The Barbour Report 2004

Influencing Contractors

The Importance of Main and Specialist Contractors in Product Selection

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Barbour Index

Barbour Index is the leading UK supplier of specialist information services to construction professionals, facilities managers and those responsible for health and safety at work. The company's services are available via a range of media including web, CD-ROM and hard copy.

For more than forty years, Barbour has connected building product Manufacturers with key buyers and specifiers. Services such as the Building Product Compendium, the Enquiry Service and Building Product Expert put Manufacturers in touch with product decision makers, providing suppliers with excellent opportunities for generating new business.

Barbour has utilised the latest technology to create seamless links between its services, forming an integrated set of working tools that give users fast and easy access to the technical and product information they require. As an example, Construction Expert and Building Product Expert offer an integrated service available at the user's desktop, developed specifically to meet the needs of design professionals.

In 2003, Barbour Index and its sister company, The Builder Group, joined leading business media organisation CMP Information. Barbour's market-leading information services and The Builder Group's award-winning magazines have become part of CMP Information's £140m turnover business, combining magazines, exhibitions and directories across a wide range of market sectors, including the construction industry.

This acquisition brings together some of the UK's leading information services and publications for the built environment - Construction Expert, the Building Product Compendium, Building magazine, Building Design, Construction Manager, the RIBA Journal and FM Expo amongst others, becoming the UK's number one media company for this sector. This will enable Barbour to ensure our services continue to lead the market and deliver real business to Manufacturers well into the future.

Lychgate Projects Ltd

Lychgate is a market research, marketing consultancy and lead generation company, specialising in the construction market. The company has an excellent knowledge and understanding of the dynamics of the industry, applying this expertise to tailored studies designed to meet clients' specific information requirements. Studies include customer satisfaction monitoring, image assessment, market share measurement, new product research, market profiling and brand awareness.

Interviews are regularly carried out across the full breadth of the construction industry, from design professionals to main contractors, sub contractors, developers and end users, including major repeat buyers of construction projects. The company's field force of interviewers is highly experienced in the challenges of identifying and questioning decision-makers within business environments.

Price: £495

Contents

Foreword

Michael G Ankers, Chief Executive, Construction Products Association

It is 10 years since Sir Michael Latham wrote his report 'Constructing the Team'. Over the decade that has followed we have had reports by Sir John Egan - 'Rethinking Construction' and 'Accelerating Change' - as well as countless other reports from different parts of the industry showing how they should engage in this improvement agenda. Yet as you go round the industry, there are still many people who claim that, 'Nothing has really changed. Construction is the same as it ever was'.

The Barbour Report 2004 demonstrates that when it comes to product selection things definitely have changed. Not that long ago Manufacturers saw their main job as persuading Designers to specify their products. All they then had to do was to defend that specification against the attempts of the Contractor to reduce his costs by finding cheaper alternatives. This report shows that Main Contractors now consider they make 50% of all product decisions (mostly through initial recommendations) - double what it was 4 years ago. Even the Sub-contractors are getting in on the act with over 50% of them saying they are consulted 'very frequently' on product selection.

The reason for selecting products is also changing. Whilst price is still the most important factor, this is far less so than in previous surveys. Health and safety and life cycle costs have become much more important, and these, together with sustainability, are expected to become ever more important in the future.

Life for the Product Supplier is therefore becoming rather more complicated and the focus for their marketing and selling campaigns needs to be far more diverse. What is encouraging is the increasing extent to which Contractors and Sub-contractors recognise that they need to build relationships with Manufacturers and Suppliers, rather than look for the one that offers the cheapest price at any point in time. It is through this kind of development in the industry that real value will begin to emerge - not just for the Client, but for all those involved in the project.

These are exciting and challenging times, and this Report provides a fascinating insight into exactly who has the final say as to which products are used on a particular project. Manufacturers and suppliers that fail to respond to these changes are in real danger of being left behind.

construction products association

1. Introduction

Katherine Tickle, Executive Director, Barbour Index

Welcome to the twelfth Barbour Report, our annual research programme designed to explore industry issues pertinent to Building Product Manufacturers. Our commitment for over a decade to this extensive investigative exercise serves to reflect our desire to understand the information needs of UK construction professionals. We know that the greater our understanding of their requirements, the greater our advantage will be over our competitors in providing product information. In this way, we can continue to develop services that lead the market and generate more business for our customers than other marketing solutions.

The subject of this year’s study, the importance of the Contractor in product brand selection, was derived from feedback to last year’s Report, and through consultation with members of the Construction Products Association. In taking the lead from the industry, we can be sure that the research will provide practical guidance to Manufacturers on how to market more effectively to a constantly evolving audience.

Last year’s Report highlighted the growing influence of the Construction Client. The challenge to 'rethink construction' has resulted in Clients taking a greater role in the building of their facilities, so as to gain improvements in areas such as efficiency, cost, health and safety and lifecycle costs. Yet the task of implementation often falls to Contractors, with many Clients giving them responsibility for managing the supply chain. This year's Barbour Report examines the role of the Contractor in product selection and how they can be influenced.

The research, including in-depth interviews with Contractors whose projects account for 18% of the entire construction industry by value, answers the following questions:

- How often do Contractors make the final product brand decision?
- How can specification switching be limited?
- Who within the Contractor makes product decisions?
- How can Manufacturers successfully partner Contractors?

Given their differing roles, the research examines these questions both for Main Contractors and Sub contractors. Manufacturers will be also able to derive their marketing strategies for different Contractors based on contract type, size of Contractor and their particular product group.

We hope that you find the research to be a useful insight into Contractor practices and that it will help you to take practical steps in the increasingly important process of influencing Contractors.

2. Report highlights

The importance of Contractors

- Top Main Contractors are responsible for half of all product brand decisions. They are clearly highly influential.
- 78% have partnering relationships with Clients and these are expected to become more important.

How Contractors operate

- 62% of the turnover of leading Main Contractors is accounted for by Design and Build or PFI contracts, where they have a central role in product selection.
- 85% of Contractors buy in the services of design professionals, and 45% of the top companies also employ these skills in-house. Over half require Designers to follow product guidelines and 34% operate approved lists.
- 90% of Main Contractors partner with Sub-contractors and almost all seek the Sub-contractor's advice.
- 30% of Main Contractors and 49% of the largest Contractors provide FM services, with half maintaining the buildings they construct. This leads them to take lifecycle costs into account.
- Key business issues they face include costs, health and safety, and skilled labour shortages.

Main Contractors' involvement in product selection

- In Traditional contracts, which represent 36% of large Main Contractors' turnover, 68% of products have already been specified in the tender request.
- However in Design and Build or PFI, which account for 62% of turnover, only 36% of products are detailed in the tender request, and mainly those relevant to obtaining planning permission.
- Overall, leading Main Contractors make the first product recommendation in 44% of products. Where others have made recommendations, they successfully change 18% of these. Therefore, leading Main Contractors select more than half of products used in buildings.

Sub-contractors' involvement in product selection

- 79% of Sub-contractors are consulted about products, particularly by Main Contractors, in larger private sector or Design and Build projects, and after they have won the tender.
- Sub-contractors estimate they select 37% of products in the areas of the building analysed.

Factors influencing Contractors' product decisions

- While initial cost is ranked the most important factor in product selection, health and safety, reliability of delivery and reasonable availability are also considered to be very important.
- Compared with 1994, price is still crucial, but health and safety and lifecycle costs are now much more important. Sustainability, health and safety and lifecycle costs are expected to become even more important.
- Relationships with Manufacturers are considered important by 84% of Main Contractors, while twice as many Sub-contractors (37%) consider them very important in product selection.
- 92% of Main Contractors and 86% of Sub-contractors said there are occasions when a higher priced product may be used, such as lifecycle costs or product performance.

Influencing Contractors

- Over 8 in 10 Contractors want contact with Manufacturers. 32% of Main Contractors and 76% of Sub-contractors feel Manufacturers should keep in contact regardless of project timing.
- Main Contractors prefer product information via websites, literature, journals and directories, while Sub-contractors prefer literature or sales visits. 69% of Main Contractors and 36% of Sub-contractors use directories, with more using Barbour's Compendium than all other directories added together.
- 80% of Main Contractors think Manufacturers should develop closer relationships with Sub-contractors.
- Manufacturer service can most improve in technical information, delivery reliability and availability.
- Only 6% of Main Contractors and 12% of Sub-contractors are unlikely to consider new products. Benefits which prompt serious consideration of new products are labour savings, performance benefits and site problem reduction. Main Contractors most trust Sub-contractors in recommending products.
- More than half of Main Contractors expect their influence on product decision making to increase over the next five years. They expect sustainability and legislation to become more influential over this period.

The final section of the report contains recommendations for improving relationships with Contractors.

3. Research sources

The Barbour Reports are compiled using a number of research sources. For the 2004 Report this included a focus group, a programme of telephone interviews and a Manufacturer survey.

Focus group

A discussion group with leading Main Contractors provided insight into the role of Contractors in the product selection process, and the service they require from Manufacturers. Attended by 10 Contractors, including Skanska, Wates, HBG, Sir Robert McAlpine, Mowlem and Carillion, the discussion provided direction for the main interview programme.

In-depth telephone interview programme with Contractors

The main programme involved interviews with Main Contractors and specialist Sub-contractors. The types of Sub-contractor included were those indicated by the Main Contractors as being consulted more frequently than others for product advice.

The Main Contractor programme focussed on the leading Contractor organisations. The combined turnover of the Main Contractors interviewed is £15 billion, representing about 18% of the total construction industry. A large number of Top 50 Main Contractors were included in the survey, as well as some medium sized companies. In some instances more than one person was interviewed from the same company, but at different locations. 81 different Main Contractor companies are represented across 112 respondents. All respondents interviewed for the telephone programme, upon which the majority of this report is based, were drawn at random from published lists of Contractors and information compiled independently by Lychgate.

The Barbour Report 2004 telephone interview programme

	Number of interviews
Main contractors total	**112**
Turnover up to £50m	23
Turnover over £50m to £200m	40
Turnover over £200m	49
Specialist Sub-contractors total	**90**
External envelope (1)	28
Internal fit-out (2)	30
Building services/M&E	32
Total interviewed	**202**

(1) External envelope includes Roofing and Cladding Contractors, Window and Door Installers.
(2) Internal fit-out includes Flooring Contractors, Ceiling and Partitioning Contractors, Shopfitters.

50% of the Sub-contractors interviewed had turnovers over £10m. 69% of the Building Services Contractors had turnovers in excess of £10m, with 5 of the 32 interviewed in this group having a turnover of over £100m.

‘Key business issues’ telephone interviews with Main Contractors

Further in-depth discussions were held with 12 of the Main Contractors to identify the key business issues which are affecting them or are expected to do so in the future. This provides guidance to Manufacturers for future product and service development, and will assist in defining marketing approaches.

Barbour Index Building Product Compendium User Survey

With the publication of the Building Product Compendium each year, Barbour issues a questionnaire to all 22,000 recipients. These include the full spectrum of Construction professionals, including Contractors. The opportunity is taken to include questions related to the topic of each year's Barbour Report.

This year some 4,400 self-completion questionnaires were analysed, including 639 returned by Contractors, (15% of the total), representative of Barbour’s Building Product Compendium circulation profile.

Previous Barbour Reports

This is the twelfth annual Barbour Report. The topics for this programme of research reports define product selection and information requirements, and identify trends in the construction industry. Since 1993, Barbour Index has commissioned some 4,700 in-depth interviews and has analysed over 60,000 detailed questionnaire responses from industry professionals in the preparation of these reports. Many of the issues identified in earlier reports remain relevant today.

Results of this year's survey have been compared with those of previous studies where relevant.

The Barbour Report series consists of the following titles:

2003 Influencing Clients - The Importance of the Client in Product Selection

2002 Exploring the Web as an Information Tool

2001 Construction Product Information - Delivery Preferences and Trends

2000 Influencing Product Decisions

1999 The Sourcing and Exchange of Information

1998 The Building Maintenance and Refurbishment Market

1997 Electronic Delivery of Product Information

1996 Communicating with Construction Customers

1995 The Influence of Clients on Product Decisions

1994 Contractors' Influence on Product Decisions

1993 The Changing Face of Specification

Copies of reports in this series are available from Barbour. For more information visit Barbour's web site: www.barbour-index.co.uk

4. Setting the scene – discussion group with Main Contractors

A focus group was arranged with the objective of generating a discussion amongst Main Contractors about their involvement in the product decision process. The discussion assisted in structuring the questionnaires for the telephone interviews. Held in Central London, the group was attended by 10 Contractors, including Skanska, Wates, HBG, Sir Robert McAlpine, Mowlem and Carillion. The main job titles of participants were Design Manager or Director. Four of those attending were involved in PFI projects.

This summary provides an overview of how these major Contractors operate.

Main Contractors' involvement in product selection

- When asked what key issues are affecting their business, cost was immediately mentioned as the factor which continues to act as a significant driver. Project costs are driven by demanding Clients who are retaining buildings for a shorter period and want quicker returns.
- The view of the Contractors attending is that their role in product selection has grown.
- 70-75% of the work of major Contractors is Design and Build. PFI projects are operated in a similar way as Design and Build.
- The top Main Contractors have considerable power to influence products as they have the final say and in Design and Build provide guidelines for the Architects who work with them. Although Architects suggest or recommend products, as few as an estimated 10-20% of products used in PFI and Design and Build projects have been recommended by the Architect and are carried through to the final building.
- Several of the leading Main Contractors now have FM departments. Responsibility for the building post construction encourages them to think longer term about the products and materials used.
- Product decisions in Design and Build are kept as open as possible at the planning and even at the tender stage. Manufacturers may therefore have an opportunity to be specified once the project has been won.
- Although the group was largely attended by the top Contractors, one smaller company present tended to work to Traditional forms of contract where products are heavily specified. Here, they may offer alternative suggestions to save money. Manufacturer relationships appear to be less important to them than to the larger companies.
- The title of Design Manager is a relatively new and growing one within the leading Contracting companies. They are responsible for managing the design process, the implication being a greater control over product selection during the early design phases.
- There is a reluctance to use new products. However, if they are suggested by a trusted source, provide demonstrable savings in labour, or resolve problems on site, their use will be considered.

Sub-contractors' involvement in product selection

- There was much emphasis on the importance of the supply chain and the need for Manufacturers to develop strong and supportive relationships with Sub-contractors. These are seen as the specialists, and are often influential in recommending products. Main Contractors have established supply chains with specialist Sub-contractors – it is therefore important for a Manufacturer to identify the Sub-contractors working for the major Contractors they wish to target, or those working in specific market sectors.
- M&E Consultants tend to be more prescriptive about the products they wish to be used and are more reluctant than Architects to agree to changes.
- Main Contractors believe that Sub-contractors make an estimated 20% of product brand decisions, typically concerning the envelope, building services and flooring.
- Specialist Sub-contractors know who to influence within Main Contracting companies and are therefore in a position to promote a Manufacturer with whom they have a good relationship.

Manufacturers' approach to Contractors

- The group gave examples of Manufacturers developing services of value to Contractors, such as removal of site waste and improved delivery times, leading them to be the preferred option across all projects.
- A negative experience with a Manufacturer will cause Main Contractors to cease use. However, if steps are taken to demonstrate how problems have been overcome, they may re-consider.
- Reliable Manufacturers who show willingness to work with Contractors to address contract problems, or work to critical timescales can be favoured over less expensive options.
- Contractors want to see a wider range of product options from Manufacturers at different levels of performance and price.
- They also require warranties on the installation under-written by the Manufacturer, which requires a close relationship between Manufacturer and Sub-contractor. Manufacturers must offer a design service but also provide advice on installation.
- Manufacturers need to target several people within an organisation – Design Managers are particularly important and there are usually several of these within one company. Some companies also have Buyers responsible for managing the supply chain.
- Effective marketing approaches include presentations around a topical issue such as changes in legislation. Direct contact is important in the development of relationships with Manufacturers.
- Manufacturers' web sites are used but do not always provide sufficient technical information. Lifecycle costs, anticipated design life and tests are all areas where they would like more information.

The future

- In five years time, what changes do they expect to see which will affect products? Sourcing of materials from China, a continued decline in the Architects' role in product selection, detailed specification and design taking place overseas, an increase in the power of the Sub-contractor, a greater emphasis on sustainability and more legislative changes driven by the EU were all mentioned.

5. The importance of Contractors

The rest of the report is based on the results of the telephone interview programme and the Building Product Compendium user survey.

- Leading Main Contractors are responsible for half of all product decisions.
- These leading Main Contractors have more involvement in product decision-making than Contractors in general.
- Over three-quarters have partnering relationships with Clients and these are expected to become more important.
- Clearly the Main Contractor is a highly influential member of the team.

5.1 Extent of responsibility for product decisions

Contractors are recognised as a powerful group with a significant influence on product decisions. This influence is investigated in depth in this report. In the 2000 Barbour Report 'Influencing Product Decisions', Main Contractors were reported as estimating that they select about one-quarter of all products. In this year's research, leading Main Contractors estimate that they make about 50% of all product decisions.

The nature of decision-making in the industry is complex. While these figures show that the influence of large Main Contractors has grown, the influence of Contractors in general varies according to different factors, such as the contract type and the size of Contractor. Product decision-making is a team effort and this is demonstrated later in this report.

The respondents to a question in the Barbour Building Product Compendium User Questionnaire include smaller Contractors, and this group estimates that Main Contractors make 26% of all product decisions. When compared with the views of leading Main Contractors that they make half of all decisions, it may be concluded that the leading Main Contractors have a much greater involvement in product decisions than Contractors as a whole. Interestingly, Specifiers assign Contractors rather less influence than the Contractors themselves.

Proporation of product decisions made by each party in 2003

	Contractors	Architects and Engineers
Clients (including Housebuilders and Developers)	20%	18%
Designers (Architects and Engineers)	40%	56%
Main Contractors	26%	18%
Sub-contractors	11%	7%
Others	3%	1%

Source: 2004 Barbour Building Product Compendium user questionnaire, based on 1,389 Architects and Engineers and 420 Contractors.

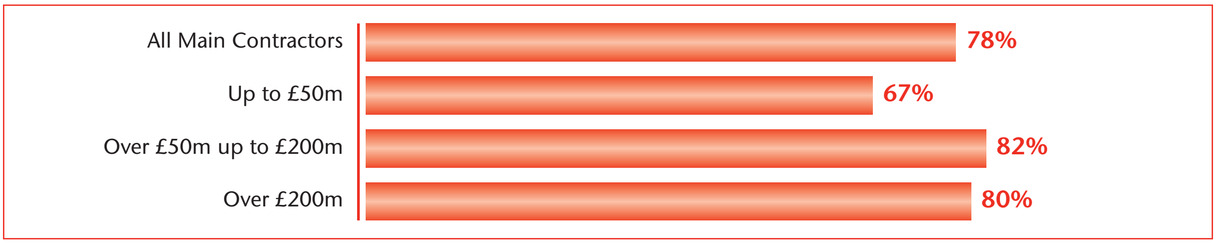
5.2 Partnering relationships with Clients

To further demonstrate the strong position of Main Contractors, their relationships with Clients was also examined.

