

Measuring sector performance

BRANZ-funded research has defined key principles as a guide to measuring industry performance. The ultimate goal is for individual businesses and the construction sector to measure and improve performance and productivity.

THE CONSTRUCTION SECTOR ACCORD

has a vision of creating 'a high performing construction sector for a better New Zealand. The wellbeing of New Zealanders is supported by safe and durable homes, buildings and infrastructure, built by a productive, capable, resilient and proud sector.' The vision is bold and helps to articulate the critical role that the construction sector plays in the community.

Hard to measure success

But how will we know if we are effectively moving toward this vision? How will the sector measure its progress? How will we know what is working and what needs to be improved? How will we know when to celebrate success?

Tracking and demonstrating progress towards the Accord vision is vital to ongoing commitment and belief in the vision by stakeholders. It is also a key to ongoing improvement efforts by those within the sector.

The construction sector is large and complex with a wide range of specialities, organisations and interests. Performance measurement is currently undertaken in pockets of the sector - for example, health and safety reporting, including financial performance measures in the Stats NZ

Longitudinal Business Database and quality reporting on projects.

However, the measurement systems tend to be ad hoc, and there is no attempt to collate and create a comprehensive view of the sector as a whole or use the measures to drive sector performance.

Research used lessons to develop 12 principles

In November 2019, we were commissioned by BRANZ to investigate how the construction sector could better measure its performance. The research aimed to identify ways the performance of the construction industry could be better measured to capture the sector's contribution to the country's health, economic stability, security and social cohesion. It also sought to understand how a performance measurement system could be designed to help drive improvement in the sector.

We reviewed a range of measurement systems, including from the UK and Australian construction sectors, the New Zealand transport, education and agricultural sectors, the European construction sector observatory and SCIRT (Stronger Christchurch Infrastructure Rebuild Team) performance framework.

The measurement systems reviewed and interviews with key people provided

important performance measurement lessons for the construction sector - both what to do and what not to do.

From this, 12 principles key to the development and implementation of an effective and sustainable sector performance measurement system were developed. These principles have contributed to the creation of a guide to sector performance measurement (see Figure 1).

Framework developed to help track progress

In parallel with this research project, the Accord, led by an MBIE research team, worked with industry and agency partners to develop a measurement framework to help track Construction Sector Transformation Plan progress.

The framework is based around the eight workstreams of the Transformation Plan - leadership, business performance, people development, health, safety and wellbeing, regulatory environment, procurement and risk, beacon projects and environment.

The Accord team engaged with the research team during the creation of the Accord framework, which draws on many of the 12 principles.

The Accord monitoring framework was developed in consultation with representatives from across the construction sector.

Significant effort was put into defining clear goals and outcomes, ensuring individual measures are relevant to the transformational change the sector wants to see (see Figure 2).

The Accord monitoring framework includes indicators of long-term aspirational change and short-term activity-based measures. The framework aims to provide the sector with more clarity around its progress towards its goal.

Journey to change the culture

The challenge now is to extend the work being done by MBIE and the Accord to develop a measurement culture among sector members. Performance measurement first and foremost needs to serve the needs of its participants. Therefore, to supplement any national level measurement framework and reporting, it is important to enable subsector groups to take ownership of their own performance measurement and to design measurement systems that align to their drivers.

Construction businesses need to be able to see cause and effect linkages between the data they collect, the actions they take and the performance (profitability and long-term viability) outcomes for their business.

With improved performance data, the sector will be better prepared to manage volatility and provide a more stable working environment for organisations. Increased stability will give them confidence to invest in capability development and innovation. In turn, a more financially stable construction industry will be better placed to make improvements in environmental and social outcomes.

Sector performance measurement is a long journey of creation and engagement that requires adaptation and innovation over time.

More information available

To find out more about construction sector measurement, contact Charlotte Brown at charlotte.brown@resorgs.org.nz.

For more on the Construction Sector Accord, visit www.constructionaccord.nz.

