



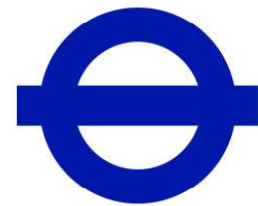
**“Breakthrough Construction 2014”  
StreetwiseSubbie.com Second Annual Conference  
10<sup>th</sup> June 2014**

**GEOFF GILBERT**

**“Why LUL Are Going Direct To Specialist Contractors  
on £330 million Project!”**

**Streetwisesubbie.com Ltd**  
Shanakiel, 17 Ilkeston Road, Heanor, Derbyshire DE75 7DR  
[www.streetwisesubbie.com](http://www.streetwisesubbie.com) [info@streetwisesubbie.com](mailto:info@streetwisesubbie.com)  
Tel 01773 712 116 Fax 01773 719455

streetwis  
**SUBBIE**  
STREETWISESUBBIE.COM

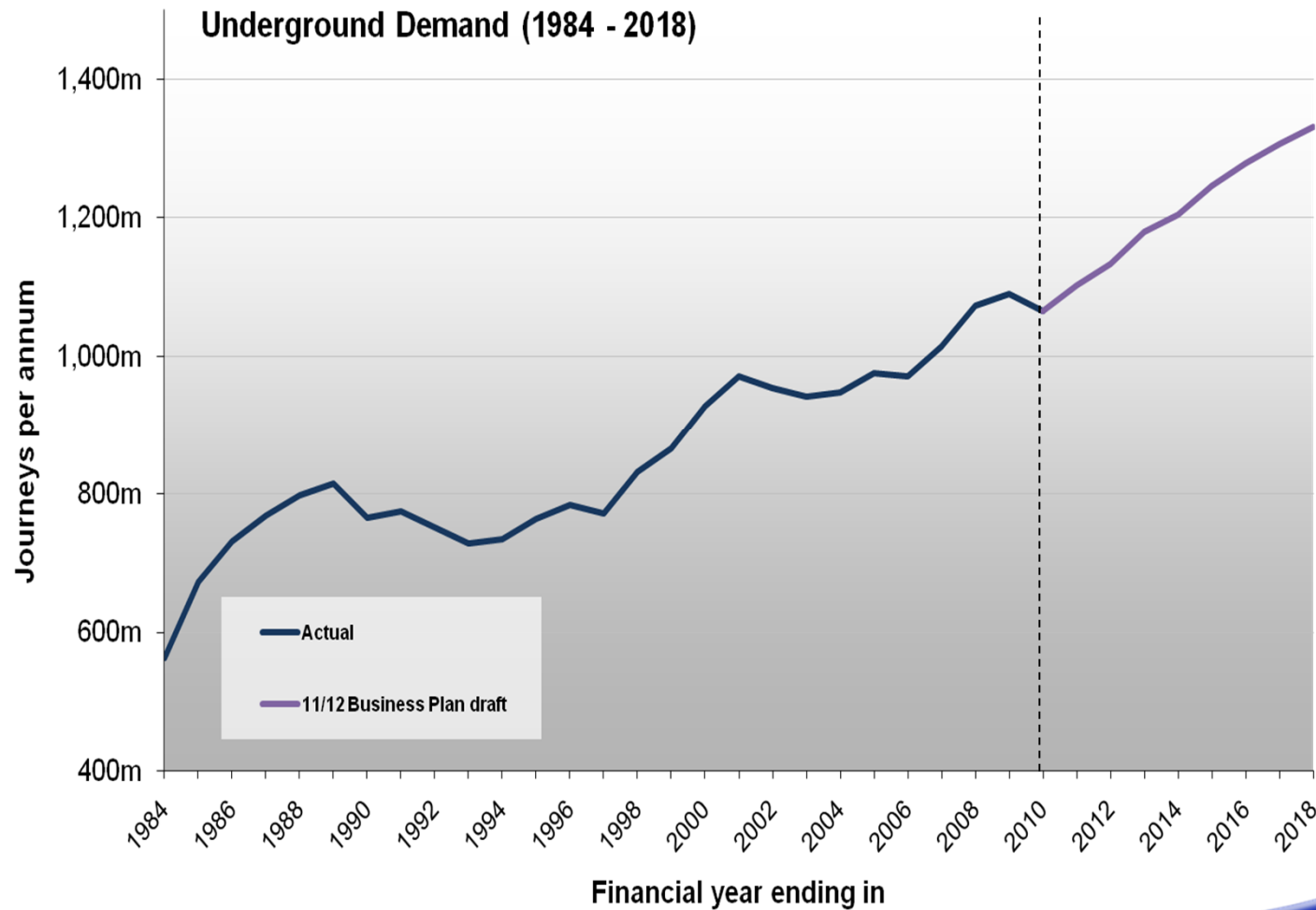


**Transport  
for London**

# **TfL Rail & Underground Supply Chain**



# About TfL Rail & Underground



# About TfL Rail & Underground

## Some metrics...

- 4m passenger journeys per day
- 1.2bn journeys per year
- 56% improvement in Reliability
- £1.5bn per annum capital spend

**Requires reliable and efficient project delivery**



# Core asset investment is critical

Target:

**30%**

More reliable by  
**2015**

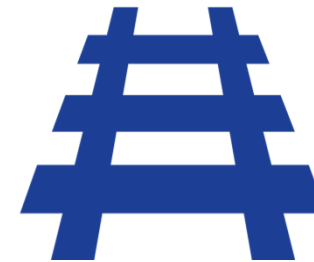
## Over the next 10 years:



c.200+ new trains  
c. 80 trains refurbished



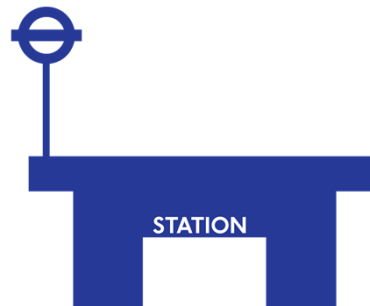
c.50% of network re-  
signalling



c.160 km of track replaced



38 lift refurbishments  
107 escalator refurbishments

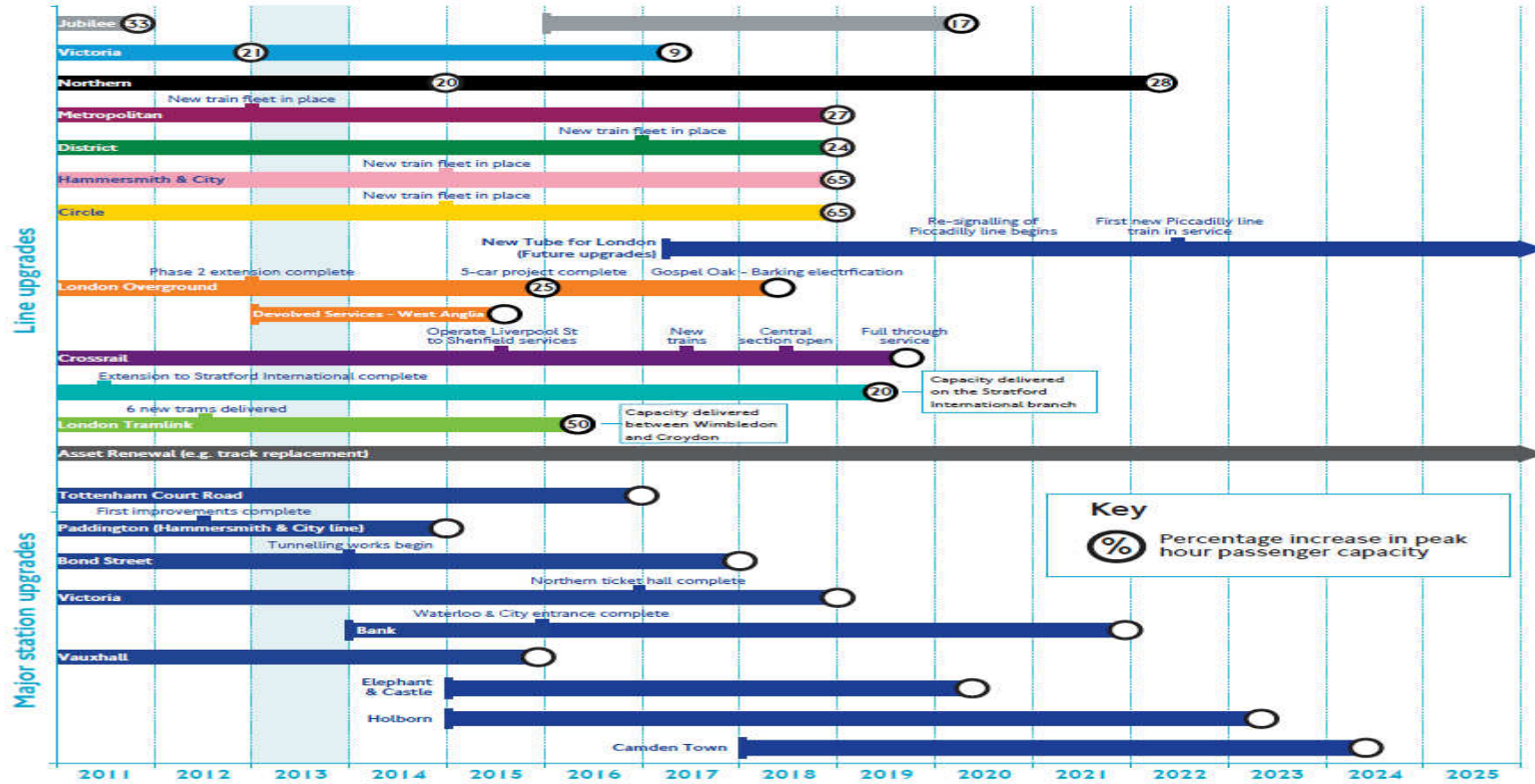


74 stations - asset  
stabilisation works



c.490 civils assets renewed

# Our Upgrade Programme



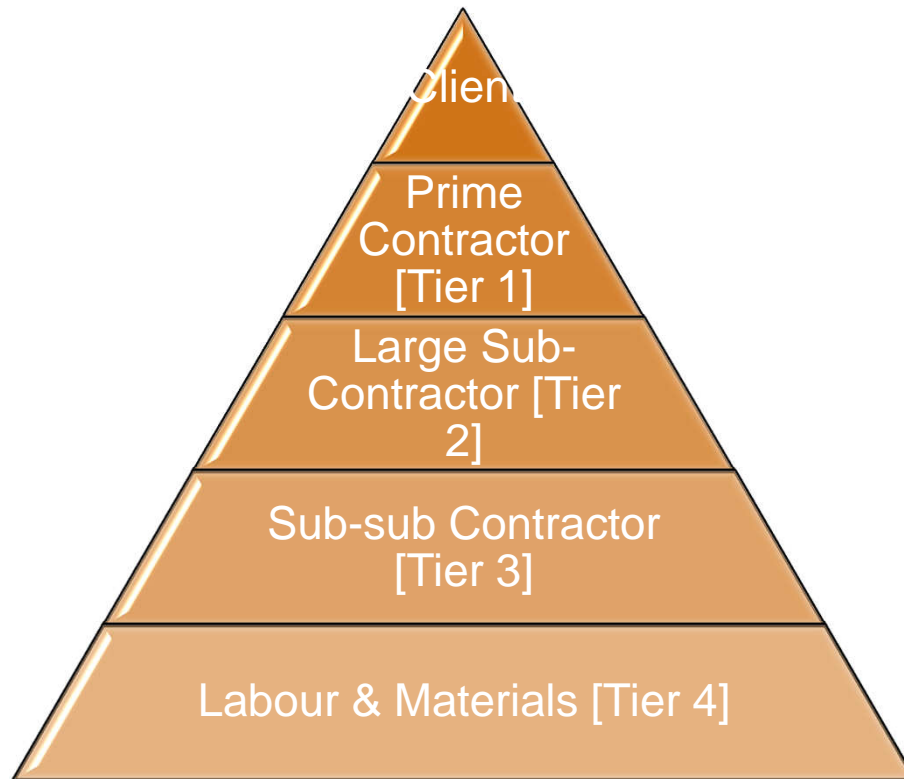
# **Plus Efficiency Expectation**

**20%.....**

**mechanisms through which  
real reductions in the costs  
of delivering economic  
infrastructure can be  
achieved and sustained....**



# Issues With Conventional Approach



- Top down approach **remote from production** work face
- **Complex** - multi tiered supply chain, many intermediaries
- Long communication chains
- **Unstable** and irregular supply chain **relationships**
- Relationship governed by many contractual interfaces – **risk/responsibility driven**
- **Lowest price tendering**
- **Supply chain not involved** in early production decisions
- **Lack of cash flow**