'Partnering' is a term applied to arrangements made between project team members to work together across several projects, to the benefit of all. The 2003 Barbour Report 'Influencing Clients' identified that 39% of the 322 leading Clients interviewed partner with Main Contractors. Speaking at the 2003 Barbour Report seminars, two top Clients, the NHS and BAA, outlined the importance of relationships with Contractors and how they have made selected Main Contractors responsible for managing the supply chain.

In this year's study, Main Contractors were asked whether they partner with Clients. Over three-quarters have this type of relationship. Partnering with Clients is particularly common amongst the largest Main Contractors interviewed.

% of Main Contractors who partner with Clients by turnover



Source: Telephone programme, base 112 Main Contractors.

55% of Contractors who responded to the Barbour Building Product Compendium user questionnaire expect partnering relationships with Clients to increase.

To gain access to specific Clients, Manufacturers need to identify the Main Contractors with which they regularly work.

6. How Contractors operate

- Key issues facing Main Contractors include material costs, health and safety and skilled labour shortages.
- 62% of the turnover of leading Main Contractors is accounted for by Design and Build or PFI contracts. They therefore have a central role in product selection in a large proportion of their projects.
- 85% of Contractors buy in the services of design professionals, although 45% of the top companies also employ these skills in-house. Over half require their Designers to follow product guidelines and 34% operate approved lists.
- 90% of Main Contractors partner with Sub-contractors and almost all seek the Sub-contractor's advice.
- 30% of Main Contractors and 49% of the largest Contractors provide a facilities management service with half taking over the maintenance of the buildings they construct. This leads them to take more care in product selection, particularly taking life cycle costs into account.

6.1 Business issues facing Main Contractors

Of the Main Contractors interviewed, 12 were questioned in more depth in a separate interview about the business issues which they face, and how they are reacting to these.

An understanding of the background factors influencing Contractors will help Manufacturers to emphasise relevant product features, or develop services and products to assist in tackling problem areas.

Current business issues

When asked to list the three main current issues facing their business, 7 out of the 12 mentioned material costs. The recent increase in steel prices has clearly had a significant effect as 4 specifically mentioned this, an issue of particular concern in a fixed price tender. Other factors include availability of products within the required timescales, the difficulty of finding suitable Sub-contractors, and Client requirements to use products from sustainable sources.

When prompted with a list of business issues and asked to indicate which concerned them most, 8 mentioned health and safety, 5 skilled labour shortages, 4 the recycling and disposing of products at the end of the life of a building, and 3 speed of construction. Interestingly, the list included profitability but none mentioned this.

The following comments provide some insight into the effect of these issues.

- Recycling is high on our agenda, but can cause a conflict of issues. 'Affordable sustainability' is needed.
- With recycling we are constantly involved in generating and implementing ideas that are safe, with little impact on the environment.
- We employ two in-house health and safety officers. They organise seminars on and off site. It is an issue which we give priority to at all times.
- Health and safety is a constant battle to keep up with legislation. We only employ people with CSCS cards (Construction Skills Certification Scheme) who meet certain standards.
- The shortage of skilled labour costs us more, especially with bricklayers.
- Corners are cut with the shortage of skilled labour and training is a thing of the past.

Business issues expected to become more important

There is no anticipated change in the foreseeable future, with the same factors raised again, particularly recycling or disposing of materials, and the shortage of skilled labour.

Effect of these issues on products and materials used

Some comments about the effect of these issues:

- Regarding environmental issues, insulation Manufacturers are particularly affected. Clients are demanding that products meet certain criteria, and there is a shortage of availability which affects costs.
- On the health and safety side, lifting heavy items is a big problem in the industry. Weight must be considered in Manufacturers' designs.
- Manufacturers need to adapt more to take health and safety into account.
- It's not just cost, but availability and reliability. Manufacturers can have an excellent product but they need to meet all the criteria, it's about the whole package.

To conclude, key issues of concern are health and safety, skilled labour shortages, recycling and other environmental issues. Information is given on factors influencing Contractors' product decisions in section 10.

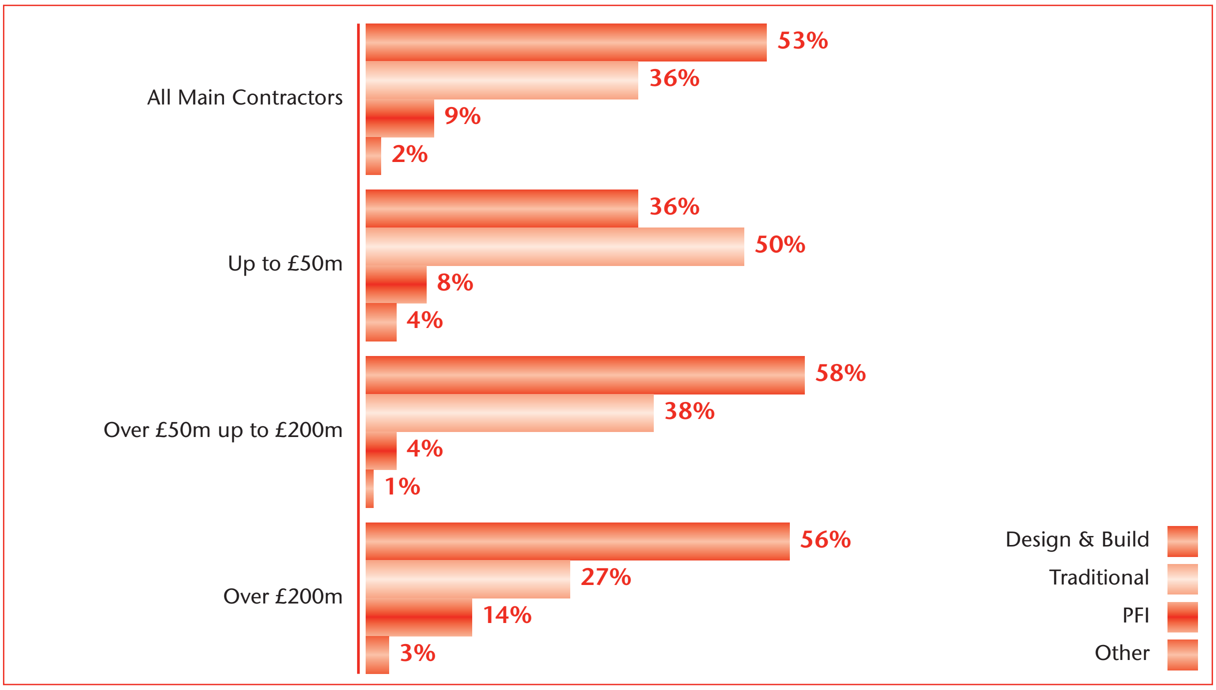
6.2 Contract types

There are differences in the way in which product decisions are made by type of contract. In Design and Build, where the Main Contractor takes responsibility for the design as well as the construction, the Contractor is widely recognised as having a greater influence on the products used. Examples of the decision process under different forms of contract are given in section 7.

A question was included in the telephone programme with Main Contractors to examine the amount of their turnover accounted for by each form of contract. This includes PFI, which was described by the Contractors in the focus group as being similar to Design and Build in the way in which contracts are operated and decisions are made.

Amongst the leading Main Contractors interviewed Design and Build accounts for, on average, 53% of their turnover, with PFI accounting for a further 9%. It can be concluded that in 62% of contracts by value, the leading Main Contractors have a central role in product selection. Traditional contracts account for 36%. Design and Build and PFI form an even greater proportion of the turnover of the larger Contractors, as much as 70% on average for those with turnovers exceeding £200m.

Main Contractors - % of turnover by contract type by turnover



Source: Telephone programme, base 112 Main Contractors.
Other forms of contract were described as Partnering, and NEC contracts.

6.3 Employment of design professionals

In contract types such as Design and Build, the Designers are responsible to the Main Contractors.

In some projects, the Architect may have designed the building and specified certain material types, sufficient to achieve planning consent. The Client may subsequently choose to award the project as a Design and Build contract and hand responsibility to the Main Contractor. The Architect may then be 'novated' to the Main Contractor, to whom the Architect becomes answerable. Any product recommendations which the Architect has made are therefore subject to the Contractor's final decision.

Alternatively the Contractor may employ professionals themselves. To what extent are Contractors employing professional services in-house or buying them in as needed? 85% buy-in the services of Architects and M&E Consultants as needed. As described in the focus group, this gives flexibility to engage specialist skills as required. However, around 45% of the larger companies (turnover over £200m) also employ these skills directly in-house, and hence Manufacturers need to target this group.

Professionals bought-in as needed and employed in-house by Main Contractors by turnover

		All	Up to £50m	£50m - £200m	Over £200m
Architects	In-house	**33%**	10%	30%	45%
	Buy in	**84%**	90%	90%	78%
M&E Consultants	In-house	**29%**	10%	22%	43%
	Buy in	**85%**	95%	95%	73%
Quantity Surveyors	In-house	**70%**	75%	65%	76%
	Buy in	**49%**	35%	48%	53%

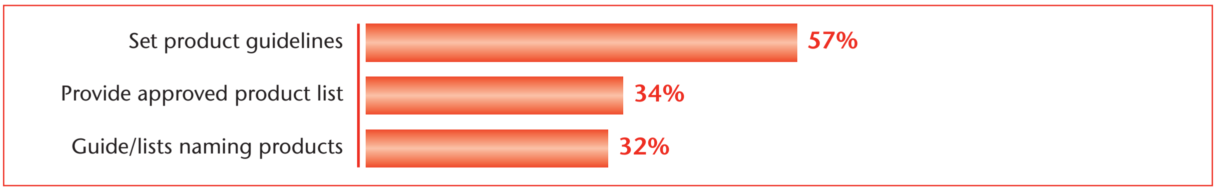
Source: Telephone programme, base 112 Main Contractors.
Some respondents use both in-house and bought in professionals, hence figures add to over 100%.

There were mixed views in the Contractor focus group about the trends in employment of Designers. Some felt they would bring these in-house whilst others wish to retain the flexibility of buying in skills as required.

6.4 Requirement for Designers/Specifiers to follow Contractors' product guidelines

When Contractors have a Design and Build or PFI project, how much influence do the Designers or Specifiers have over product selection? Over half of Contractors require their Designers to follow product guidelines, with 34% also operating an approved list of products that Designers are required to use.

% of Main Contractors requiring designers to follow product guidelines



Source: Telephone programme, base 108 Main Contractors providing Design and Build or PFI service.

6.5 Relationship between Main and Sub-contractors

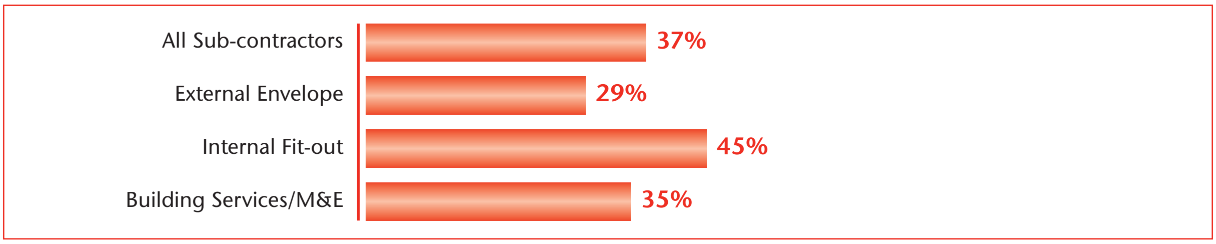
Leading Clients and Main Contractors operate partnering arrangements, and Clients expect Main Contractors to manage the supply chain. Are Main Contractors also therefore partnering with Sub-contractors in whom they have confidence to deliver to their standards? 90% are doing so, and therefore Manufacturers can gain access to the supply chain by developing relationships at Sub-contractor level. Partnering offers opportunities to identify improvements in processes and products via repeat or similar projects for the same Clients, thereby increasing the opportunity for repeat business.

% of Main Contractors working with a select number of Sub-contractors by turnover

Source: Telephone programme, base 112 Main Contractors.

The Sub-contractors were asked whether they mainly work for the same Main Contractors. 37% of all Sub-contractors and 45% of Internal Fit-out Contractors do so.

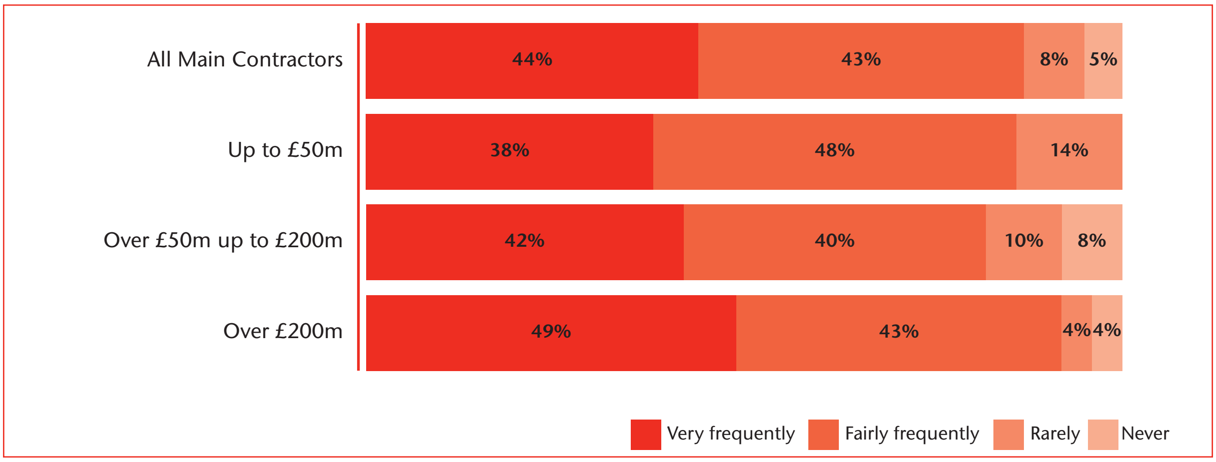
Sub-contractors partnering with Main Contractors by type of Sub-contractor



Source: Telephone programme, base 90 Sub-contractors.

To further demonstrate the opportunity for Manufacturers to promote their products up the supply chain, a question was included to identify whether Main Contractors seek the advice of Sub-contractors on products. 87% of Main Contractors frequently do so, half of these doing so very frequently.

How often do Main Contractors seek the advise of Sub-contractors on products? by turnover



Source: Telephone programme, base 112 Main Contractors.

Main Contractors particularly rely on the advice of Building Services Sub-contractors but also those involved in installing the External Envelope, the Structure and Fit-out. These types of Sub-contractor were therefore included in the interview programme, with the exception of Fabricators/Structural Contractors who tend to work with a limited range of materials and suppliers. The large Contractors (turnover over £200m) are more likely than the smaller ones (turnover under £50m) to turn to Sub-contractors for product advice.

Main Contractors relying on Sub-contractors for product advice by turnover

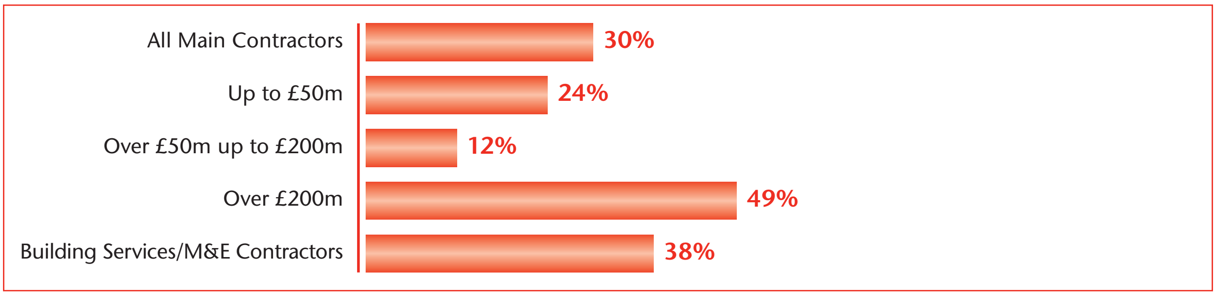
	All	Up to £50m	£50m - £200m	Over £200m
Building Services	**82%**	76%	86%	83%
Roofing/Cladding contractors	**81%**	81%	70%	91%
Windows & doors	**72%**	67%	68%	77%
Structural contractors, eg fabricators	**64%**	57%	51%	79%
Flooring	**58%**	48%	59%	62%
Ceiling & partitioning	**58%**	48%	57%	64%
Others	**8%**	14%	3%	11%

Source: Telephone programme, base 106 Main Contractors seeking Sub-contractors' advice.
Other includes specialist installers of lab, school and medical equipment, Civil Contractors, drainage and landscaping Contractors.

6.6 Contractors' involvement in Facilities Management

30% of Main Contractors provide a Facilities Management service. 49% of the largest Contractors interviewed (over £200m turnover) provide this service. Of these, about half frequently take over the facilities management and maintenance of the buildings they construct.

Main Contractors and Building Services Contractors offering a Facilities Management service by type and turnover



Source: Telephone programme, base 112 Main Contractors, 32 Building Services/M&E Contractors.

How does responsibility for the maintenance of the building affect product decisions at new build stage? Many Contractors admitted that they take more care over product selection, and pay more attention to the lifecycle costs.

The following comment examples are in response to the question 'How does responsibility for facilities management and maintenance of the building affect your company's attitude towards the products selected for installation in the building?'

- It's part and parcel of every sale. Our FM people don't want us to use something that is going to be high maintenance if we can help it.
- We need to ensure that the products we are proposing to install and construct are going to last and satisfy our needs. Longevity and robustness are what we look for in the selected products when we are looking after a building for a long time.
- We look carefully at lifecycle costs of the products and the maintenance costs.
- Look for efficiency, low cost, low maintenance and low risk. We look at this very closely.
- It affects it to quite a large extent, particularly with partnering agreements with housing associations where they get a lot of feedback from the customer - lifecycle costs and replacement times become more important.
- I am very conscious of the products that are likely to give problems.
- Hugely because the Facilities Management part of our company then becomes part of the team and they have as much say in product selection as other members.
- Doesn't make too much difference - we provide a quality build either way - we use products that we know are up to the job in all cases. It is the company's reputation - without that you have nothing.

7. Main Contractors' involvement in product selection

- In Traditional contracts, representing 36% of large Main Contractors' turnover, 68% of products have already been specified in the tender request.
- However in Design and Build / PFI which account for 62% of turnover, only 36% of products are detailed in the tender request, mainly products relevant to obtaining planning permission.
- Overall, Main Contractors make the initial product recommendation in 44% of products, or 51% in the case of Design and Build / PFI and 26% in Traditional contracts.
- However where others have made recommendations, they try to change 23% and succeed in 80% of these.
- Therefore, leading Main Contractors select more than half of products used in buildings.

Main Contractors are recognised to play an important role in selecting products throughout the life of a project. In this section, the nature and timing of their involvement is examined.

