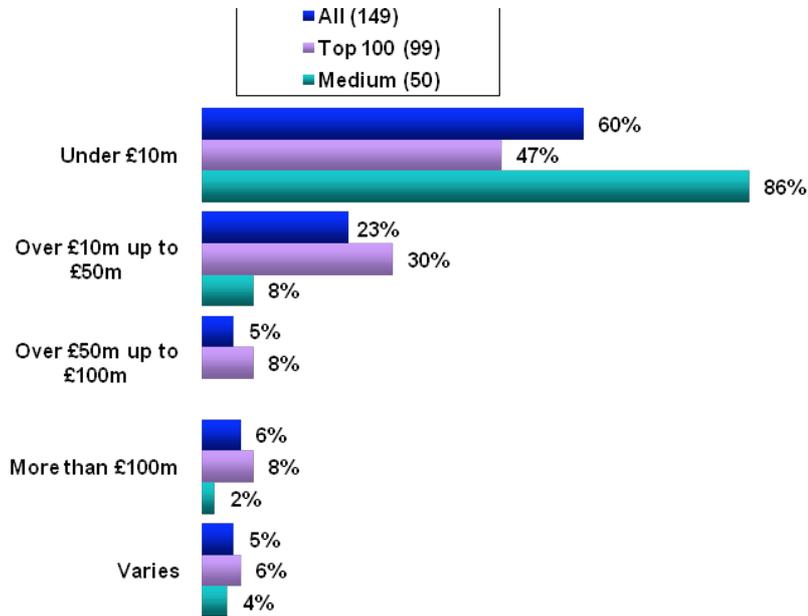
Other includes from specifiers, the internet, mailshots and from colleagues by word of mouth

What are the most important factors in determining whether you will attend an exhibition? Please pick the main three from this list.



Other factors mentioned unprompted include having/not having time to attend (mentioned by 23%), location, to expand knowledge, past experience of that exhibition, price, relevance to a current requirement, somebody being there that one wanted to talk to and for technical issues.

Can you put a broad figure on the value of products that you personally have a role in influencing every year?



Thinking of all the products and materials used on your last or a recent project, roughly what percentage did your company (Contractor) select or heavily influence the actual make or brands used?

Average answer: **40%** (for both top 100 and medium contractors)