# Our Response

## Re organising delivery

- **Establish a more direct relationship with suppliers and their workforce - Stake**
- **Getting specialists in the supply chain involved early where their knowledge and experience is valuable – Innovative Collaborative Engagement**



# What Should We Do Differently?

**Need to start in the right place**

- **Appropriate delivery models**
- **The right capability (people)**
- **With the right attitude (behaviours)**
- **Operating in effective collaborative model (Structure)**
- **Real world incentives**



# Reality is that:

- People who deliver the work are critical
- Their productivity sets duration of projects
- Quality determines whether right first time
- Drives cost of schemes

Sounds like a good place to start for efficiency



# 'Stake'

## Production Leads .... Everything Else Enables

Set the right conditions  
for people to be productive

£330m, 7 years, 70 Stations

Quality is critical

Flat supply chain

Collaboration

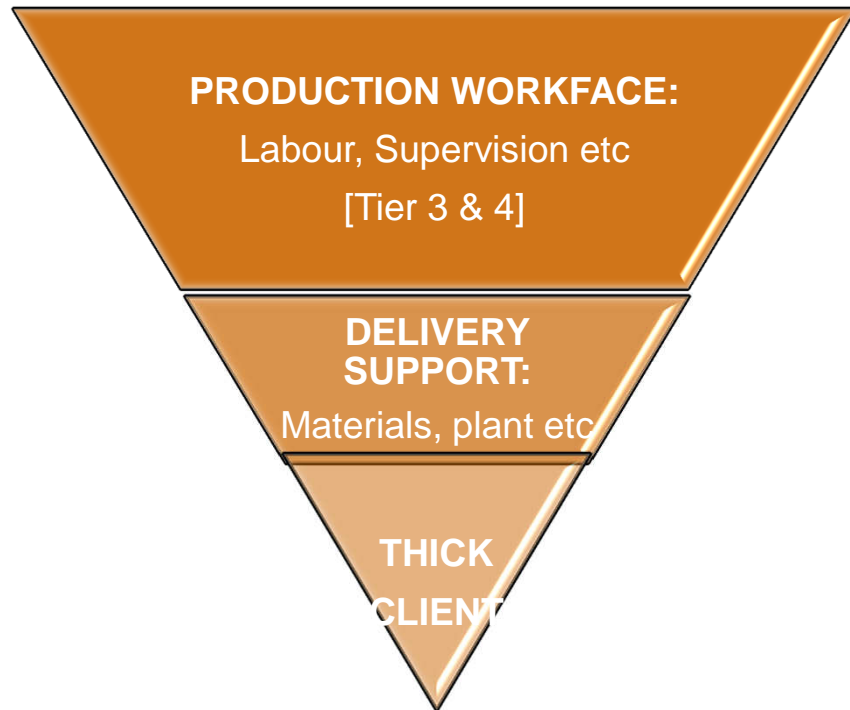
Simple contracts

A Lean approach



# Stake – Inverting the Pyramid

*PUTTING PRODUCTION AT THE LEADING EDGE  
everything else supports production*



## OPPORTUNITY

Efficiency through:

- **Creating continuity** – organise work into continuous and stable work-streams by trade
- Selecting **capable operatives** from trade contractors and commit them to work-stream
- **Engaging workforce** in improvements

