

Role of integrator Highways England Procurement

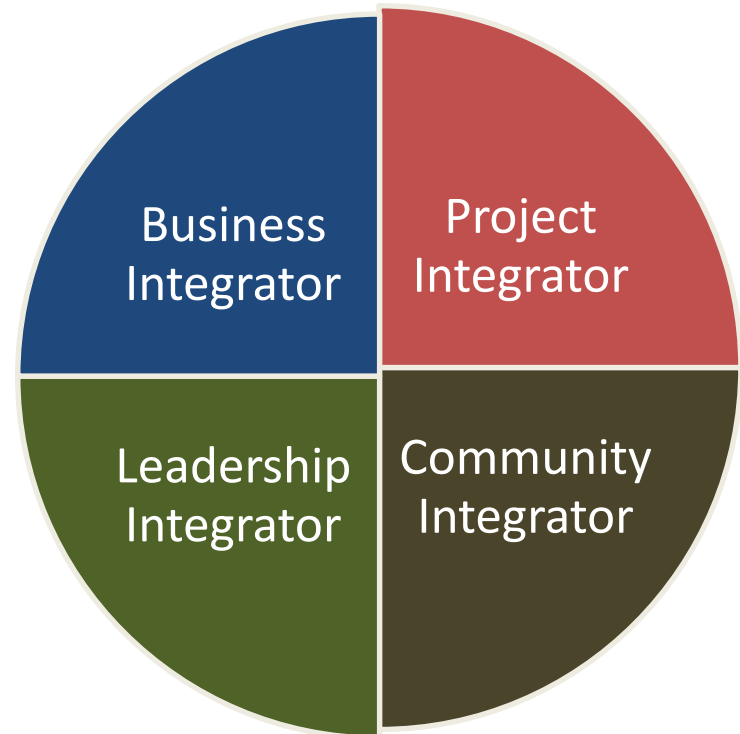
Identifying the right Integrator

Integrators provide opportunity significant innovation, efficiency and control

However, integrator model include inherent threat of increased complexity and project failure

One of the biggest reason for integration failure is lack of alignment in **Purpose & Outcome** at the initiation stage

To be successful you need to identify your **Integration Purpose** & align to the right **integration model**



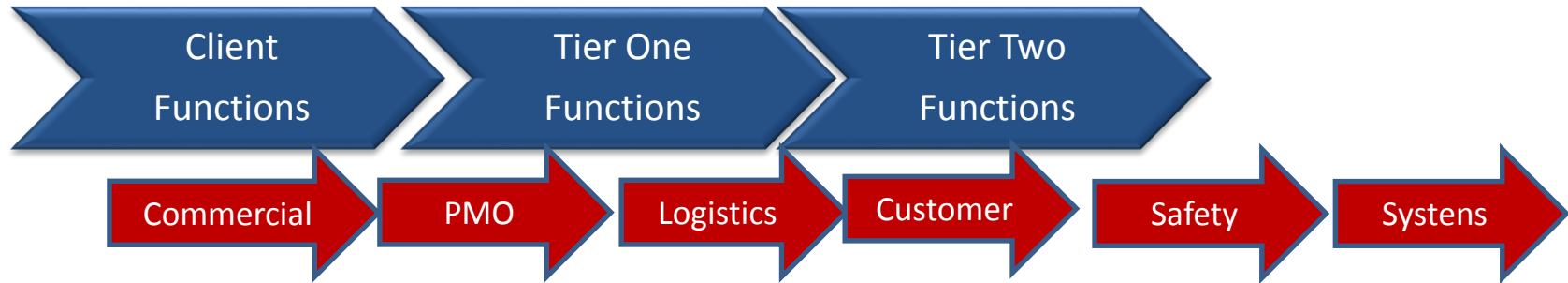
Integration model

Procurement trained ID 4 unique business integrator models:

- ❑ **Business integrator** – a horizontal integration of business functions between internal and external partners, e.g.. deliver end to end commercial strategy to drive payment flows
- ❑ **Project Integrator** – a vertical integration of stakeholders, client and companies to deliver single outcome, e.g. Olympic Delivery Authority with integrator responsible for constructing multiple venues using equal contract parties
- ❑ **Community Integrator** – a voluntary group of suppliers and client working in collaboration to develop and deliver opportunities for efficiency and innovation
- ❑ **Leadership Integrator** – a manager to create a knowledge economy and act as disruptor to business procedures



