



Advanced Project Management Symposium

**Fall 2010
Atlanta, Georgia**

Jobsite Risk Reduction by Better Vendor Coordination and Partnership

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*Contact MCA now to register for the Spring 2011 Symposium:
The Steps Needed to Implement Agile Construction[®]
Seattle, Washington*

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Focus

The focus of the Fall 2010 Symposium was on “Jobsite Risk Reduction by Better Vendor Coordination and Partnership”. Marking the 7th symposium from MCA, 15 companies were represented by 38 attendees, which included electrical contractors and distributors. Aimed to bring the experienced practitioners to the table, the group set out to explore high-level applications of Agile Construction[®] – the externalization of work from jobsites, which can be achieved by Prefabrication and Vendor Partnership. This is also the third stage of implementation, proceeding Visibility and Productivity, for Agile Construction[®].



Vendor Partnership

The session began by understanding how the Vendor Partnership can help contractors to be successful. Vendor Partnership focuses on the transfer of value to the end customer by providing the lowest installed cost. Participants exchanged ideas on what is externalization and what are the benefits. The major steps of implementation were discussed, such as shifting the focus of business partners from price to cost reduction, which is the main controllable element of the relationship by contractors and vendors.



The following are key insights from the group after a brainstorm on reasons for Agile Construction® to involve Vendor participation:

- Relieve contractors from handling materials, which is not their expertise but the vendor's
- Help establish the trust for labor to reduce material inspection
- Prefabrication of material by vendor
- Create a systematic approach with more preplanning
- Better material management on the job

The group concluded that the success of Vendor Partnership lies in understanding the difference in paradigms. For example, the distributors have a different fixed cost business model than contractors' variable cost model. MCA then presented research results showing distributors can reduce cost and benefit from the partnership.

Voices from Practitioners

Steven Horst from Graybar was invited to present on Graybar ESP (Efficiency, Safety and Productivity). A quick exercise was played to demonstrate visual blind spots. Learning from the exercise, Steven urged the group to rethink the current processes, and third party companies like MCA can help to remove the “blind spots”. The partnership is about finding a process that will work for both the contractor and the distributor to make both profitable.

Next, Jerry Greeson from Cleveland Electric shares the stage with his colleagues and Graybar to introduce their partnership, which started in 2002. Resulting from the partnership, Cleveland Electric eliminated its own warehouse, and focused on onsite material handlers, which are specifically trained. JPAC® was also used to track the job and partnership productivity. The presenters exchange insights and resolutions with the group on Vendor Partnership.



Visit to Graybar Zone Warehouse

The tradition of the symposium onsite visit continued, with the hosting of Graybar to one of their warehouses. Participants were given a tour around by the warehouse manager. The extensive use of technology to manage inventory was demonstrated.



Tools and Applications of Agile Construction[®]

The world as we know it in the construction industry is shifting. The U.S. construction market is shifting from industrial to commercial-residential. Less skilled labor will be needed in the production of construction work. Lower composite rates can be achieved through a well designed vendor partnership program. When more information is exchanged, vendors and contractors will behave differently and much more productively.



Practitioners then shared their experience with using JPAC[®] and SIS[™]:

- Mike Shill likes the immediate feedback to foremen and project managers, amazed by how quickly issues showed.
- Greg Sherman commented that JPAC[®] and SIS[™] are able to capture information that is hidden by accounting hours.

JPAC[®] can be connected to cash flow, which allows project risk to be limited. With JPAC[®] tracking the percent complete, more activities can be billed for and turn cash positive as soon as possible.

Closing Comments

The symposium closed by insights from the group. Participants expressed that the session was well worth the travel and the Vendor Partnership concept is exciting. The difficulties of Vendor Partnership are also acknowledged, and will require effort and paradigm shifts to achieve. With a win-win goal in mind, the partnership will require corporation and trust on all levels. Steven Horst commented that we cannot act as competitors to succeed, so we should take effort to resolve the difference in business models, mind set and approaches. To achieve company-wide buy-in, labor input is crucial, and the measurement for labor should resonance the drive for partnership. Overall, participants appreciate the opportunity to bring together contractors and distributors in this symposium.



Next Session, Coming Spring 2011:

***The Steps Needed to Implement Agile Construction[®]
Seattle, Washington (date TBD)***

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