7.1 The product decision process in specific project examples

The Main Contractors interviewed were asked to think of a recent project, worth over £1m, excluding residential and civil projects. They were asked to describe the product decision process on that project, including the extent of change to others' recommendations. Differences in the process are highlighted by contract type (Design and Build, Traditional and PFI) and by size of project. The process is also described separately for each of six areas of the building: Sub-structure, Structure, Envelope, Internal Fit-out, Building Services and External Works.

The combined value of the 112 projects is £1.1 billion.

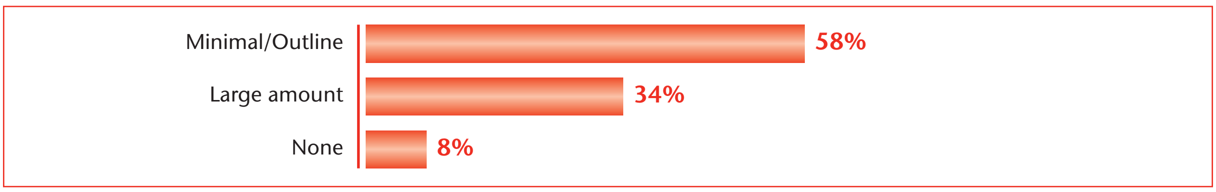
In Traditional contracts the majority of products, 68%, have already been specified by another party and are set down in the initial tender request. Traditional contracts, as described in section 6.2, account for 36% of the combined turnover of Main Contractors.

Traditional contracts - average % of products already specified in tender request by project size

Source: Telephone programme, base 32 Main Contractors quoting a project example to the Traditional contract form.

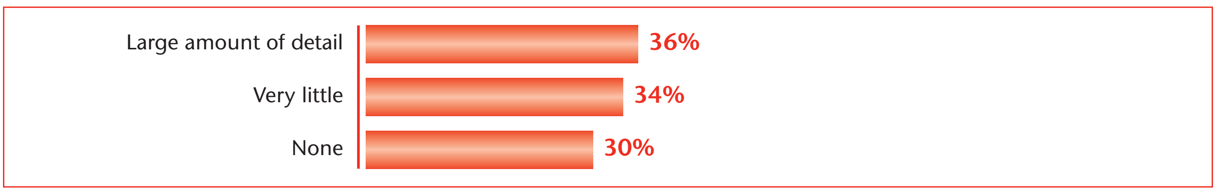
However, in Design and Build or PFI, the Main Contractor has a great deal of scope for design and product influence. In only about one-third of these projects has a large amount of the design work already been done, or the products to be used specified.

Design and Build / PFI contracts - level of design information provided in tender request



Source: Telephone programme, base 77 Main Contractors quoting a project example to the Design and Build or PFI contract form.

Design and Build / PFI contracts - level of product detail included in tender request



Source: Telephone programme, base 77 Main Contractors quoting a project example to the Design and Build or PFI contract form.

Products already defined in the tender request for Design and Build projects mainly relate to ones used in the Envelope, ie cladding, roofing and doors. This level of detail is often required in order to obtain planning consent. Manufacturers need to continue to promote such products to the Clients and Architects drawing up these tender requests, although as seen later in this section, the Main Contractor and Sub-contractors may challenge these.

The following tables summarise the decision process across the 112 project examples, by each area of the building. For example, they show that the initial recommendation for products in the Sub-structure were made by the Main Contractor in 40% of projects. In half of all projects, no changes were suggested to products in the Sub-structure. However in 35% of projects, the Main Contractor suggested a change. This means that the Main Contractor has influenced products used in the Sub-structure in 75% of projects.

Summarising the key results of this analysis:

- In Design and Build projects (accounting for 53% of Main Contractors' turnover, see section 6.2), initial product recommendations are made by the Designers, the Main Contractor and the Client, in that order. The Client is most likely to suggest products for the Internal Fit-out and External Envelope. The Main Contractor is more likely to make the initial product recommendations for the Sub-structure and Structure than any other product groups.
- Not only are Main Contractors responsible for a high percentage of decisions in Design and Build projects, but they also challenge a high percentage of the initial recommendations made by others.
- The product decision process in PFI projects is similar to Design and Build. The initial recommendations are made by the Designers and Main Contractors, but the Main Contractor often suggests changes to the Designers' recommendations.
- In Traditional projects (accounting for 36% of Main Contractors turnover), most of the initial product recommendations are made by the Designers, Client and Main Contractor, in that order. However changes were suggested in up to 44% of projects by the Main Contractor. The Sub-contractors may also make suggestions for change, but they are more likely to do so where the Building Services are concerned.
- Changes to the initial product recommendations are least likely to be made to products used in the Sub-structure, Structure and External Works. Changes are most likely to be made to the products used in the Internal Fit-out and External Envelope.
- Analysis of changes made to initial recommendations shows that where Clients' or Architects' recommendations are challenged, in the majority of cases it is the Main Contractors who are doing so.

Manufacturers can track the process and identify differences by contract type and size of project, according to the building area or category in which their products fall.

The product decision process in specific project examples by area of the building by contract type and project value

Sub-structure	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	40%	51%	16%	50%	45%	45%	25%
Architect/Structural Engineer	31%	31%	34%	17%	30%	18%	46%
Client	13%	8%	25%	0%	12%	23%	8%
Sub-contractor	3%	3%	3%	0%	1%	4%	4%
Quantity Surveyor	3%	1%	6%	0%	5%	0%	0%
Others	10%	7%	16%	33%	8%	14%	17%
% of projects where changes were suggested by:							
Main Contractor	35%	32%	34%	67%	31%	27%	50%
Architect/Structural Engineer	7%	10%	3%	0%	8%	14%	0%
Client	3%	4%	0%	0%	3%	4%	0%
Sub-contractor	8%	8%	3%	17%	3%	9%	19%
Quantity Surveyor	2%	3%	0%	0%	1%	0%	4%
Others	4%	0%	6%	33%	3%	0%	8%
None suggested	50%	52%	53%	17%	53%	54%	42%

Structure	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	40%	42%	25%	100%	42%	45%	33%
Architect/Structural Engineer	35%	31%	47%	0%	36%	32%	35%
Client	16%	17%	16%	0%	19%	18%	8%
Sub-contractor	3%	4%	0%	0%	1%	0%	8%
Quantity Surveyor	0%	0%	0%	0%	0%	0%	0%
Others	10%	8%	16%	0%	9%	4%	17%
% of projects where changes were suggested by:							
Main Contractor	38%	38%	41%	17%	36%	36%	42%
Architect/Structural Engineer	9%	11%	6%	0%	9%	14%	4%
Client	6%	6%	6%	17%	8%	4%	4%
Sub-contractor	10%	11%	6%	0%	5%	9%	23%
Quantity Surveyor	3%	3%	3%	0%	3%	0%	4%
Others	3%	1%	3%	17%	1%	0%	8%
None suggested	43%	52%	37%	67%	44%	45%	42%

Source: Telephone programme, 112 Main Contractors.
Notes:
(1) May add to over 100% where more than one party involved/team decision.
(2) 3 projects are not included in the contract type breakdown. One of these was to the NEC contract form, one was conducted as a partnership arrangement or alliance, and the third was changed from a Traditional contract to Design and Build.
(3) % are based on number of projects, eg for products used in External Works, in 62% of Traditional projects, the Architect recommended the products to be used but in 31% of projects the Main Contractor suggested changes.

External Envelope	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	29%	34%	16%	33%	31%	32%	19%
Architect	57%	55%	59%	67%	53%	45%	77%
Client	22%	24%	22%	0%	25%	27%	12%
Sub-contractor	2%	3%	0%	0%	1%	4%	0%
Quantity Surveyor	0%	0%	0%	0%	0%	0%	0%
Others	1%	0%	3%	0%	1%	0%	0%
% of projects where changes were suggested by:							
Main Contractor	41%	42%	34%	50%	41%	36%	50%
Architect	11%	13%	3%	33%	9%	14%	11%
Client	5%	7%	3%	0%	6%	9%	0%
Sub-contractor	18%	18%	16%	17%	9%	23%	35%
Quantity Surveyor	2%	1%	3%	0%	1%	0%	4%
Others	2%	0%	3%	17%	1%	0%	4%
None suggested	32%	32%	37%	17%	33%	36%	29%

Internal Fit-out	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	25%	28%	19%	17%	30%	27%	12%
Architect	48%	42%	59%	67%	50%	36%	54%
Client	42%	44%	37%	50%	41%	50%	38%
Sub-contractor	2%	1%	3%	0%	0%	4%	4%
Quantity Surveyor	0%	0%	0%	0%	0%	0%	0%
Others	4%	3%	3%	17%	3%	0%	8%
% of projects where changes were suggested by:							
Main Contractor	48%	48%	44%	83%	51%	32%	54%
Architect	13%	17%	6%	0%	12%	14%	11%
Client	7%	8%	6%	0%	8%	9%	4%
Sub-contractor	15%	14%	16%	17%	8%	23%	27%
Quantity Surveyor	1%	1%	0%	0%	0%	0%	4%
Others	3%	1%	6%	17%	3%	0%	4%
None suggested	30%	29%	34%	17%	27%	45%	29%

Source: Telephone programme, 112 Main Contractors.
Notes:
(1) May add to over 100% where more than one party involved/team decision.
(2) 3 projects are not included in the contract type breakdown. One of these was to the NEC contract form, one was conducted as a partnership arrangement or alliance, and the third was changed from a Traditional contract to Design and Build.
(3) % are based on number of projects, eg for products used in External Works, in 62% of Traditional projects, the Architect recommended the products to be used but in 31% of projects the Main Contractor suggested changes.

Building Services	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	21%	28%	9%	0%	22%	27%	12%
M&E ConsultantArchitect	49%	44%	62%	50%	45%	45%	62%
Client	26%	27%	19%	33%	26%	36%	17%
Sub-contractor	8%	8%	6%	17%	9%	9%	0%
Quantity Surveyor	0%	0%	0%	0%	0%	0%	0%
Others	4%	3%	3%	17%	3%	0%	12%
% of projects where changes were suggested by:							
Main Contractor	34%	41%	9%	67%	32%	18%	38%
M&E ConsultantArchitect	10%	8%	9%	33%	9%	9%	11%
Client	9%	14%	0%	0%	9%	14%	4%
Sub-contractor	23%	20%	22%	50%	17%	18%	42%
Quantity Surveyor	1%	1%	0%	0%	0%	0%	4%
Others	2%	1%	3%	0%	1%	0%	4%
None suggested	34%	29%	50%	17%	30%	50%	33%

External Works	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of projects where first product recommendations were made by:							
Main Contractor	26%	35%	9%	17%	31%	32%	8%
Architect	53%	45%	62%	83%	47%	50%	69%
Client	14%	15%	12%	0%	16%	18%	8%
Sub-contractor	4%	4%	3%	0%	0%	9%	8%
Quantity Surveyor	0%	0%	0%	0%	0%	0%	0%
Others	5%	4%	9%	0%	5%	4%	8%
% of projects where changes were suggested by:							
Main Contractor	41%	42%	31%	67%	42%	27%	54%
Architect	8%	8%	9%	0%	9%	9%	4%
Client	5%	7%	3%	0%	6%	4%	4%
Sub-contractor	11%	13%	3%	17%	9%	14%	11%
Quantity Surveyor	1%	1%	0%	0%	0%	0%	4%
Others	2%	0%	3%	17%	1%	0%	4%
None suggested	41%	42%	44%	33%	36%	54%	42%

Source: Telephone programme, 112 Main Contractors.
Notes:
(1) May add to over 100% where more than one party involved/team decision.
(2) 3 projects are not included in the contract type breakdown. One of these was to the NEC contract form, one was conducted as a partnership arrangement or alliance, and the third was changed from a Traditional contract to Design and Build.
(3) % are based on number of projects, eg for products used in External Works, in 62% of Traditional projects, the Architect recommended the products to be used but in 31% of projects the Main Contractor suggested changes.

7.2 Summary of influence of Main Contractors on product decisions

The Main Contractors were asked to summarise their involvement in the project examples by describing the percentage of initial recommendations made by them, the percentage of specified products which they tried to change, and the amount they succeeded in changing.

Main Contractors estimate that they made the initial product suggestions in 44% of all products installed in the projects described. They tried to change a further 23% and succeeded in 80% of these.

Overall, this means that the Main Contractors interviewed selected over 50% of the products installed. Interestingly, and perhaps contrary to what Manufacturers might expect, most of their involvement is in making the initial recommendations rather than successfully changing the specifications of others, largely because of the high proportion of Design and Build projects.

In addition, products which they are not involved in recommending or changing also have to be agreed with the Main Contractor, particularly in Design and Build projects where 71% of all products used must be agreed with them. Even in Traditional contracts, the Contractor has a veto on 30% of products.

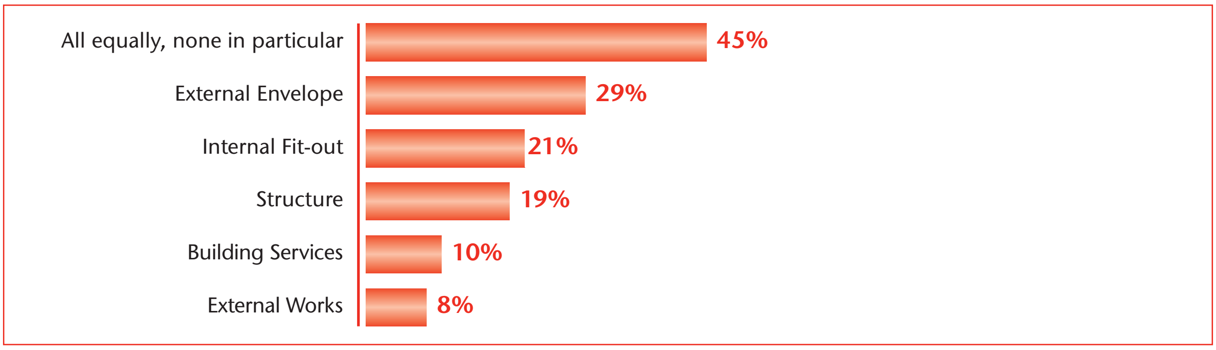
Summary of Main Contractors' involvement in product selection in project examples by contract type or project value

	All	Design & Build	Traditional	PFI	£1m-£5m	£5m-£10m	Over £10m
Number of projects	**112**	**71**	**32**	**6**	**64**	**22**	**26**
% of initial product recommendations made by Main Contractor	44%	51%	26%	52%	42%	43%	49%
% of specified products Main Contractor tried to change	23%	22%	18%	44%	23%	17%	29%
% of above succeeded in changing	80%	78%	84%	69%	77%	89%	80%
% of products on project which had to be agreed with Main Contractor	59%	71%	30%	70%	57%	54%	68%

Source: Telephone programme, base 112.

It is in the External Envelope where Main Contractors are most concerned that their preferred Manufacturers should be used.

Areas of the building where Main Contractors wish to use preferred Manufacturers



Source: Telephone programme, base 112.

While Main Contractors have a reputation for changing products to cheaper alternatives, many of the examples of products changed from the original specification gave other reasons:

- We suggested cladding and the Sub-contractor recommended another make, but we resisted because of the poorer quality of the cladding - the specification was poor.
- Changed to Unilock internal partitions. They are one of the few companies that supply and install rather than just manufacture.
- We changed the roofing Manufacturer. The quality of product was equal but cheaper.
- We changed the Manufacturer of all the doors to one which we were more familiar with and knew gave good service with a good product.

- The walling specified by the Architect was changed to an internal cladding - an art feature, as it is an art college. We used MDF and Goodings Aluminium panels and we made it up ourselves.
- The brickwork was changed to prefabrication due to speed, ease and cost.
- The architect wanted to use a particular door manufacturer but that company had let us down badly in the past so we went with Midland Building Products.
- The Architects usually specify roofing that they have on the shelf. We will try and change that to Kingspan who are cheaper. The last project was a design and build but we changed the envelope.
- A system for heating and cooling a building, where heat is transferred into the structure, meant that a lot of masonry was required to absorb the heat. This system increases the capital cost by £150,000. The client wanted a green building. By using this system his heating bill would be quite low but it would take 35/40 years to gain back the cost of installing. We put all the details down on paper for the client to see and he decided to go for the traditional option.
- Lintels were changed due to unsuitability for our purpose. Roof covering was changed because the dimensions were wrong or not up to performance spec. Not suitable for client's requests in our opinion.
- In-situ floor changed to pre-concrete for speed of operation. Brick changed to cladding, panel blocks and Metsec construction because of lack of availability of labour.
- Duct work and lagging. Previous experience had shown that what had been specified was not seagull proof.
- Aluminium glazing system was changed due to experience of Sub-contractors, performance and value for money. We changed the system because Sub-contractors were tied to certain makes and systems and we were not happy with the Sub-contractors' performance in the past on the original product.
- Light fittings that needed a specialist movement with sensors. They didn't perform to requirements.
- Floor finish. The spec was for a rubber floor and we changed it to vinyl, because of cost and maintenance. Vinyl is easier to clean.
- Floor coverings were changed because of availability.

8. Specialist Sub-contractors' involvement in product selection

- 79% of Sub-contractors are consulted about products, mainly by Main Contractors.
- Consultation is more likely to occur particularly in larger projects in the private sector and Design and Build, and after they have won the tender.
- Sub-contractors estimate that they select 37% of products in the three areas of the building analysed.

8.1 Overview of involvement

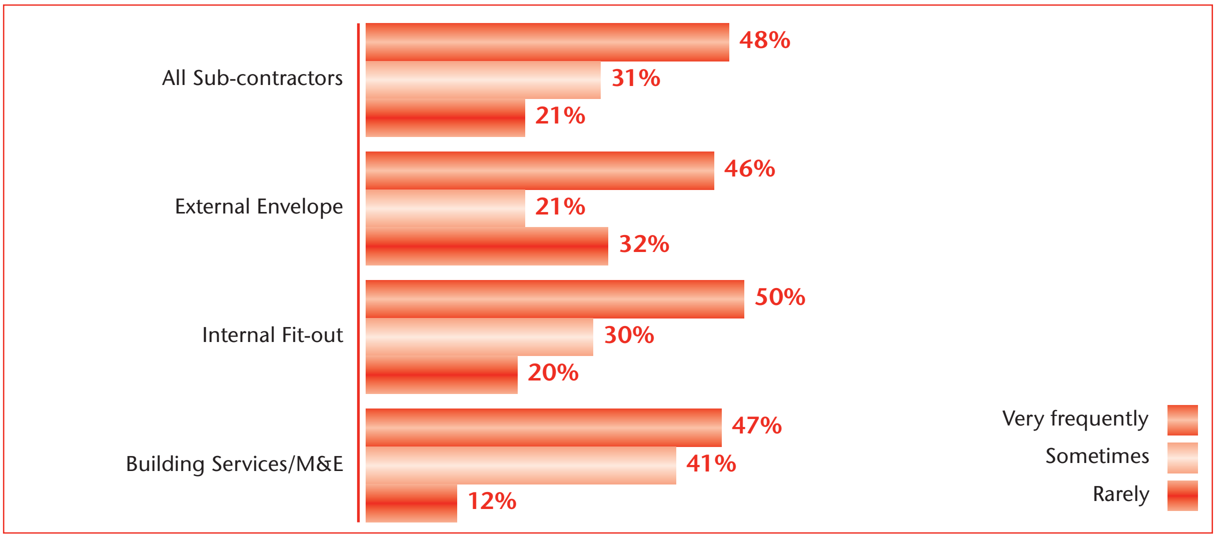
Main Contractors often consult Sub-contractors but, as demonstrated in the tables in the previous section, Sub-contractors are not credited with a great deal of influence by Main Contractors. The results in the previous section showed that Sub-contractors may make the initial recommendations in up to 8% of projects. However, they are more likely to suggest changes, with up to 23% of projects having a change suggested by Sub-contractors, dependent on the area of the building.