Visit www.branz.co.nz/pubs for reports:

- ER55 Construction sector performance

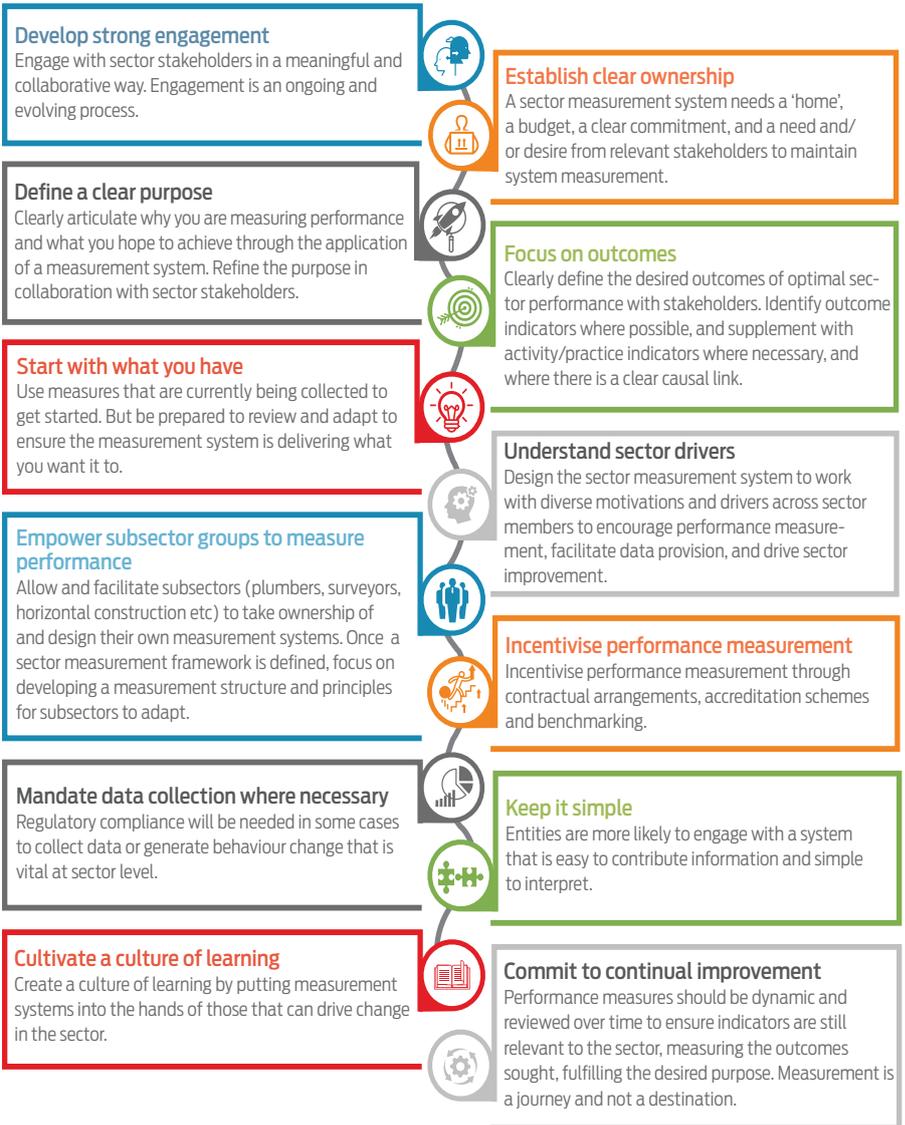


Figure 1: 12 principles of effectively measuring the performance of a sector.

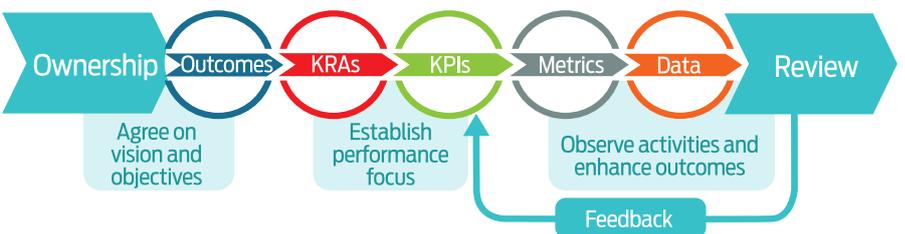


Figure 2: Sector performance measurement system process.

measurement: Learning lessons and finding opportunities

- ER55A Construction sector performance measurement: End user guide. ◀

Note The research project contributors were

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