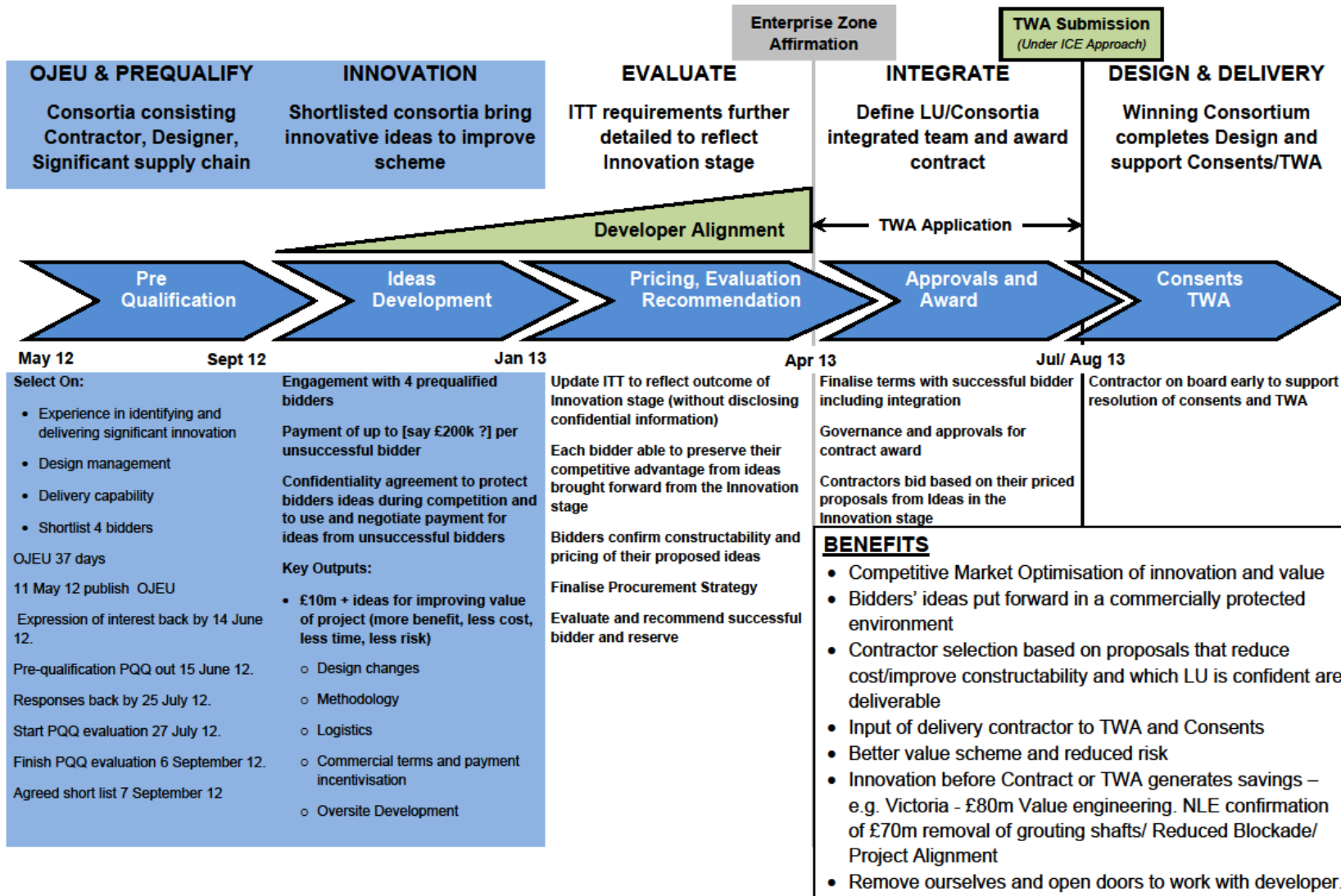


# **Innovative Contractor Engagement (ICE)**

- **Developed out of discussions with supply chain**
- **A model to drive value not cost**
- **Places a value on intellectual property**
- **Incentivise the delivery of the best ideas**
- **Gets key supply chain organisations involved at early stage in design process**



# INNOVATIVE CONTRACTOR ENGAGEMENT MODEL



# Innovative Contractor Engagement (ICE)

## Benefits ...

- **Confidence in bidders proposals before main bid phase**
- **Key supply chain experts involved at early stage**
- **Increase in value – a better scheme to achieve capacity increase**
- **Total project cost on Bank reduced from £625m to £563m**





# Category Management

## PRINCIPLES

Delivery programme with predominant interest leads on Category (A)

Commercial resources embedded within Delivery Programme drive Category development

Procurement Strategies developed for Work-Streams

Category Strategies support Delivery Programme Procurement Strategies as appropriate