Their influence may be much greater than this implies, as the Main Contractor may have been acting on the advice of the Sub-contractor in making his own suggestions. In this section the extent of involvement of Sub-contractors is examined across project examples, as described by the Sub-contractors themselves.

8.2 Extent of consultation with Sub-contractors

Almost half of the Sub-contractors interviewed are consulted very frequently about the products which should be used on projects. Overall, 79% said they are consulted on some occasions.

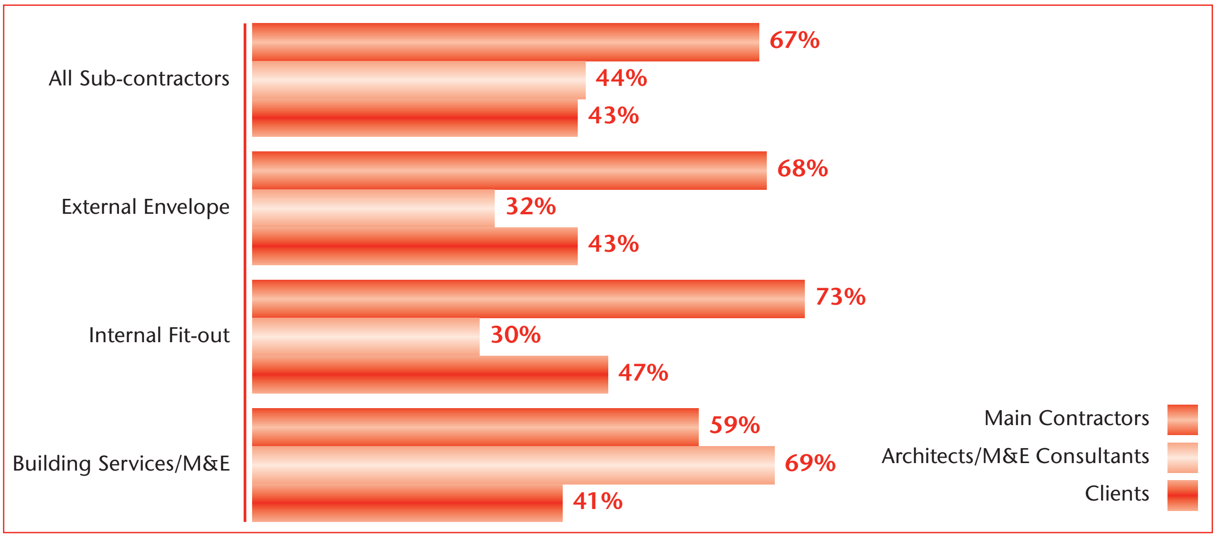
**How frequently are Sub-contractors consulted about products?
by type of Sub-contractor**



Source: Telephone programme, base 90 Sub-contractors.

Most likely to seek the advice of the Sub-contractor is the Main Contractor, although Building Services Contractors are also frequently consulted by M&E Consultants. This supports the finding in section 6.5 that 87% of Main Contractors frequently consult Sub-contractors. Clients too seek their advice.

Parties seeking the advise of Sub-contractors on products by type of Sub-contractor



Source: Telephone programme, base 90 Sub-contractors.

Consultation with Sub-contractors is most likely to occur on Design and Build projects for private sector Clients. Where section 7 described a high degree of decision-making by the Main Contractor in Design and Build, clearly they seek the advice of Sub-contractors in making informed decisions.

The table shows the percentage of Sub-contractors stating when they are most likely to be consulted.

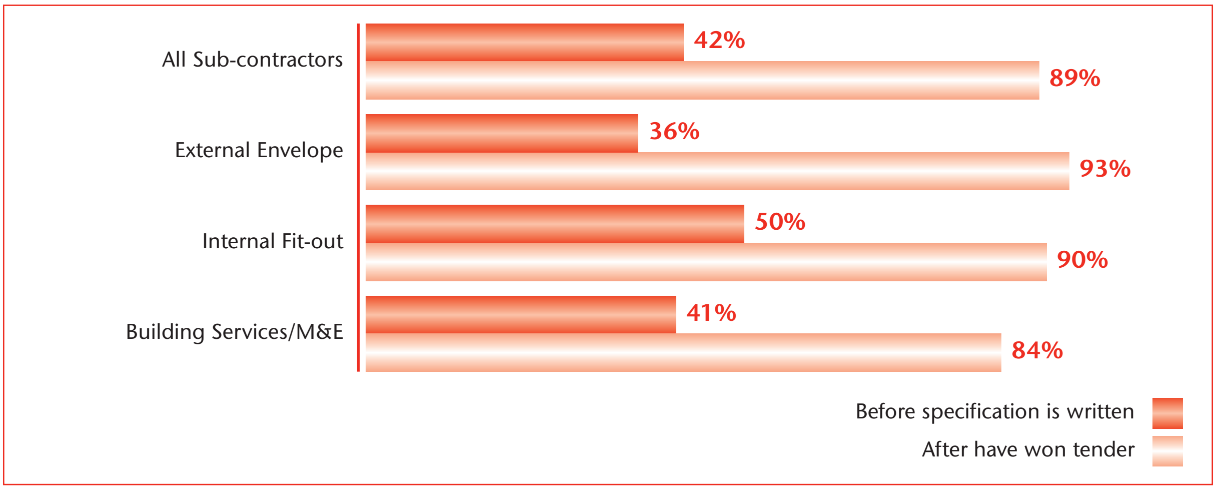
Projects in which Sub-contractors are mainly consulted by type of Sub-contractor

	All	External Envelope	Internal Fit-out	Building Services
Contract type				
Design and Build	61%	61%	50%	72%
Traditional	26%	29%	30%	19%
PFI	11%	11%	10%	12%
Project Size				
Large projects	41%	32%	30%	59%
Small projects	23%	21%	33%	16%
Refurbishment or new build				
Refurbishment	31%	36%	50%	9%
New build	21%	36%	3%	25%
Public or private				
Private	41%	36%	45%	42%
Public	13%	14%	13%	13%

Source: Telephone programme, base 90 Sub-contractors.
Does not add to 100% for each series of options as some answered that there is no difference by these parameters.

Many Sub-contractors are consulted before the specification is written. However, the majority are likely to influence it after they have won the job. This supports the view expressed in the group by some Main Contractors that Design and Build tenders are left as open as possible to give flexibility of choice further down the line.

When are Sub-contractors consulted?
by type of Sub-contractor



Source: Telephone programme, base 90 Sub-contractors.
Adds to over 100% where both answers given.

8.3 Extent of involvement in product selection in specific project examples

In order to examine the extent and nature of involvement of Sub-contractors in product decision making, a description of the process as it actually occurred on recent project examples was sought during the interview.

66% of the projects described were worth under £0.5m to the Sub-contractor. Those with a higher value were mainly between £1m and £5m, and either related to the External Envelope or the Building Services.

47% of the project examples were to the Traditional form of contract, 39% Design and Build and 16% PFI or other types of contract.

The results show that the Sub-contractors interviewed estimate that they selected 37% of all the products used in the three areas of the building investigated. In these areas, they believe that they have more responsibility for product selection than the Main Contractors, who are credited with fewer than 15% of all product decisions.

This paints a picture of much greater involvement by these Sub-contractors than described by the Main Contractors. This could be because the Sub-contractors are taking all products into account, including fixings and accessories. It may also be explained by the fact that Main Contractors consult Sub-contractors in arriving at their own decisions. A further explanation is that Sub-contractors are often brought in by Clients for refurbishment or replacement work without the involvement of a Main Contractor, and it is in these projects where their influence is likely to be greatest.

There are differences by Sub-contractor type and contract form, for example:

- Sub-contractors responsible for the External Envelope estimate that they make 46% of product decisions. This compares with the Main Contractors stating in their project examples that External Envelope Sub-contractors recommended or suggested change in 20% of projects. This difference may be explained by refurbishment projects where the Sub-contractor makes the product decisions and the Main Contractor is not involved, or where the Sub-contractor makes changes after the Main Contractor may have made the initial recommendation.
- Sub-contractors are more likely to make product decisions in Design and Build / PFI projects than Traditional ones. However, they are consulted in all types of contract.
- They may be consulted at any stage of the project.
- Building Services Contractors are more likely than other types of Sub-contractor to be consulted at design stage, and hence they are able to influence the initial specification.
- Sub-contractors involved with the External Envelope are more involved in making product decisions than the other types of Sub-contractor interviewed.

The product decision process across 90 project examples by type of contract and Sub-contractor

	All	Design & Build	Traditional	PFI	External Envelope	Internal Fit out	Building Services
Number of projects	**90**	**35**	**42**	**8**	**28**	**30**	**32**
% of products already specified prior to Sub-contractors involvement	**50%**	43%	59%	25%	43%	47%	52%
Sub-contractor was consulted about products	**76%**	83%	64%	100%	86%	70%	72%
Stage at which consulted (based on those consulted):							
Design	**23%**	23%	15%	40%	13%	22%	32%
Tender	**38%**	39%	37%	40%	50%	39%	24%
After winning job	**40%**	39%	48%	20%	37%	39%	44%
Party selecting products not specified:							
Main Contractor	**23%**	31%	17%	25%	19%	37%	12%
Sub-contractor	**57%**	69%	57%	50%	61%	40%	69%
Other (1)	**20%**	0%	26%	25%	20%	23%	19%
% of specified products Sub-contractor tried to change	**24%**	28%	19%	33%	32%	17%	24%
% of above succeeded in changing	**69%**	76%	64%	67%	78%	89%	47%
% of products on project chosen by Sub-contractor	**37%**	48%	30%	43%	46%	28%	39%

Source: Telephone programme, base 90 Sub-contractors.

Note 5 projects were described as refurbishment, not one of these contract types. These have been included in the 'By Sub-contractor type' columns.

1) Other includes Client, Architect/M&E Consultant in conjunction with the team.

Some examples were given of products changed successfully by the Sub-contractor:

External Envelope

- We have allegiances to certain companies, so we changed a specification that did not include our preferred supplier.
- Waterproofing to a concrete structure, we change it based on workability and practicality of installation.
- Composite panels – we changed what the Client wanted to a Manufacturer providing better value for money for the Client.
- Roof tile changed to save money and come in under budget.

Internal Fit-out

- The original tender was for vinyl in the corridor areas. We changed it to linoleum to make it look the same as the rest of the hospital.
- All the floors were specified as an American Manufacturer. The client has a green policy and we did not consider it economical to import from the US. We changed it to Armstrong which has a green policy.
- An unsuitable floor covering was specified. The Client wanted coving, ie floor material carried on up the wall. We had a long argument because that material could not perform that job.

Building Services

- We changed transformer/high voltage electricity supplier. The Manufacturers were out of date on the Engineer's database and we chose a more up-to-date product.
- Lighting and fittings – the specified items were not available on time.
- Form of installation of lighting because the alternative was cheaper and quicker.
- Pipework – compression joint in lieu of welding to save costs for the Client and reduce labour costs.
- The boiler Manufacturer was changed as we found them to be incompatible with our employment terms and conditions and we can get better rates with others.

9. Job titles of those responsible for product decisions

- The main job titles of those responsible for product decisions in Main Contractors are Project Manager, Design Manager or Contracts Manager.
- In Sub-contractors the most important titles are Owner and Managing Director, although in larger companies Project and Contracts Managers are again important.

9.1 Main Contractors

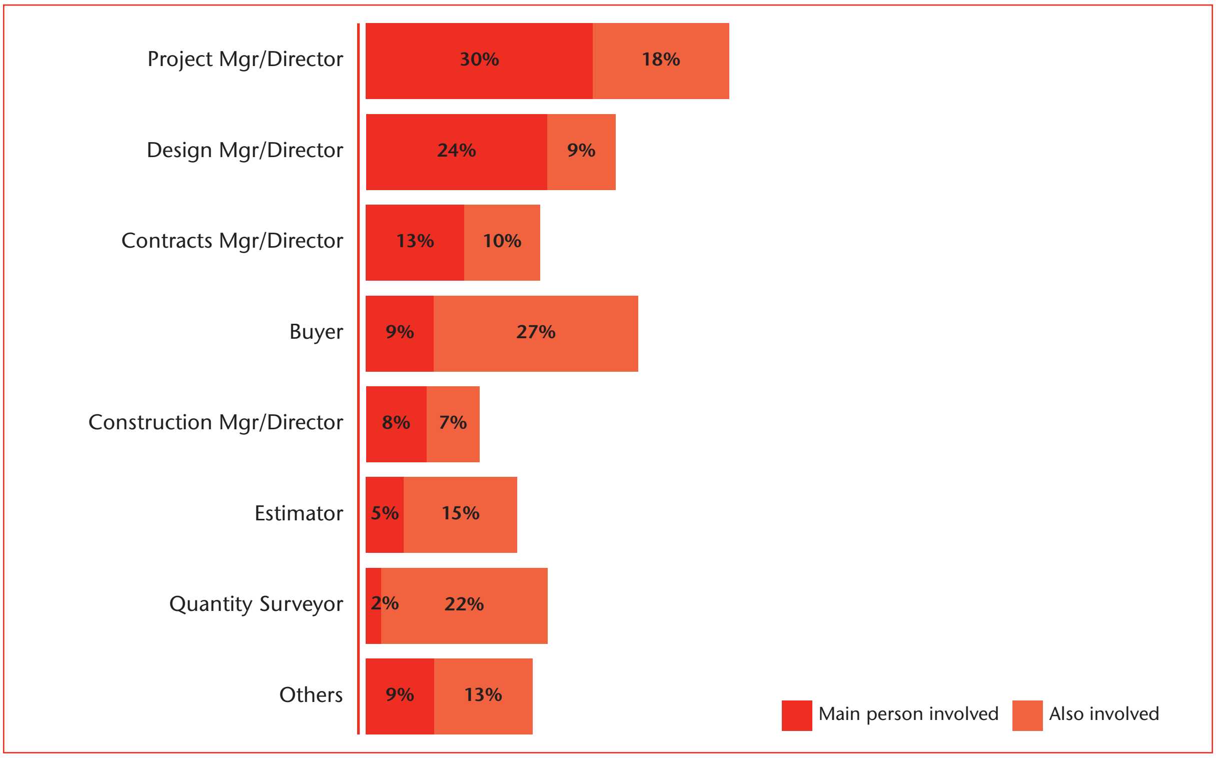
To aid Manufacturers in targeting their marketing approaches, the research has identified the personnel involved in product decisions within Main and Sub-contracting companies.

In Main Contractors, the most important job titles of those responsible for product decisions are Project Manager and Design Manager. There are likely to be several people with these job titles in the larger Contracting companies.

Design Managers are more likely to be found in larger companies with turnovers over £50m, and particularly in those with turnovers above £200m, where 30% of respondents said this is the main person responsible for product decisions. This title is a relatively recent one, according to the Main Contractors attending the focus group, and in fact it did not appear at all in the 1994 Barbour Report which also examined the influence of Contractors. In companies with turnovers under £50m, 29% of those interviewed referred to the Contracts Manager as the main decision maker and only 10% the Design Manager.

Buyers and Quantity Surveyors are also involved, but in a secondary role. Typically the comments show that another selects or recommends the products, and the Buyers' main responsibility is to obtain prices or to research and recommend cheaper alternatives. Discussions may often then ensue amongst all these parties before the final decision is taken.

Job titles involved in product decisions in Main Contractors



Source: Telephone programme, base 112 Main Contractors.
Other job titles include Bid Manager, Design and Build Co-ordinator, Engineering Director, Development Surveyor and Site Manager.
Some referred to the involvement of Sub-contractors.

Some examples of how these parties work together:

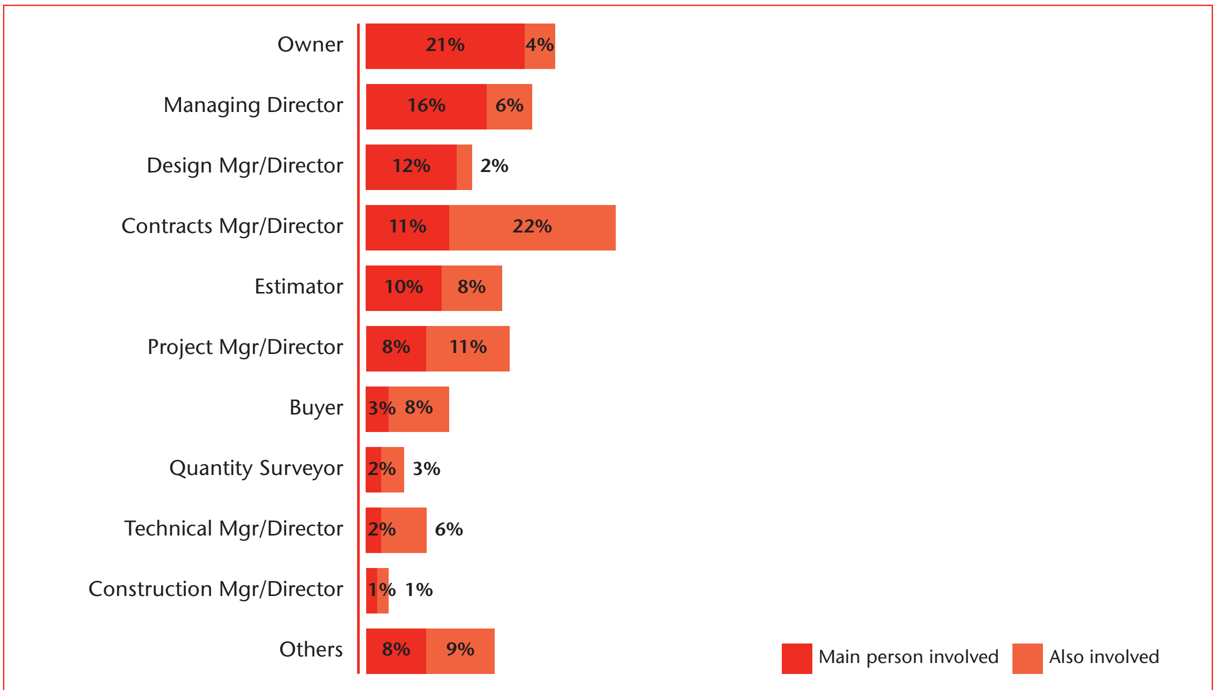
Main Contractors

- The Design Manager works for the Project Manager. Both attend design team meetings and are responsible for putting together a package for procurement.
- The Project Manager leads the team and has the final say. The Buyer will discuss it with him but ultimately he makes the final decisions.
- The Design Manager works with the consultants to put the actual brief together and the Project Manager reviews the designs and costs involved. The Buyer orders the material for the site, going by the external designer's specification. The Buyer suggests a material if not specifically named.
- The Buyers find cheaper alternatives and the Design Manager and design team make the final decision. Our Quantity Surveyor works with the Sub-contractors but I, the Construction Manager, have the final say.
- The Project Manager makes sure it has 'buildability'. The QS is there to manage the cost and keep to budget. The Project Manager chooses products in association with the Architect.
- The Project Architect tends to specify in terms of performance. He very often gives Manufacturers' names as being the standard required. Purchasing will get price comparisons.

