



Expense Reduction
Built Environment Solutions



Industry Insight:
Built Environment Sector



Value Through Insight™



“One of the ways to combat weaknesses and fractures in the supply chain is to look at digitalisation and automation of the processes required to get from concept and design, to the finished built environment.”



Find out more at
[expensereduction.com](https://www.expensereduction.com)

Built Environment Solutions delivering Indirect, Procurement & Supplier Cost Optimisation

There is enormous pressure on all types and size of organisations in this fast-paced exciting industry, however there is also a huge amount of opportunity and potential waiting for those who are able to adjust to market demands.

The challenge for these organisations is to be open to change, seek innovative suppliers, adopt agile methods, develop innovative contracts, consult regularly with clients to deliver bespoke, sustainable, measurable and above all else value for money contracts.

This is of course an industry that thrives on human 2 human (H2H) interactions and is often cited as completely necessary to get things done. Technology is a great enabler and for those that ignore the benefits technology provides do so at their own peril. For those that embrace it and are early adopters there will be a competitive edge to be gained. A well thought out strategic plan for the organisational success of the business will bring many advantages not least a modern joined up approach to winning, maintaining and of course retaining clients.

With market conditions becoming increasing volatile the cost of doing business is constantly rising. It is vital due to the uncertainty of the coming months, even years that companies take control of cost management.



Not only do companies operating within the built environment have a responsibility and obligation to look towards providing sustainable solutions, there is an increasing opportunity through various government initiatives.

Industry challenges



Project Planning & Productivity



Skill Shortages



Supply Chain Uncertainty



Sustainability

CASE STUDY

Kendall Kingscott



Thanks to expert management and strategic investment, construction consultancy Kendall Kingscott bucked the economic downward spiral of 2008. With continued growth and expansion, the firm decided to conduct a review of its own expenditure in order to maximise financial efficiency in a competitive market place.

“Working with ERA has been a great experience and one that has certainly proved valuable for the company. Whilst we are capable of conducting similar cost savings exercises ourselves in-house, the leverage, experience and access to specialists that ERA bring to the table is second to none. We are all very, very pleased with the results so far and we look forward to seeing what more can be achieved.”

Financial Controller, Kendall Kingscott



Built Environment Insights



Project Planning and Productivity

Poor project delivery is inseparably linked with poor productivity – recent research suggests that a staggering 98% of projects incur cost overruns or delays – the average cost increase being an eye-watering 80% of original value and average slippage, 20 months behind the original schedule. This background naturally increases the likelihood of disputes, delayed payments, a breakdown in trust between parties and stakeholders, and potentially, the need for legal intervention to sort it all out. As a result, companies operating in the sector suffer a significantly higher cost of doing business than their peers in other sectors.



Skill Shortages

Construction is a major sector of the UK economy. It generates almost £90 billion annually (6.7% of GDP) and employs in excess of 2.93 million people, the equivalent of about 10% of UK employment. The industry shed over 140,000 jobs in the 2008 recession and just scraped through the 2012 dip. However, there is a new challenge on the horizon. The age profile in construction means 22% are in their 50's and 15% in their 60's, meaning many construction workers are retiring and the industry is losing significant skills and experience. Over £1 billion has been invested by government in training and apprenticeships, however less than 15% of all UK employers has taken on an apprentice or inexperienced staff member to replace these skills shortages over the long-term.



Supply Chain Uncertainty

For a number of years now, a substantial number of companies have vetted their supply chain through Pre-Qualification Questionnaires. One of the areas covered in depth, is their supply chain - specifically reliability and the socio-economic and environmental responsibilities undertaken. However, this still cannot negate the fact that weaknesses in the supply chain are common, but sometimes these are contributed to lack of physical resources which is a clear indication that the industry needs to look to using sustainable materials as far as possible. While the focus shifts to the sustainable materials, it is logical to look to securing a clear, accurate system for validating the Built Environment supply chain.



Sustainability

The built environment industry in the UK accounts for 45% of the total carbon emissions which is an alarming figure. It is imperative that sustainability is one of the highest priorities throughout the design and construction process, ensuring practical and innovative solutions are found for the lifespan of the development, especially since currently 72% of domestic emissions arise from space heating and the provision of hot water, a figure that needs to be drastically reduced. Alongside this, a shocking 13% of products that are delivered to construction sites are being sent directly to landfill without being used, and 32% of all landfill waste compromising of materials in the construction and demolition of buildings. This highlights the need for use of recycled and recyclable products.

CASE STUDY

Substantial savings for UK energy company



Formed in 1973 as a family-run business, A&M Energy Solution (formerly A&M Insulations) is one of the UK's largest providers of insulation services, working with home owners, construction firms, local authorities, housing associations, registered social landlords and energy suppliers to take steps to reduce the UK's carbon footprint. With over 230 employees across the UK, A&M now carries out approximately 70,000 energy saving measures on properties every year.

“Expense Reduction Analysts have delivered significant savings in almost all of the areas I have asked them to examine. In particular, their recommendations on our Telecoms procurement stand out and prove their ability to think outside the box”

Ian Holland, Finance Director, A&M Energy Solutions Ltd

Value Through Insight™

The built environment industry is experiencing a golden era of innovation, so it's more important than ever to understand the value of the possibilities available.

Our industry experts have gained vital knowledge and insight throughout their careers, putting them in a unique position to help your organisation. To find out more about how we can help you in the Built Environment sector, explore who we are and discover more details about how we work.

Visit **[expensereduction.com](https://www.expensereduction.com)** to download our **Built Environment Solutions whitepaper** today.



**Expense Reduction
Analysts**