Business Integration model



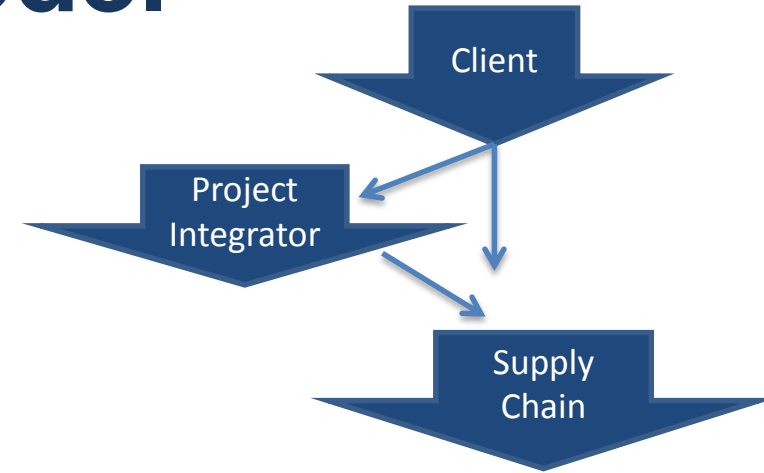
Key Features

- **Return On Investment** – requires additional cost (1% to 5%) and thus business case needs to demonstrate opportunity
- **Client Control** – Client needs to clearly articulate level of quality control transfer
- **Ownership** – Business Integrator authority needs to be clearly articulated in all partners contracts
- **Performance Alignment** – alignment between business outputs and project outcomes
- **Payment Plans** – how to incentivise direct control and avoid compensation events
- **Exit Strategy** – identify exit point for self –delivery to avoid cost generator

Project Integration Model

Key Features

- **Construction Management**– requires complex procurement, with Client appointing direct delivery contracts and a separate integrator, only suitable for large complex projects
- **Programme Management** –delivery contracts transfers logistics, payments, stakeholder management and strategic programme to Integrator . Supports Thin Client role with strategic but not operational oversight
- **Interface Management** – requires interface strategy and accountability for external stakeholders and non delivery partners
- **Project Risk Management** – integrator mitigates project delivery risk not client opportunity. It thus requires fixed programme and incentive targets



Community Integration model

Key Features

Project Opportunity Management – partners manage their own risks, however, model incentivise collaborative behaviour with efficiency and innovation collectively rewarded

Behavioural Management – focus on procurement in appointing aligned partners and long term maturity

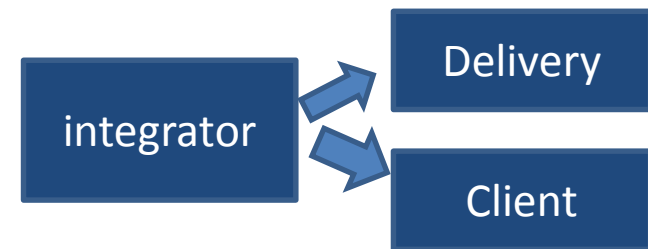
Incentives Management – needs clear risk and reward strategy

Business Transformation – needs to focus on strategic change and a Client willingness to listen and adapt

Strategic Client – Client needs to set the outcome focussed, control pace of change and accept increased risk of innovation



Leadership Integration model



Key Features

Business Disruptor – focus on industry best practice and new ways of working to drive innovation, does not need to be “management consultant”

Capability Focussed – focussed on identifying common skills gap & developing action plans

Scope Management – requires targeted focus & programme

Supplier Engagement – suppliers needs to be part of appointment, committing resource and adoption

Collaborative Environment - requires collaborative thought & practice

Integration in HE Practice

Business Integration	Smart Motorways Alliance – Production Partner
Project Integration	Medium to Long Term planning but not part of RIS1 delivery model
Community Integration	Regional Delivery Partnership – Centre of Excellence Asset Delivery Collaborative Working Group
Leadership Integration	Major Projects Project Delivery Partner

Centre of Excellence – Community Integration

- Suppliers Costs & Fee based on project delivery targets not collaboration
- Paid “gain” depending on level of project efficiencies
- Mitigated vertical integration risk by developing D&B model
- 18 Suppliers appointed in 6 Regions
- Efficiencies delivered through key integration platform:
 - ❖ Regional Centre of Excellence
 - ❖ National Centre of Excellence

Centre of Excellence – Community Integration

Integration Opportunity delivered via:

- ✓ **Sustainable Fee** – encouraged increased fee
- ✓ **Packaging Strategy** - Regional Suppliers (3 per region), separate contracts
- ✓ **Performance - Targets** - achieve 8% efficiency through integration of process, supply chain and innovation
- ✓ **Incentive Model** focussed on reward, ltd opportunity for gain without collaboration
- ✓ **Behavioural Maturity Model** – driving change
- ✓ **Long term contract (6 years)** – embedding change
- ✓ **Procurement** - Key part of Procurement Assessment
- ✓ **Governance** - National CoE sets strategic leadership and regional delivers outcomes.
- ✓ **Pace** - Mandated CoE meetings and governance with annual report to Board