9.2 Sub-contractors

In Sub-contractors, the main titles responsible for product selection are the Owner and the Managing Director, particularly in Internal Fit-out companies. In Building Services Contractors and those involved in the External Envelope, a Project Manager or Contracts Manager is likely to be involved.

Job titles involved in product decisions in Sub-contractors



Source: Telephone programme, base 90 Sub-contractors.
Other job titles include Branch Manager, Project Engineers, Supply Chain Manager, Sales Director.

Where either the Owner or Managing Director is the main person responsible for product decisions, no-one else in the company is usually involved.

Some examples of how other parties work together:

- The Project Manager decides on the products and the Buyer gets the best prices.
- We have a preferred list of suppliers from which Branch Managers must select. The list is up-dated by me, the Commercial Manager.
- The Estimating team and Project Manager exchange information between them and work together.
- The Buyer sets up agreements with Manufacturers, the Design Estimators have the final say.

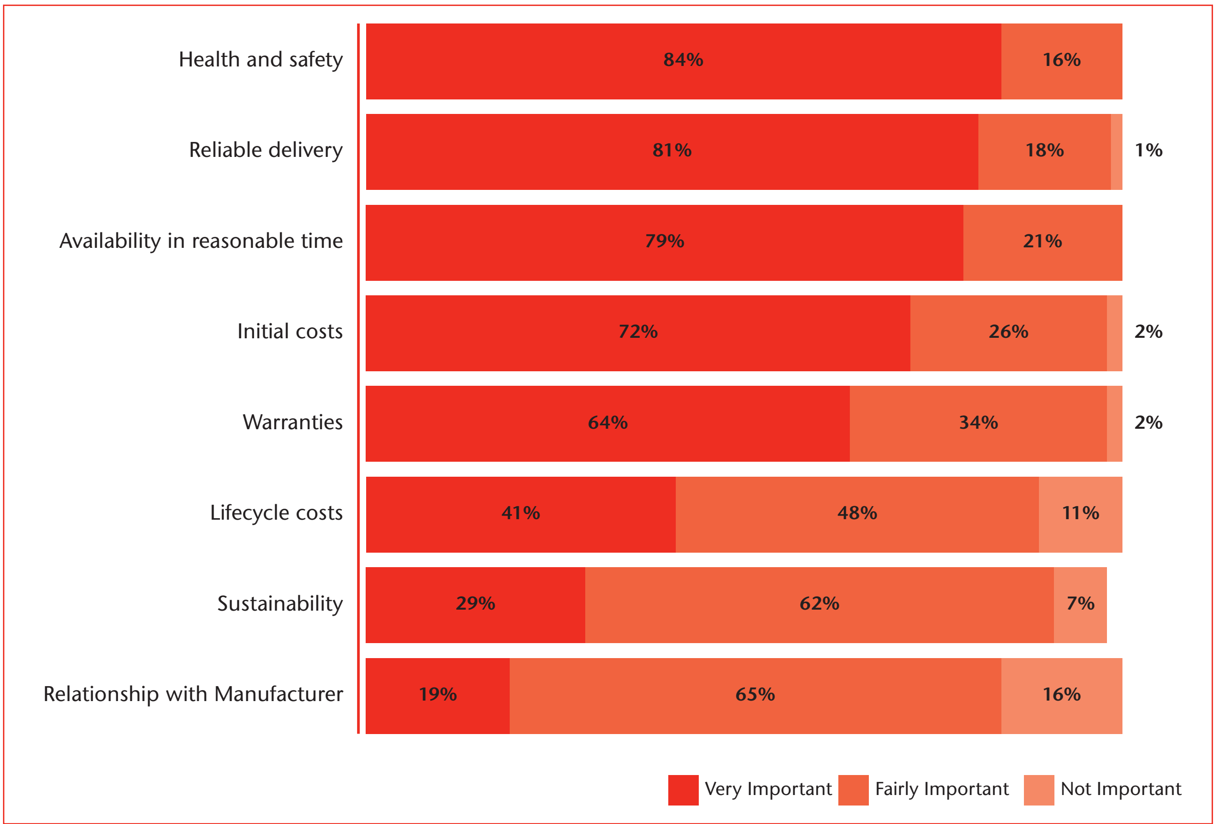
10. Factors influencing Contractors' product decisions

- While initial cost is ranked first as the most important factor in product selection, other factors such as health and safety, reliability of delivery and reasonable availability are also considered to be very important.
- Compared with research in 1994, price is still the most important factor but health and safety and lifecycle costs have become much more important.
- Relationships with Manufacturers are considered to be important by 84% of Main Contractors.
- Twice as many Sub-contractors (37%) as Main Contractors (19%) consider relationships with Manufacturers to be a very important factor in product selection.
- Sustainability, health and safety and lifecycle costs are all expected to become more important, with health and safety a particular issue for Sub-contractors.
- 92% of Main Contractors and 86% of Sub-contractors said there are occasions when a higher priced product may be used. Main Contractors may choose a more expensive alternative with better lifecycle cost and performance. For Sub-contractors, product performance is more of a factor in their choice.

10.1 Main Contractors

Assuming a product is fit for purpose and is of the required quality, what other factors do Contractors take into account when selecting between products? While price is undoubtedly very important, other factors were mentioned by more Main Contractors as being very important - health and safety, reliable delivery and reasonable availability. Where these requirements are met by more than one product, price becomes the main issue. Warranties are also a very important consideration, ensuring that the Manufacturer rather than the Contractor carries responsibility for rectifying any product failures.

Factors considered important (factors prompted)



Source: Telephone programme, base 112 Main Contractors.

There are differences by size of Contractor. Health and safety is considered to be more important to the smaller Main Contractors than the larger ones in their choice of Manufacturer, as also are initial costs, reliable delivery and the relationship with the Manufacturer. The larger Contractors are more concerned than the smaller companies about warranties and lifecycle costs, possibly because they are more likely to be responsible for maintaining the building.

Relationship with the product Manufacturer is rated by only 19% as very important. However, a further 65% rated it as fairly important.

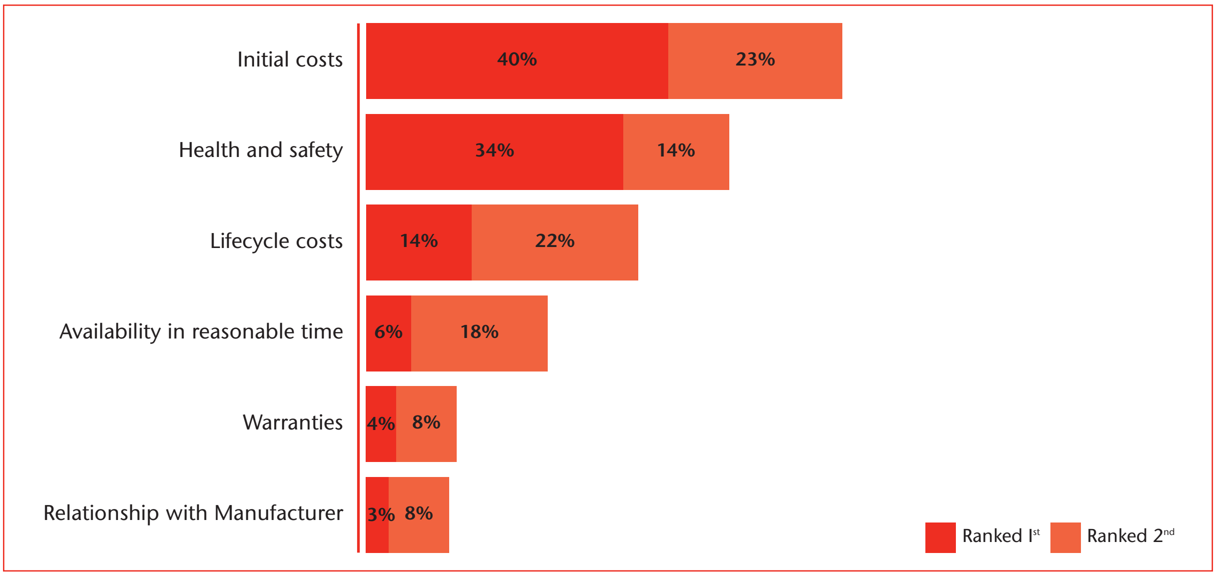
Factors considered very important by Main Contractors
% of respondents for whom factor is very important
by turnover

	All	Up to £50m	Over £50m up to £200m	Over £200m
Health and safety	**84%**	95%	80%	83%
Reliable delivery	**81%**	90%	76%	80%
Availability in a reasonable timescale	**79%**	76%	80%	78%
Initial costs	**72%**	86%	68%	73%
Warranties	**64%**	57%	60%	71%
Lifecycle costs	**41%**	29%	42%	43%
Sustainability	**29%**	29%	30%	29%
Relationship with Manufacturer	**19%**	29%	10%	20%

Source: Telephone programme, base 112 Main Contractors.

Contractors were subsequently asked to rate the two most important factors amongst these. Initial costs and health and safety emerged as the two main factors.

Factors ranked 1st and 2nd for importance by Main Contractors



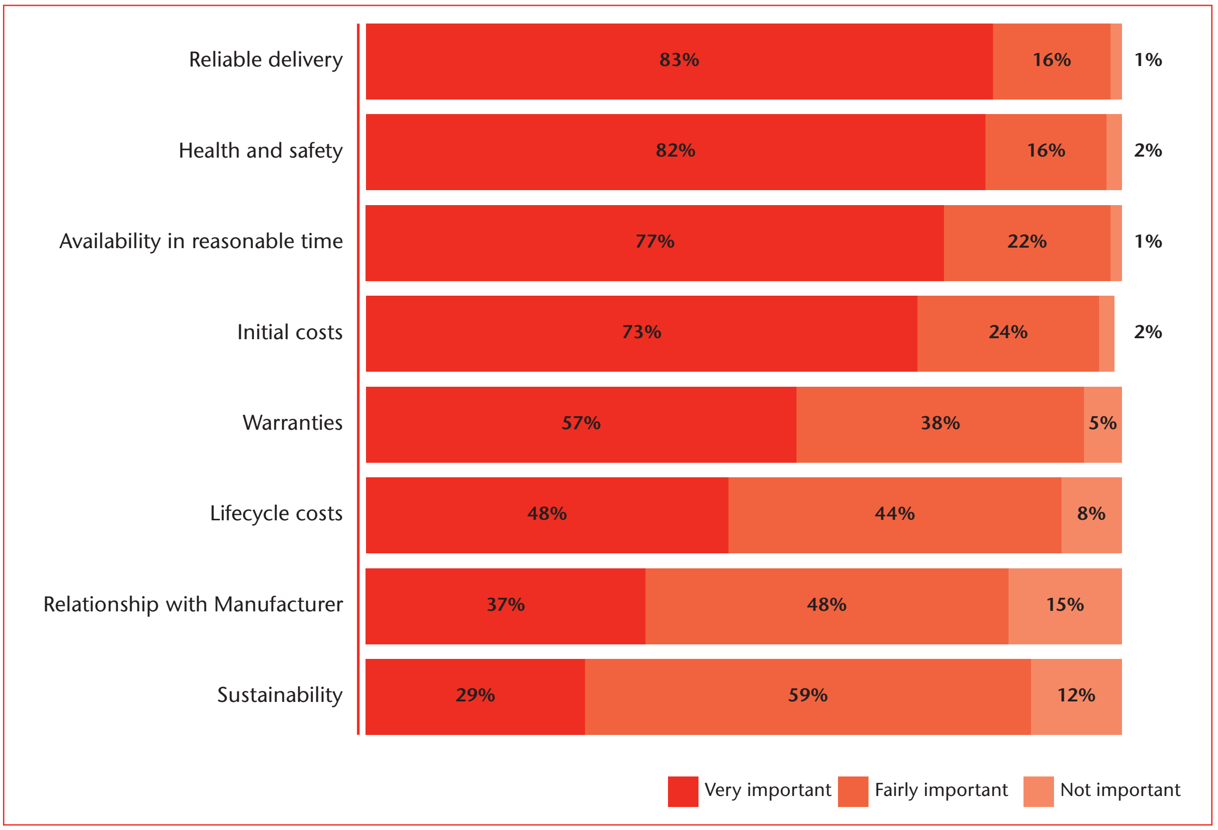
Source: Telephone programme, base 112 Main Contractors.

Comparing these results with the 1994 Barbour Report, the relative importance of price has declined somewhat. In that study, 57% ranked price as the main factor. Although health and safety was not on the prompted list of criteria, it did not emerge unprompted as a significant factor in product choice, and has clearly become more of an issue over the last few years. Also in the 1994 Report, 63% of Main Contractors said they did not take cost in use or lifecycle costs into account, yet here 89% regard it as important and 36% rank this in first or second place. This has clear implications for product development and marketing to Contractors.

10.2 Sub-contractors

Sub-contractors were also asked to describe the factors which are important to them in product choice, assuming a product is fit for purpose. Results are similar to those for Main Contractors, ie reliable delivery, health and safety, and reasonable availability were all mentioned by a higher proportion as being very important than initial price. Again, warranties are also very important. Twice as many Sub-contractors as Main Contractors regard relationships with Manufacturers as very important, with 85% overall considering these to be an important influence on product choice.

Factors considered important by Sub-contractors



Source: Telephone programme, base 90 Sub-contractors.

While this general pattern of importance is largely consistent across the types of Sub-contractor interviewed, there are some differences. For example:

- Availability in a reasonable timescale is less important to those responsible for the External Envelope than Building Services or Internal Fit-out Contractors, possibly because their products are chosen earlier and they are accustomed to allowing for longer lead times.
- Initial costs are more important to Internal Fit-out and Building Services Contractors.
- Warranties are particularly important for Building Services Contractors, probably because there is more to go wrong in such products and problems can affect the occupier more directly. Building Services Contractors are also usually responsible fro repair.
- Relationships with Manufacturers are considered to be important by a higher proportion of External Envelope and Internal Fit-out Contractors than Building Services.
- Sustainability is not a very important issue for those involved with the External Envelope, although 82% said this is fairly important.

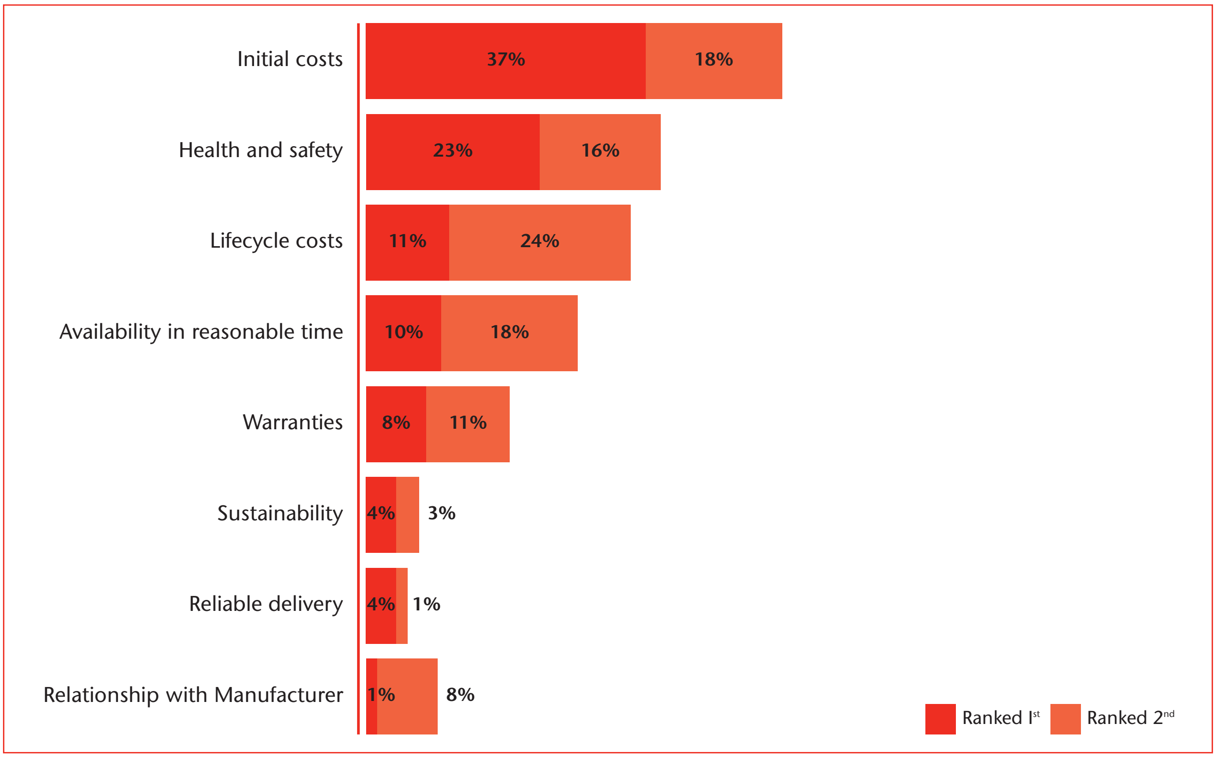
Factors considered very important by Sub-contractors
% of respondents for whom factor is very important
by type of Sub-contractor

	All	External Envelope	Internal Fit-out	Building Services
Reliable delivery	**83%**	79%	87%	84%
Health and safety	**82%**	82%	80%	81%
Availability in a reasonable timescale	**77%**	64%	83%	81%
Initial costs	**73%**	64%	80%	75%
Warranties	**57%**	46%	47%	75%
Lifecycle costs	**48%**	50%	53%	41%
Relationship with Manufacturer	**37%**	43%	43%	25%
Sustainability	**29%**	14%	33%	38%

Source: Telephone programme, base 90 Sub-contractors

When asked to rank the top two criteria, as found with Main Contractors, initial costs and health and safety were noted as the main ones. Also following the trend noted with the Main Contractors, price appears to have declined in importance since the 1994 Barbour Report, where 61% ranked this as the main criteria in their product choice and 20% as the second most important factor.