Work-

## CATEGORIES

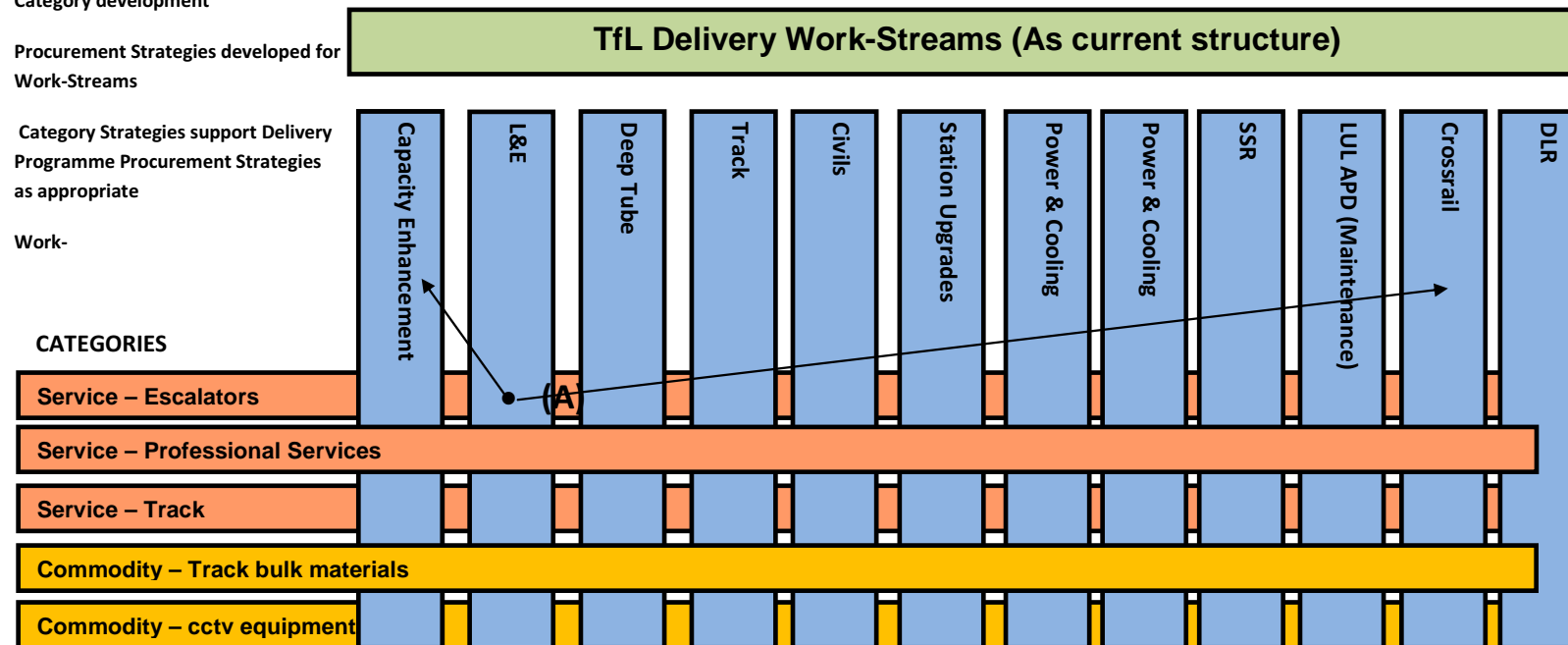
Supply chain categories in Work-Streams common to a greater or lesser extent to several programmes

Service – service with high 'human' content

Commodity – manufactured items

## WORK-STREAMS

The delivery work-streams for Capex and Opex



# What R&U Want From Their Suppliers

- **Capable personnel – management and trades people**
- **Ability to drive productivity at production work face**
- **Design and constructability skills**
- **Strong planning and estimating capability**
- **Reliable cost capture**



# Summary

**Simpler, direct, flatter, fairer – and more efficient**

**Simplifying relationship with supply chain**

**Accessing supply chain knowledge directly**

**Selecting on capability of organisations and their production work force**

**Promoting fair payment**



**Thank You**

**Questions?**





**“Breakthrough Construction 2014”  
StreetwiseSubbie.com Second Annual Conference  
10<sup>th</sup> June 2014**

**GEOFF GILBERT**

**“Why LUL Are Going Direct To Specialist Contractors  
on £330 million Project!”**

**Streetwisesubbie.com Ltd**  
Shanakiel, 17 Ilkeston Road, Heanor, Derbyshire DE75 7DR  
[www.streetwisesubbie.com](http://www.streetwisesubbie.com) [info@streetwisesubbie.com](mailto:info@streetwisesubbie.com)  
Tel 01773 712 116 Fax 01773 719455

streetwis  
**SUBBIE**  
STREETWISESUBBIE.COM