Factors ranked 1st and 2nd for importance by Sub-contractors

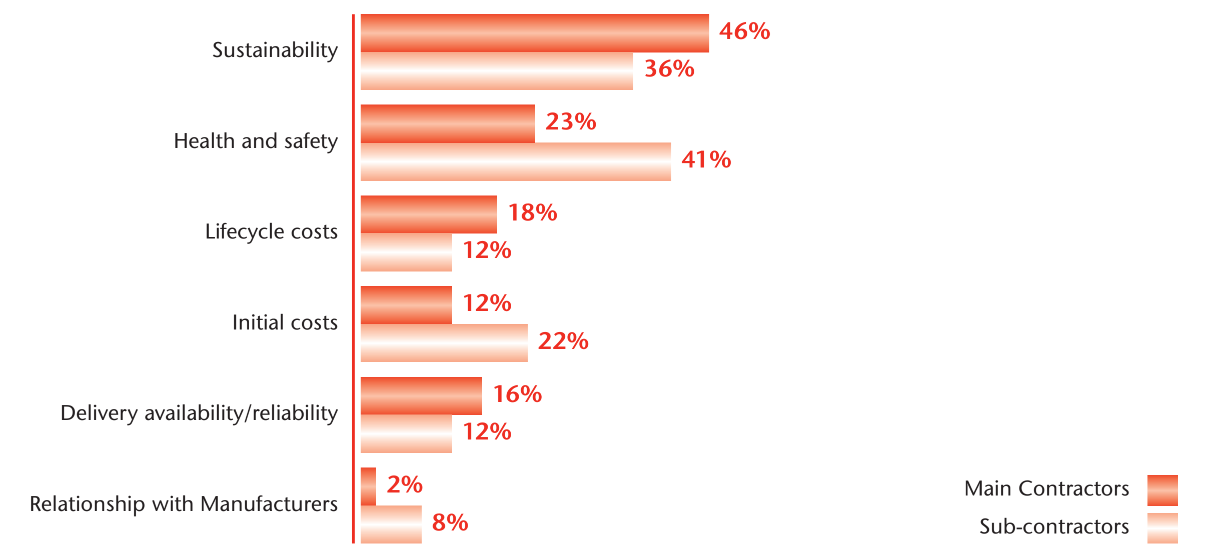


Source: Telephone programme, base 90 Sub-contractors.

10.3 Factors expected to become more important

Which product selection factors are expected to grow in importance? Over the next five years, sustainability or green issues and health and safety are identified by Main and Sub-contractors as the criteria most likely to become more important. Almost twice as many Sub-contractors as Main Contractors expect health and safety to become even more of a consideration.

Product selection criteria expected to become more important over the next five years



Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

There are differences in expectation by type and size of Contractor. For example:

- 64% of Sub-contractors involved in installing the External Envelope expect health and safety to become more of an issue, compared with 34% of Building Services Contractors.
- Lifecycle costs will become more significant according to 27% of the largest Main Contractors interviewed (turnovers over £200m), compared with only 5% of Contractors with turnovers under £50m. Again this is probably because these large Contractors are more likely to maintain buildings post construction.
- For 43% of Main Contractors with turnovers up to £50m health and safety will become more of an issue, compared with 23% of all Main Contractors interviewed.

10.4 Circumstances when higher priced products are used

Many Manufacturers, having won a specification, are faced with the prospect that a lower priced alternative may be substituted by a Contractor with or without their knowledge.

In fact, there are circumstances where a higher priced option is selected. Although Contractors show a keen interest in price and a willingness to make savings where possible, 92% of Main Contractors and 86% of specialist Sub-contractors stated in the telephone interview programme that there are occasions when a more expensive product may be used rather than a lower priced one. The main reason for using a more expensive product option is to gain a better lifecycle cost.

Reasons for choosing higher priced option (unprompted)

	Main Contractors	Sub-contractors
Lifecycle costs/durability	46%	18%
Performance/quality/suitability for purpose	31%	32%
Availability	15%	7%
For speed	9%	0%
Cheaper/easier installation	7%	7%
Client choice	5%	12%

Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

11. Influencing Contractors

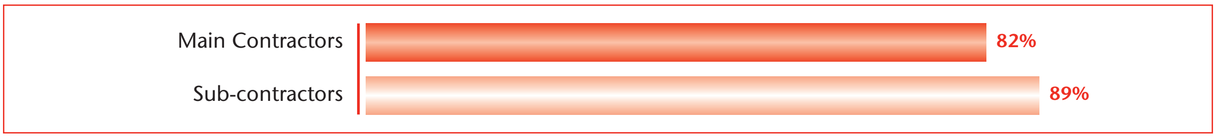
- Over 8 in 10 Contractors want contact with Manufacturers, particularly Sub-contractors and the larger Contractors.
- 86% of Main Contractors and 89% of Sub-contractors are satisfied with the willingness of Manufacturers to build relationships with them.
- 32% of Main Contractors and 76% of Sub-contractors feel that it is appropriate for Manufacturers to keep in contact with them regardless of project timing.
- Main Contractors prefer to be informed about products through web sites, hard copy, in trade journals and through product directories.
- Sub-contractors, on the other hand, would like information in hard copy, or via sales representatives.
- 69% of Main Contractors and 36% of Sub-contractors use product directories. Barbour's Building Product Compendium is used by more Contractors than all the other directories added together.
- 80% of Main Contractors think Manufacturers should develop closer relationships with Sub-contractors. Developing unique solutions with Sub-contractors can help reduce product switching.
- No single Manufacturer was consistently mentioned unprompted by more than 10% as providing a good service. Kingspan was the most mentioned company, by 5% of main Contractors and 8% of Sub-contractors.
- The areas with most scope for improvement in Manufacturer service are technical information, reliability of delivery and availability.

The considerable influence of Contractors in advising, making initial suggestions and changing specifications has been demonstrated. This section identifies ways in which Manufacturers can develop relationships with both Main and Sub-contractors to encourage use of their products.

11.1 Interest in hearing from Manufacturers

Over 8 in 10 Contractors want contact with Manufacturers.

Contractors wanting Manufacturers to promote products to their organisation

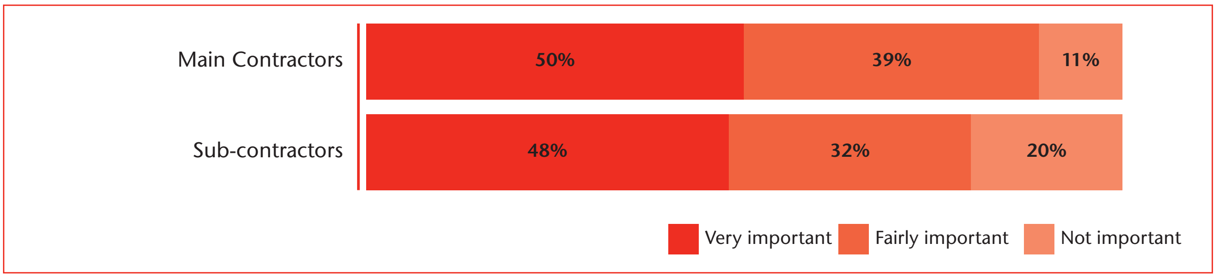


Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

Main Contractors with under £50m turnover expressed less interest than others in hearing from Manufacturers, possibly because this group are involved in a larger proportion of Traditional contracts compared with the larger Main Contractors. However, even amongst this latter group, 76% still want contact with Manufacturers.

To further support this, about half consider it to be very important that Manufacturers develop relationships with their companies. Again, the larger Main Contractors are particularly keen that this happens, with 61% of Main Contractors with turnovers over £200m emphasising that this is very important.

How important is it that Manufacturers develop relationships with your company?



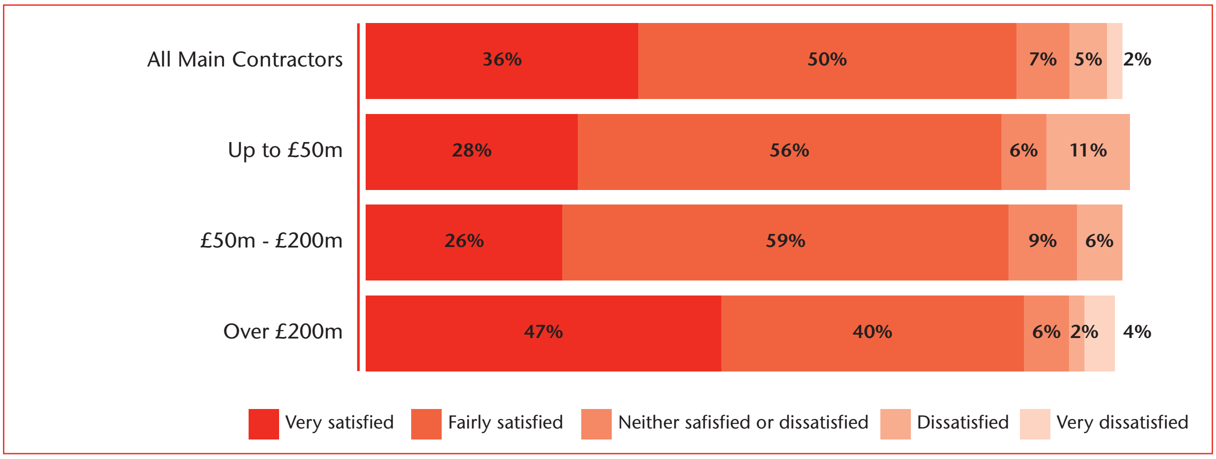
Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

11.2 Satisfaction with Manufacturer contact

Manufacturer relationships are important to the majority of Contractors. 86% of Main Contractors and 89% of Sub-contractors are satisfied with the willingness of Manufacturers to build relationships with their companies.

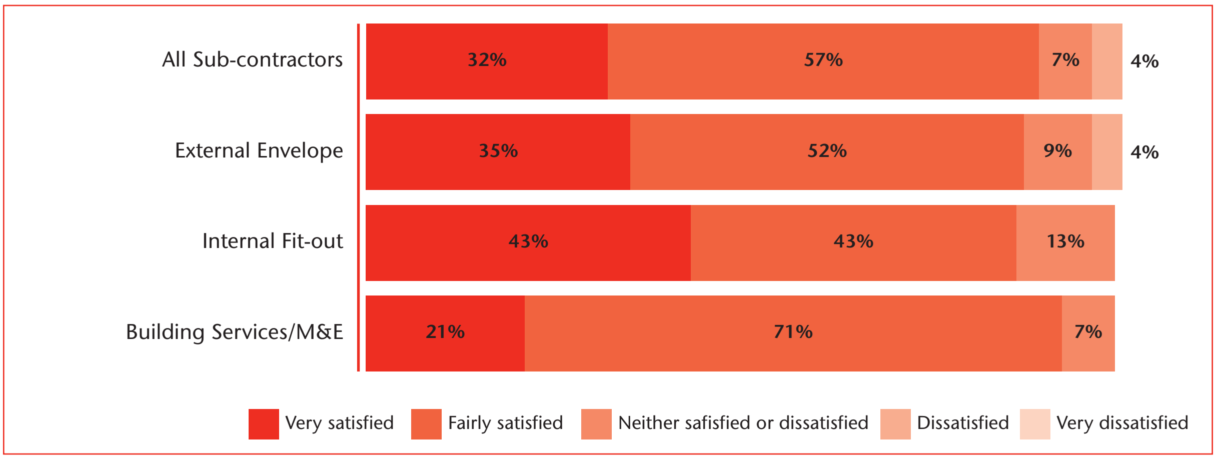
How satisfied are you with the general willingness of Manufacturers to build relationships with your company?

Main Contractors by turnover



Source: Telephone programme, base 112 Main Contractors.

Sub-contractors by type

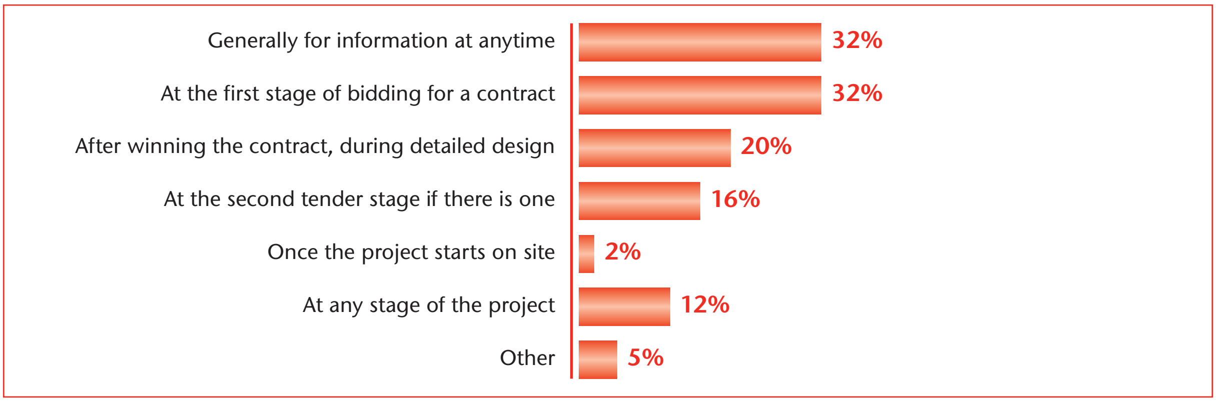


Source: Telephone programme, base 90 Sub-contractors.

11.3 Best time for contact

32% feel that it is appropriate for Manufacturers to keep in contact with them regardless of project timing. A further 32% want contact at the first stage of bidding for a project.

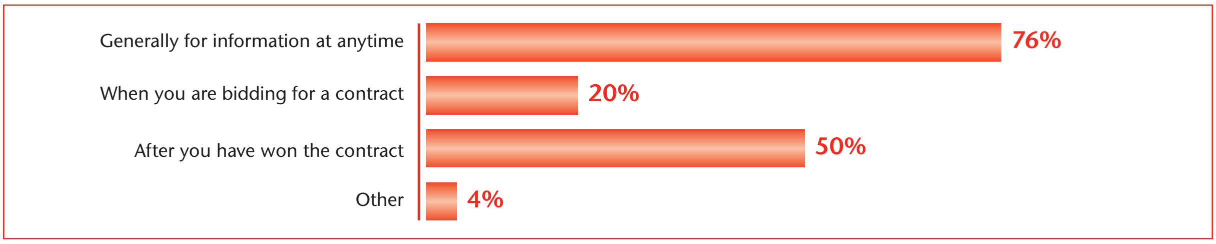
When is the best time for a Manufacturer to contact you? Main Contractors



Source: Telephone programme, base 92 Main Contractors wanting Manufacturers to promote to them.

76% of Sub-contractors prefer to have on-going contact with Manufacturers, with no specific preference for timing.

**When is the best time for a Manufacturer to contact you?
Sub-contractors**

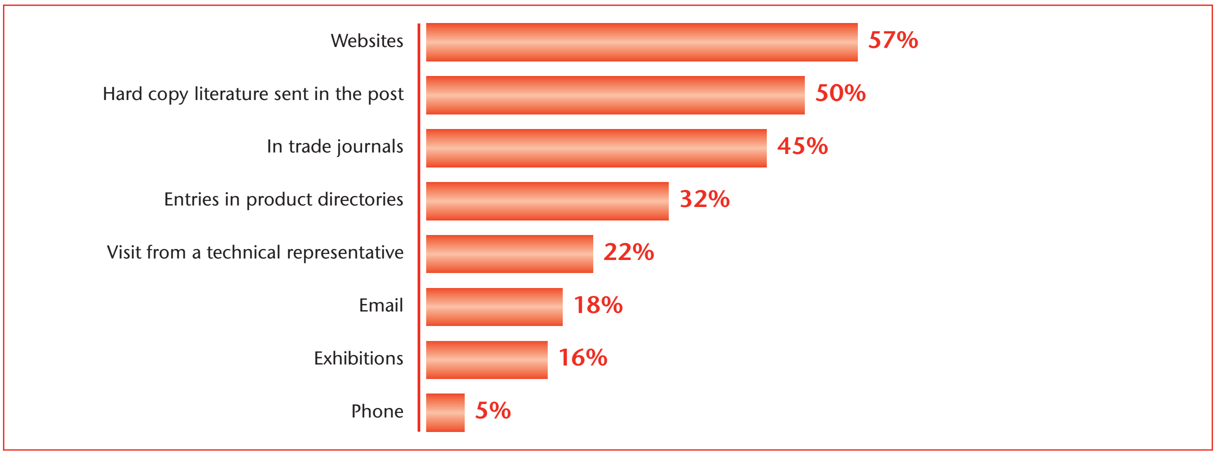


Source: Telephone programme, base 80 Sub-contractors wanting Manufacturers to promote to them.

11.4 Preferred form of contact with Manufacturers

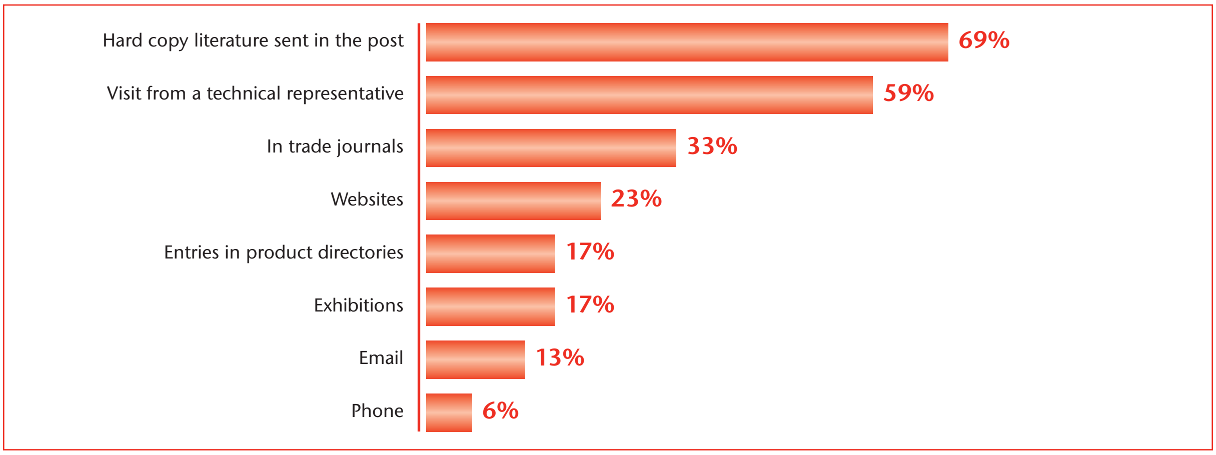
Given that a high proportion of Contractors require contact from Manufacturers, how do they want to be kept informed about their products? There are differences between Main and Sub-contractors in their preferred form of contact. Main Contractors prefer to use websites and to receive hard copy brochures, while Sub-contractors prefer hard copy literature and to hear about products direct from technical representatives.

**Which of these describes how you want Manufacturers to inform you about their products?
Main Contractors**



Source: Telephone programme, base 92 Main Contractors wanting Manufacturers to promote to them.

**Which of these describes how you want Manufacturers to inform you about their products?
Sub-contractors**



Source: Telephone programme, base 80 Sub-contractors wanting Manufacturers to promote to them.

11.5 Use of product directories

The telephone programme conducted with randomly selected contacts identified that 69% of Main Contractors and 36% of the Sub-contractors interviewed use product directories. Amongst Sub-contractors, 47% of Building Services Contractors use a directory, compared with 29% of Sub-contractors involved with the External Envelope and Internal fit-out.

Barbour's Building Product Compendium is the main directory used.

Use of product directories

	Main Contractors	Sub-contractors
Use of product directories	69%	36%
Of which, directories used:		
Barbour Building Prooduct Compendium	90%	59%
RIBA Product selector	49%	38%
ASC	20%	6%
Endat's Building Products and Materials	17%	19%
Building Services Opus	0%	31% (1)

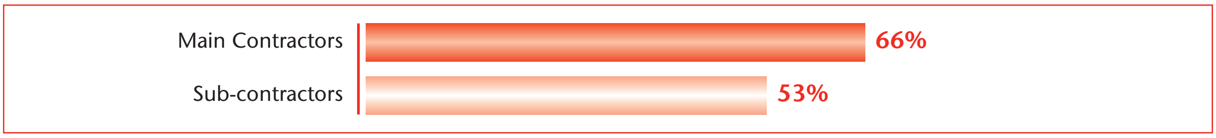
Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.
(1) almost all the users of Building Services Opus are Building Services Contractors.

11.6 In-house presentations from Manufacturers

Manufacturers have provided CPD rated seminars for specifiers for many years, and these have proved successful. Some of the Main Contractors attending the focus group, held as the first stage of this year's research, mentioned that Manufacturers also organise these for Contractors. A question was therefore included in the telephone interview programme to identify the extent to which this occurs.

Two-thirds of Main Contractors and just over half of Sub-contractors have in-house presentations from Manufacturers.

Contractors with in-house presentations from Manufacturers



Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

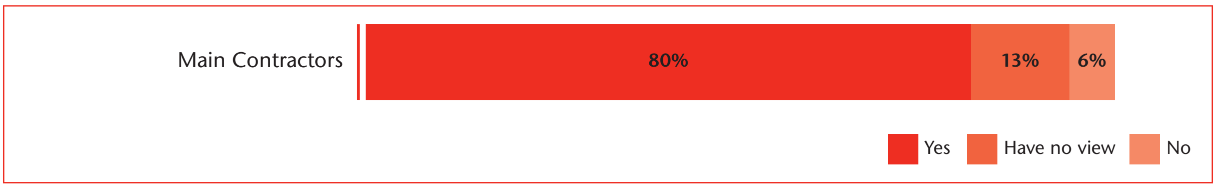
44% of Main Contractors and 45% of Sub-contractors who do not have in-house Manufacturer presentations would welcome these, particularly if linked to a current topic such as legislative changes.

11.7 Developing a good relationship with Sub-contractors

Main Contractors attending the focus group emphasised the importance for Manufacturers to develop good relationships with Sub-contractors, who are seen as trusted experts in their field. Manufacturers recommended by Sub-contractors are more likely to be used by Main Contractors.

A question was included in the telephone programme to further examine Main Contractors' views on the importance to Manufacturers of developing relationships with Sub-contractors.

Should Manufacturers develop closer relationships with Sub-contractors?



Source: Telephone programme, base 112 Main Contractors.

How can Manufacturers achieve good working relationships with Sub-contractors? This was asked as an open and unprompted question of the Sub-contractors themselves. 34% requested more contact with representatives as an important part of relationship development, and 30% would like to be kept better informed of products and technical information. The fact that 4% asked for fewer visits by representatives suggests that these visits should be well organised and provide positive assistance.

How can Manufacturers develop a good working relationship with Sub-contractors? summary of unprompted comments made by Sub-contractors

	Sub-contractors
More/regular contact with representatives	34%
Keep us informed about products, provide technical information	30%
Good prices	12%
Good products	11%
Good delivery	11%
Keep their promises/honesty	10%
Good after sale care	8%
Good availability	5%
Good technical back up	5%
Get to know us	5%
Fewer representative visits	4%
Pass on sales leads	3%
Good installation	3%
Presentations/seminars	3%

Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

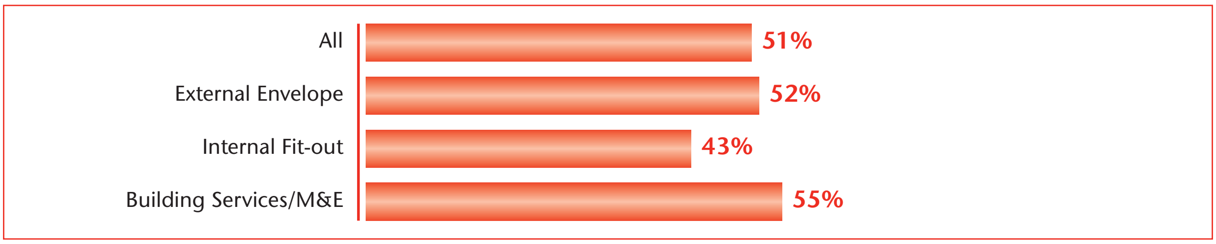
Some of the verbatim comments upon which the above analysis is based give greater insight:

- Contact us on a more regular basis, share knowledge that helps us to sell products further up the user chain.
- During the time of supplying, be diligent in what they do. If we have a good experience, we'll go back to them.
- Face to face contact is most important. We don't want to see reps every day but we do want to see them regularly.
- Be a bit more proactive, more responsive when we make enquiries, sometimes it is hard to speak to the right person for information.
- We want Manufacturers to take the initiative and put us forward as recommended suppliers.
- They have to be one of our approved suppliers and keep in touch with our procurement department.
- They should show an interest in who we are and what we do. Build a personal relationship with us, mainly through rep visits.
- Regular, pre-arranged appointments and keeping us up-to-date with advances in the market.

A significant issue which frequently concerns Manufacturers is how to reduce the incidence of specification switching by Contractors. One way to achieve this is by developing unique product solutions. By working with Sub-contractors, much can be learnt from site processes which can lead to the development of improved products or services, and lead to improved Sub-contractor relationships.

A question included in the telephone programme identified that about half of Sub-contractors already work with Manufacturers to develop improved products and solutions. A further 10% would like to have closer relationships with Manufacturers to assist in the product improvement process.

Sub-contractors working with Manufacturers to develop improved installed solutions



Source: Telephone programme, base 72 Sub-contractors answering that it is very or fairly important that Manufacturers develop relationships with them.

Some examples of how Sub-contractors work with Manufacturers to improve products:

- We worked with a roof light Manufacturer to produce a roof light which was more robust during installation.
- We had a problem with a carpet tile with inconsistent product thickness and the Client wasn't happy. We and the Manufacturer came up with the solution that it was a stacking problem - the tiles on the bottom of the stack were getting squashed.
- It's a two-way thing - if we have a problem they will help us resolve it, also if they know of a problem they will ask their installers to offer solutions.
- Modular wiring – we are trying to develop a pre-wired system which is more advanced.
- We want liaison on detailing because of our own lack of product knowledge, or because we consider what has been suggested is impractical.
- We constantly talk to Manufacturers about developments in technology regarding fitting and installation.
- We usually give them feedback on any issues and they then put this to their quality control and manufacturing teams.
- We work with companies to try and help them develop their products so that they are better quality with improved installation. Don't want to give a name of any one in particular but this is what we do generally.
- We work with control panel Manufacturers to improve the panels and obtain better designs and quality.

11.8 Manufacturers providing a very good service

Which Manufacturers are considered by Contractors to provide a very good service? When asked this question in the telephone programme, Kingspan was mentioned the most by both Main and Sub-contractors (together with separate mention of Wards, part of the same group). No Manufacturer was mentioned by more than 7% of the entire Contractor sample, although several were mentioned once or twice each.

	Main Contractors	Sub-contractors
Kingspan	5%	8%
British Gypsum	4%	-
Knauf	3%	-
Corus	3%	-
Marley	2%	4%
Wards	-	3%

Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.
Other Manufacturers mentioned by 1-2 people only.

The main reasons for believing a Manufacturer provides a particularly good service may be summarised as:

- the provision of good and timely technical information or prompt answers to technical queries
- good products
- reasonable prices
- reliable service
- assistance with design or detailing
- good product availability
- regular contact
- good after sales service
- responsiveness in the event of any problems, including site visits to resolve any issues.

Some examples of comments:

- We have 5 or 6 Manufacturers at each stage who are very good, and I don’t want to name anyone in particular. The type of service we do like is a Manufacturer who will take on responsibility for scheduling from clients’ drawings. They will do their own in-house quantifications and come back with price recommendations. This means they are standing back-to-back with us and also saving us time. (Main Contractor)
- One company gives each client an account manager responsible for building up a relationship with the customer, to improve and monitor the service and show year upon year improvement. (Main Contractor)
- Brick Manufacturers always tend to be more helpful and always give 100%. If any problems occur they rectify them immediately. (Main Contractor)
- It all comes down to individuals, some are too aggressive and we don’t like those, it’s a personal thing.
- The roofing suppliers are very good. This is an area where legislation is constantly changing and they are very good at keeping us informed. (Main Contractor, similar comments also made by Cladding Contractors)
- Companies that are responsive to our needs and listen to what we need. (Sub-contractor)
- We like to work with companies who keep us informed and listen to us, also companies who are prepared to help with design solutions. (Sub-contractor)

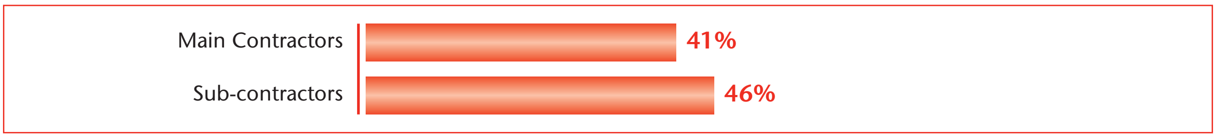
11.9 Examples of formal arrangements between Manufacturers and Contractors

One of the Contractors in the focus group described how a leading Manufacturer had arranged to provide a site waste removal service. As this solves a problem for them, this has lead to the company being the preferred supplier across all the Contractor’s projects.

The extent to which Contractors have negotiated such arrangements with Manufacturers was examined further in the interview programme. Fewer than half have done so, but when questioned, many of these relate to price-based arrangements, or improved delivery times.

Few gave examples of other forms of beneficial and unique relationships but these are valued where these arise.

Contractors with Manufacturer negotiated arrangements across several projects



Source: Telephone programme, base 112 Main Contractors and 90 Sub-contractors.

11.10 Scope for improvement in Manufacturers' service

When questioned about the improvements they would like to see in Manufacturers' service, 91% of Main Contractors and 86% of Sub-contractors had suggestions. Improvements in technical information, greater reliability of deliveries, better product availability were all mentioned ahead of lower prices, mentioned by only about 10%. There are differences by size and type of Contractor. Main Contractors with turnovers above £200m would like to see improved technical information, while those with turnovers under £50m are particularly concerned about availability. Sub-contractors responsible for installing elements of the External Envelope have a particular issue with delivery reliability.

These concerns were all mentioned unprompted. Had they been prompted, the percentages would almost certainly have been higher, as respondents wouldn't have to recall specific issues. However unprompted responses indicate their most important concerns.

Most scope for improvement in Manufacturers' service and information (unprompted) by turnover

Main Contractors	All	Up to £50m	£50m - £200m	Over £200m
Technical information generally	**29%**	29%	25%	35%
Reliability of delivery	**15%**	14%	18%	12%
Availability in a reasonable timescale	**14%**	24%	15%	8%
Initial cost information	**11%**	14%	12%	8%
Lower prices	**8%**	10%	15%	2%
Lifecycle cost information	**6%**	5%	12%	2%
Warranties	**6%**	5%	2%	8%
Information on health and safety	**4%**	5%	5%	4%
Information on sustainability or environmental issues	**4%**	5%	0%	6%
Don't know/no improvement needed	**9%**	24%	8%	4%
Other	**40%**	43%	30%	49%

Source: Telephone programme, base 112 Main Contractors.
Others: overall service, technical staff available on phone, response times, innovative design.

Most scope for improvement in Manufacturers' service and information (unprompted) by type

Sub-contractors	All	External Envelope	Internal Fit-out	Building Services/M&E
Reliability of delivery	**14%**	21%	17%	6%
Availability in a reasonable timescale	**11%**	0%	17%	16%
Technical information generally	**10%**	7%	10%	12%
Lower prices	**10%**	11%	7%	12%
Initial cost information	**6%**	7%	3%	6%
Site visits	**4%**	0%	7%	6%
Warranties	**3%**	4%	0%	6%
Information on health and safety	**3%**	4%	3%	3%
Information on sustainability or environmental issues	**3%**	7%	3%	0%
Training	**2%**	0%	3%	3%
Lifecycle cost information	**2%**	4%	0%	3%
Don't know/no improvement needed	**14%**	18%	13%	12%
Other	**43%**	43%	47%	41%

Source: Telephone programme, base 90 Sub-contractors.
Others: response times, better websites, communication/keeping in touch, after sales service/support, overall service, quality of reps, more information available on CD.

A prompted question was included in the Barbour Building Product Compendium user questionnaire. Results also show improvements are most required in the provision of information, but also that response times to queries require improvement.

Most scope for improvement in Manufacturer's service and information (promted)

	All Contractors
Product and technical information	33%
Response time to queries	28%
Response times to quotes	22%
Product availability	15%
Design assistance	13%
Development of long term relationships	8%
O & M information	8%
On-site assistance	8%
Guarantees and warranties	7%
Don't know/no improvements needed	17%

Source: 2004 Barbour Building Product Compendium user questionnaire, based on 639 Contractors.

11.11 Improvements required in the provision of information

Many of the Contractors' suggestions for potential areas of improvement relate to the delivery and provision of information. When probed further on this point, several Contractors described their frustrations at not being able to find the information they require.

When questioned in the telephone interviews about the improvements they would like to see in technical information, there was a mixed response. Most want straightforward answers, provided quickly, in an easy to access form which answers common problems. While some prefer to have questions answered by a representative or over the phone, others require information in hard copy or on a website. Comments also included that it should be up-to-date and reliable.

Sub-contractors' suggestions include the following:

- A lot are going CD based. There's too much information on a CD to take in, and they need a good index. Put the CD and the paper together.
- Clear and concise information. Less general information, just provide the technical help needed.
- Don't have one of these modern telephone answering services - press 1, press 2 etc, they are very customer unfriendly.
- Easy availability of information and ease of finding on the internet.
- Provide maintenance data sheets.
- Produce simple information.
- Put information on the website.
- Keep simple and demonstrate products more in application and provide references for contracts where it has been used, to show the client how it will look.

Many of the comments made by Main Contractors related to websites:

- The internet is where we get most of our information from. We need good informative technical websites with a search engine to find our way around quickly and easily. Need all relevant information on their products. A search facility is essential.
- Manufacturers assume we know a lot more than we do, so if looking at a website we need all the detailed information about the product on that site.
- To provide PDF files on the internet instead of broad based data sheets, make sheets more defined.
- Concise and clear information in terms of the performance of the products. Whether it has accreditation certificates. Clear indication of delivery times - guaranteed and unambiguous. Details of warranties.

- We go to product directories to find names of companies and then go to their websites to find the information we want. What we would like is to be able to download AutoCAD drawings of their products direct into our drawings.
- Sometimes when searching on the web, it is difficult to find out the information needed, so we end up phoning them anyway, so better structure of web pages.
- 3D sketches or, if on the web, 3D images, so that we can see the product and how it fits in. As the saying goes, a picture is worth a thousand words.
- Hard copy catalogues and websites. Make sure the website is interactive and as comprehensive as the hard copy catalogue. Ideally we would like a small flyer with the website address on and then the Manufacturer should ensure the website has everything and is up to date.
- Seminars and a good website so you can download the information. Some Manufacturers allow you to download their whole catalogue whilst others restrict access - I don't know why. I usually find out the website addresses from product books.
- We would like more technical back up. It seems that they are scared of giving away too much information. Perhaps they could put the information on their website and then if you put a password in you could get at it more securely.

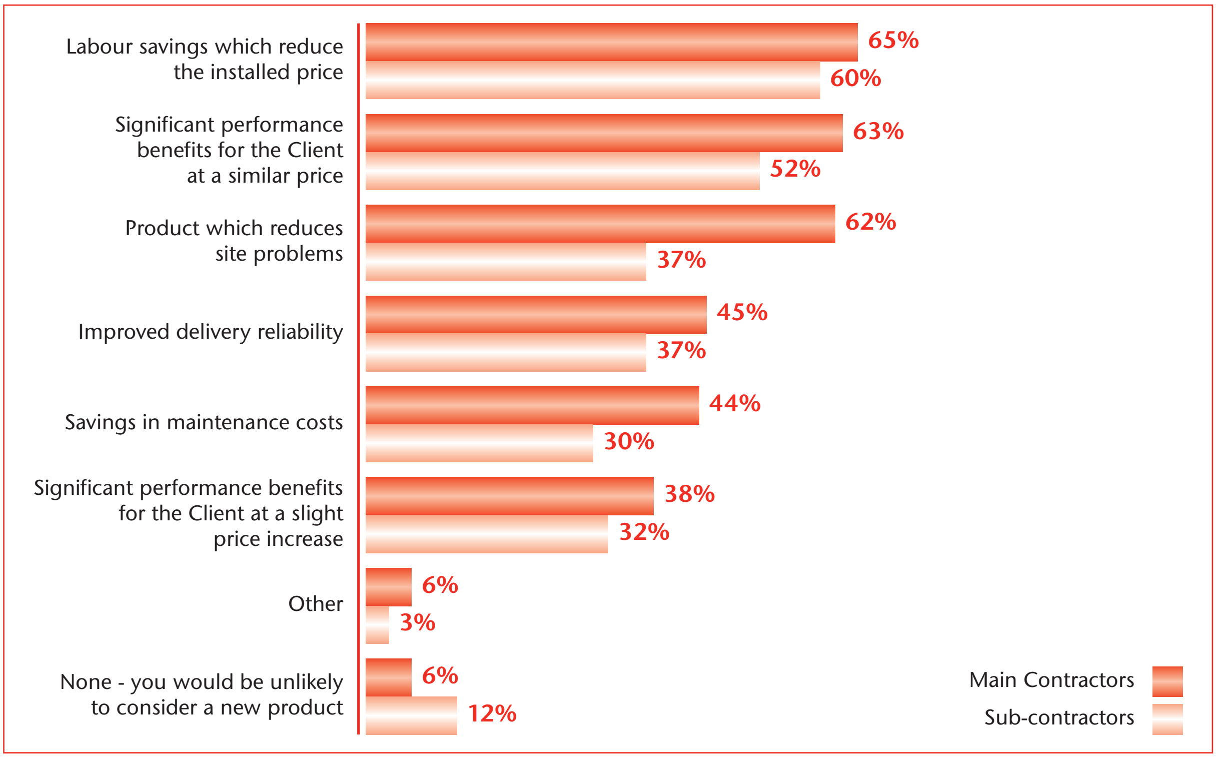
12. Use of new products

- Only 6% of Main Contractors and 12% of Sub-contractors would be unlikely to consider a new product.
- Benefits which would prompt them to give serious consideration to a new product are labour savings, significant performance benefits and reduction in site problems.
- Main Contractors would most trust the opinion of Sub-contractors in recommending new products.

The construction industry is often regarded as reluctant to use new products. Some of the Contractors in the focus group commented that they are unwilling to take the risk associated with using a product which is new to the market.

However, when Contractors were asked in the interview programme what would prompt them to seriously consider a new product, savings in labour costs, improved performance benefits for the Client and products which reduce site problems emerged as potential factors. Only 6% of Main Contractors and 12% of Sub-contractors would be unlikely to consider a new product

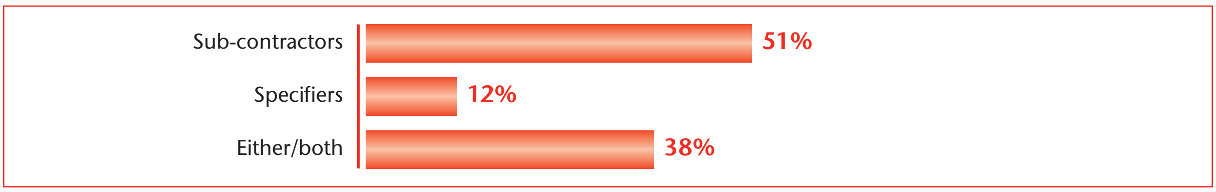
Benefits which encourage serious consideration of a new product (prompted)



Source: Telephone programme, base 112 Main Contractors, 90 Sub-contractors.
Other includes: if recommended by the Designer or installer, track record, Agrément Certificate.

If a new product was recommended by a trusted Sub-contractor, then Main Contractors would be more willing to use it than if it were recommended by a Specifier. There is a clear message here for Manufacturers to demonstrate the benefits of new products to Sub-contractors to increase their chance of acceptance across the wider market.

Whose opinion would Main Contractors trust most to recommend a new product?



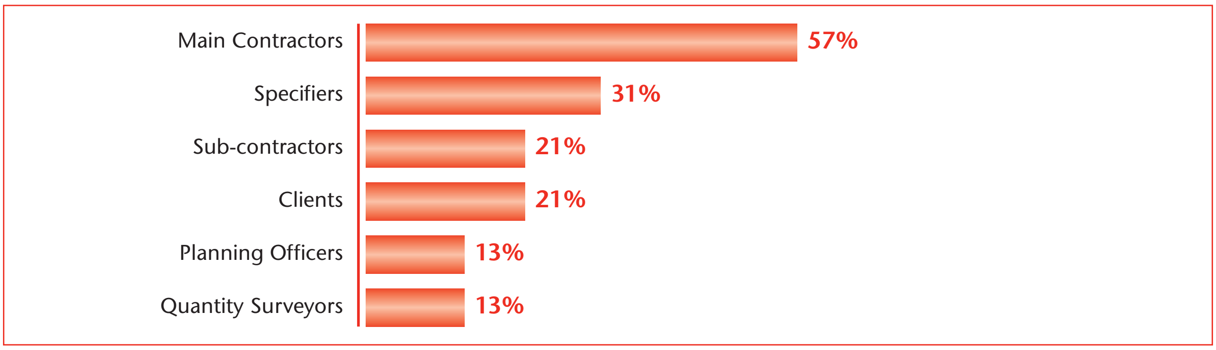
Source: Telephone programme, base 112 Main Contractors.

13. Future trends

- More than half of Main Contractors expect their influence on product decision making to increase over the next five years.
- They expect sustainability and legislation to become more influential over this period.

What are Contractors' expectations of the future for product decision-making? Just over half of Main Contractors anticipate that their influence will grow, but about one-third expect the Specifiers to increase their influence.

Increase in influence on product decision-making over the next five years
% of Main Contractors expecting each party's influence to grow



Source: Telephone programme, base 112 Main Contractors.
Adds to over 100% as several gave more than one answer.

What changes do they expect to influence product decision-making? Greater impact of sustainability or environmental issues, coupled with legislation, were the most frequently mentioned factors.

It should be noted that comments were made unprompted. Had these issues been prompted research experience shows that the results would almost certainly have been higher.

Factors likely to become more influential in product decision-making over the next five years
Summary of unprompted comments

	Main Contractors
More emphasis on environmental issues/sustainability	24%
Legislation/changes in Building Regulations	19%
Increase in PFI and Design and Build, greater influence of Contractor	9%
More emphasis on health and safety	6%
More attention given to lifecycle costs	5%
Greater use of recycling, more products used which can be recycled	3%
Developments to overcome skilled labour shortages	3%
More use of off-site manufacture	2%

Source: Telephone programme, base 112 Main Contractors.

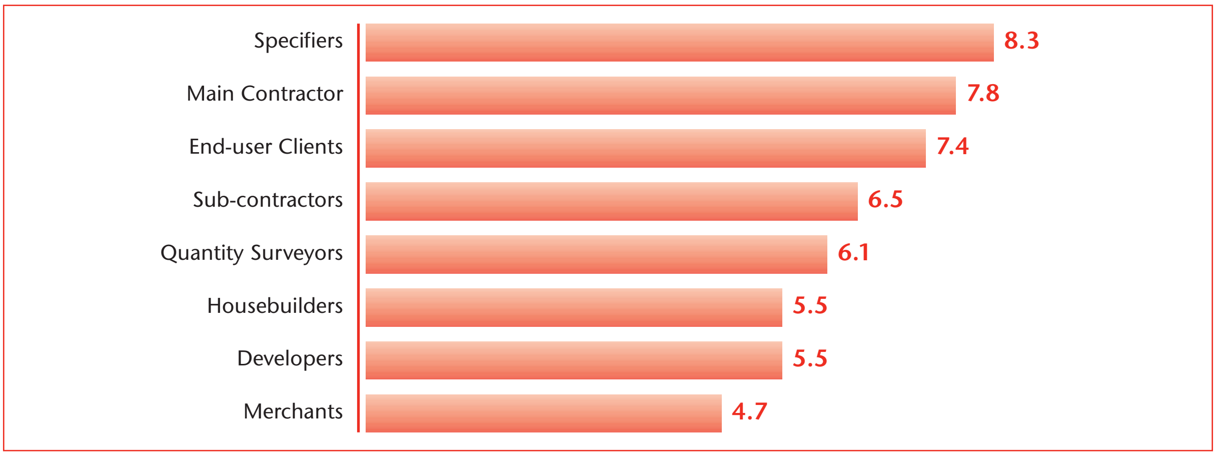
14. How Manufacturers' market to Contractors

- Manufacturers consider Specifiers to have the most influence on the use of products, but the importance of Main Contractors is recognised.
- However Sub-contractors are not recognised by Manufacturers as a key influence.
- Manufacturers mainly use hard copy literature, web sites, directories and visits by representatives to develop relationships with Contractors.

This report has demonstrated the importance of Contractors in product selection. It also emphasises that the process of product decision-making involves a team approach, with many recommendations and decisions also made by Clients and Specifiers. Do Manufacturers recognise the importance of Main and Sub-contractors?

A survey amongst Manufacturers was conducted to establish their views, and it appears that they do recognise the importance of the Contractor. However, the emphasis is on developing relationships with Main Contractors rather than Sub-contractors.

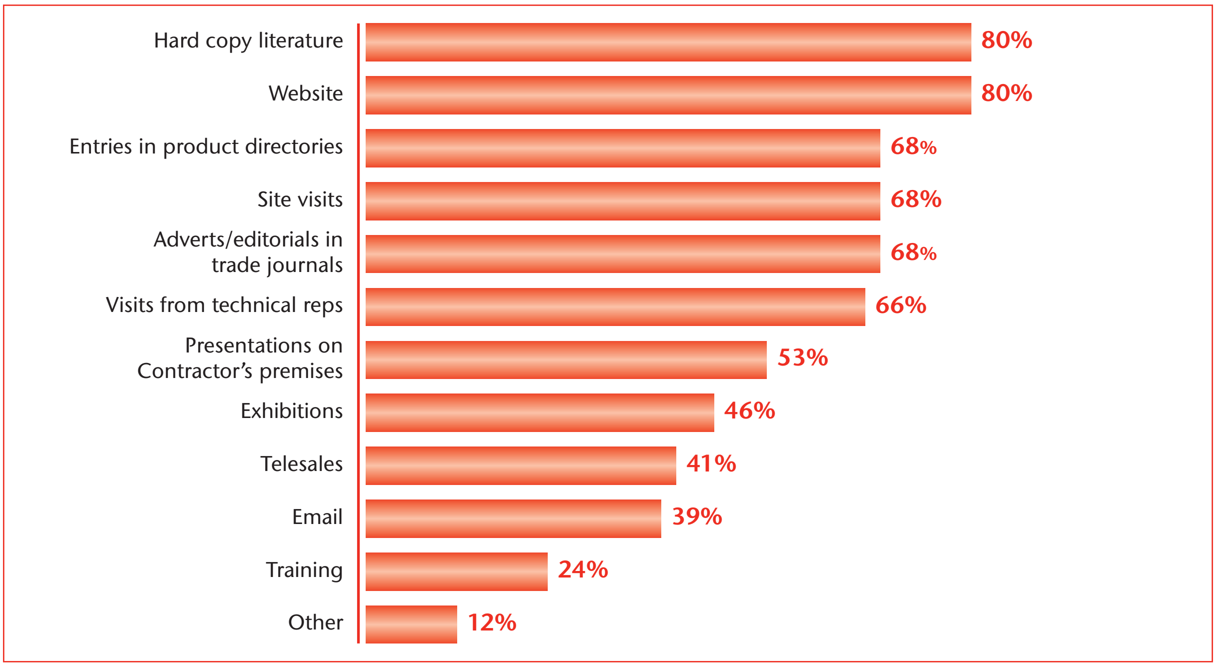
Influence of parties on the use of products - Manufacturers' perceptions
average score based on scale where 1 = not influential, 10 = very influential



Source: fax back survey, base 59 Manufacturers

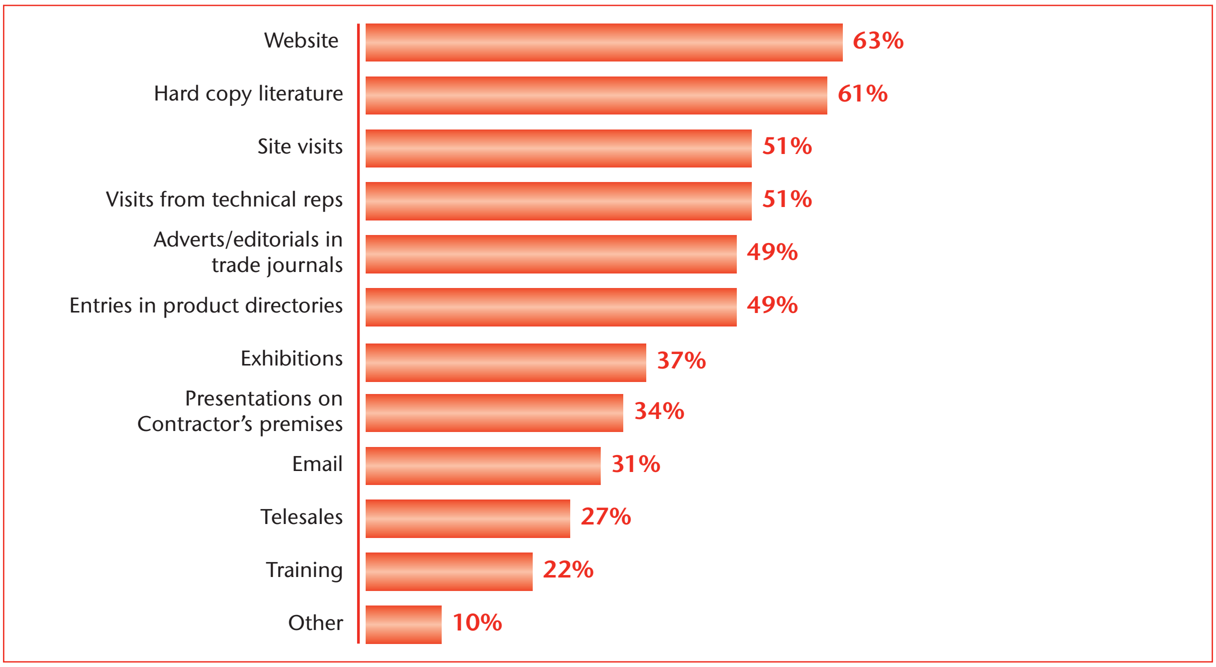
Manufacturers use a variety of marketing methods designed to develop relationships with Contractors, including hard copy literature, web sites and representative visits, as shown in the next two graphs.

Marketing methods used by Manufacturers for Main Contractors



Source: fax back survey, base 59 Manufacturers.

Marketing methods used by Manufacturers for Sub-contractors



Source: fax back survey, base 59 Manufacturers.

When questioned further, the main methods for contact are hard copy literature and representative visits. 41% view representative visits as their main method of relationship development with Main Contractors and 24% with Sub-contractors. Comments made by Contractors suggest that more emphasis should be put on relationship development via contact with representatives, particularly with Sub-contractors.

The Manufacturers responding to the survey described the main issues facing them when dealing with Contractors as getting paid and the focus on initial cost over lifecycle costs and quality. This latter issue is addressed in a variety of ways by Manufacturers responding to the survey, including the provision of full technical briefings, gaining the support of the Client or Architect, promoting the benefits of using approved installers with ISO9000 accreditation, involving installers in early discussions with the Main Contractors, and negotiating deals across multiple projects.

One Manufacturer commented that they had found a way of successfully focussing the representatives on the top Contractors rather than calling mainly on their 'friends', which had previously been an issue.

15. Conclusions

The 2004 Barbour Report has demonstrated the growing importance of both Main and Sub-contractors in making and influencing product brand decisions.

Not only do Main Contractors switch brands and suggest alternatives from those specified by the design professionals, but they are also particularly influential in recommending products, setting guidelines for Designers to follow in Design and Build or PFI projects, and in selecting products where specifications have been left open. In addition, they frequently seek the advice of Sub-contractors who they see as trusted experts in their field.

While price is still as important a factor as ever in product selection, a number of other factors are becoming more and more important for Contractors when deciding on a brand. Increased legislation has meant that health and safety is now a key consideration, particularly for Sub-contractors, while the growing tendency for Main Contractors to take over the maintenance of the buildings they construct has led to sustainability and lifecycle costs becoming more important. Contractors may even take a more expensive product if it has significant performance or lifecycle cost benefits.

Contractors want contact with Manufacturers, and would like to be informed about products through web sites, literature, trade journals and directories. 69% of Main Contractors and 36% of Sub-contractors use directories, with Barbour's Building Product Compendium being used by more Contractors than all the other directories added together.

It is clear that developing relationships with Contractors is a significant advantage. This is particularly the case with Sub-contractors, with whom Manufacturers can develop installed solutions that will be much more attractive to the Main Contractor. Both Main and Sub-contractors see relationships with Manufacturers as important, and are willing to enter into them for the development of product innovations that benefit both parties. The increasing role of the Client identified in the 2003 Barbour Report will only drive this growing co-operation down the supply chain.

The next section suggests ways in which Manufacturers can improve their relationships with Contractors, so that they can both ensure their products are considered for selection and avoid product switching.

16. Improving Contractor relationships - guidelines for Manufacturers

A number of key components of a good relationship with Contractors have been identified throughout the research process for this year's Barbour Report. These are summarised for consideration by Manufacturers wishing to improve or develop Contractor relationships.

- Relationship management procedures and marketing strategies are required for Main Contractors and specialist Sub-contractors.
- If the product is suited to a specific Client type or sector (eg health, up-market commercial interiors, prisons), one approach to gaining access to these sectors is by identifying Main Contractors partnering with the leading Clients. Main Contractors also partner with Sub-contractors, and the supply chain managed by these Main Contractors should also be identified.
- Another option is to identify the leading and other Sub-contractors operating in the Manufacturer's product sector. Marketing and contact strategies can be devised according to their size and significance.
- Recognising that a high proportion of the work of the top Main Contractors is to the Design and Build form of contract, Manufacturers need to ensure their products are being considered at the outset of projects, preferably by the Main Contractors themselves as well as the Designers/Specifiers who work for them. Manufacturers should endeavour to ensure they are included in Main Contractors' product guidelines and approved lists.
- Key components of a good service for Contractors include:
    - Consistent product quality
    - Reasonable and consistent availability
    - Reliable delivery
    - Prompt response to queries and technical issues
    - Good availability of technical information, including health and safety information
    - Data sheets, readily available
    - Design assistance
    - Regular contact
    - Known contact points
    - Product education, and installation instructions for Sub-contractors
    - Prompt resolution of any problems
    - Warranties which support Contractors
    - After sales service to support the Sub-contractor as well as the end Client.

- The preference of Main Contractors is to work with approved Sub-contractors. Knowing that the Manufacturer supports their approved Contractors, provides product training, and is applying warranties to the installed product increases confidence in the whole supply and fit package.
- While appointing a network of approved Sub-contractors is not always practical, Manufacturers could operate partnering arrangements, agreeing to work across several projects, perhaps for the same client, and making arrangements which are beneficial to all. These could be product adaptations, improved delivery, discounts or even integrating the product with another related one to reduce installation time.
- Product and technical information needs to be delivered in a variety of forms to meet all needs:
    - Hard copy, including easy to read and concise installation instructions for Sub-contractors on site
    - Web site, especially for Main Contractors. It is not just Specifiers who use web sites and the needs of Main Contractors need to be taken into account, including contact points for further information
    - Information required by Contractors includes technical details, where to buy, installation information, warranties, maintenance, health and safety and, increasingly, lifecycle costs and sustainability issues such as recycling and disposal
    - Product directories meet the needs of those selecting and recommending products as well as Buyers looking for information and contact points
    - Seminars on Contractors' premises.
- The importance of personal contact cannot be over-emphasised. In spite of the development of the internet, most business is still based on contact and trust.
- Representatives must have good technical knowledge, present the appropriate company image, be prepared to resolve site and other problems, and importantly, only give undertakings which can be fulfilled. It is important that Contractors can trust a Manufacturer. Any failures could reflect badly on the Contractor and prevent a product being recommended again.
- In the event of any problems or failures on the part of the Manufacturer, swift resolution and outlining steps taken to avoid a recurrence, will encourage future use and re-build confidence.
- Manufacturers should work closely with Sub-contractors to observe the whole process of site storage, product handling and installation. Sub-contractors may be switching products or not recommending products because of problems in these areas. Showing a willingness to work with Contractors to make the whole process easier or better for them also helps to develop a good relationship.
- Introducing features which save labour, provide significant performance benefits to the Client and resolve or minimise site problems will encourage the consideration of new products.
- The leading Main Contractors with Facilities Management departments are paying increasing attention to lifecycle costs. Products with advantageous costs-in-use should be promoted to these companies.
- Many Manufacturers supply a large Contractor base via Merchants. It is not practical to develop relationships with all the end users. However, it is still feasible to identify larger Contractors and to work closely with some of these. It is normally possible to research the needs of the smaller Contractors, and to develop products and services of value to them by working via the Merchants or by direct contact with a small number.
- Improving relationships with Main and Sub-contractors via these approaches will help limit the extent of specification switching or the selection of cheaper alternatives. While price will always be an issue, having trust and confidence in a supplier, and a personal relationship combined with other elements mentioned here, should make the Contractor think twice.

17. Contacts

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Tel: 020 7323 3770

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Berkshire RG45 6XA
Tel: 01344 774037
Email: info@lychgate.co.uk

Important Notices

building

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