

# IMPROVING PRODUCTIVITY THROUGH ALLIANCE IMPLEMENTATION BETWEEN CONTRACTORS

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CTO

Fira Oy



# WHAT IS OUR VISION?

2025

~~FIRA 2025:~~  
European service and construction  
company, revenue 1 MRD EUR



Fira 2009 - 2015

Domestic service (and construction)  
company

**FIRA** ◀  
16 MEUR

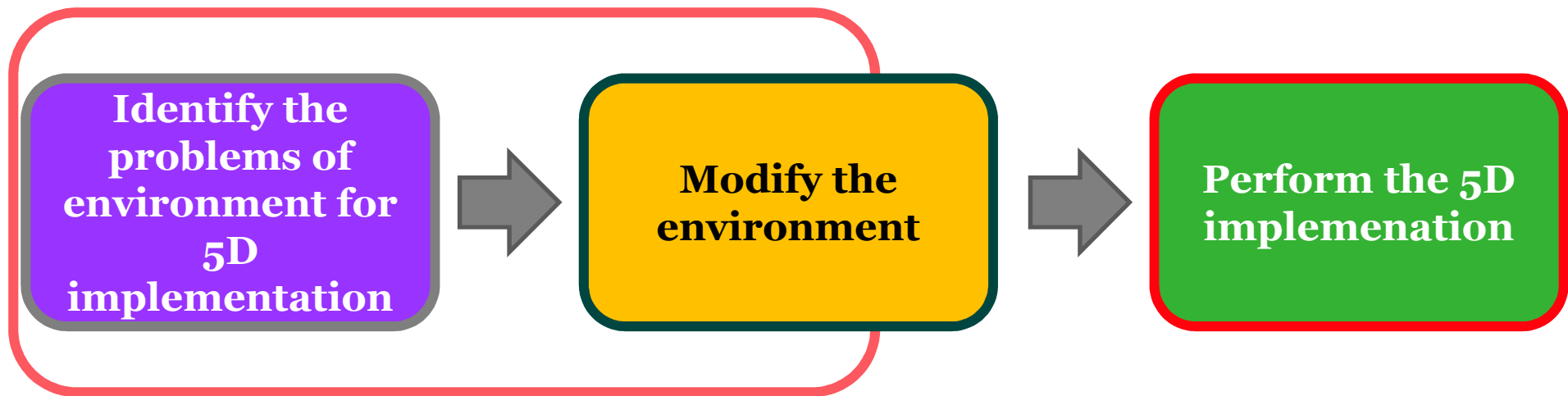


**Fira**  
100 MEUR

**Fira** Fiksumpaa rakentamista



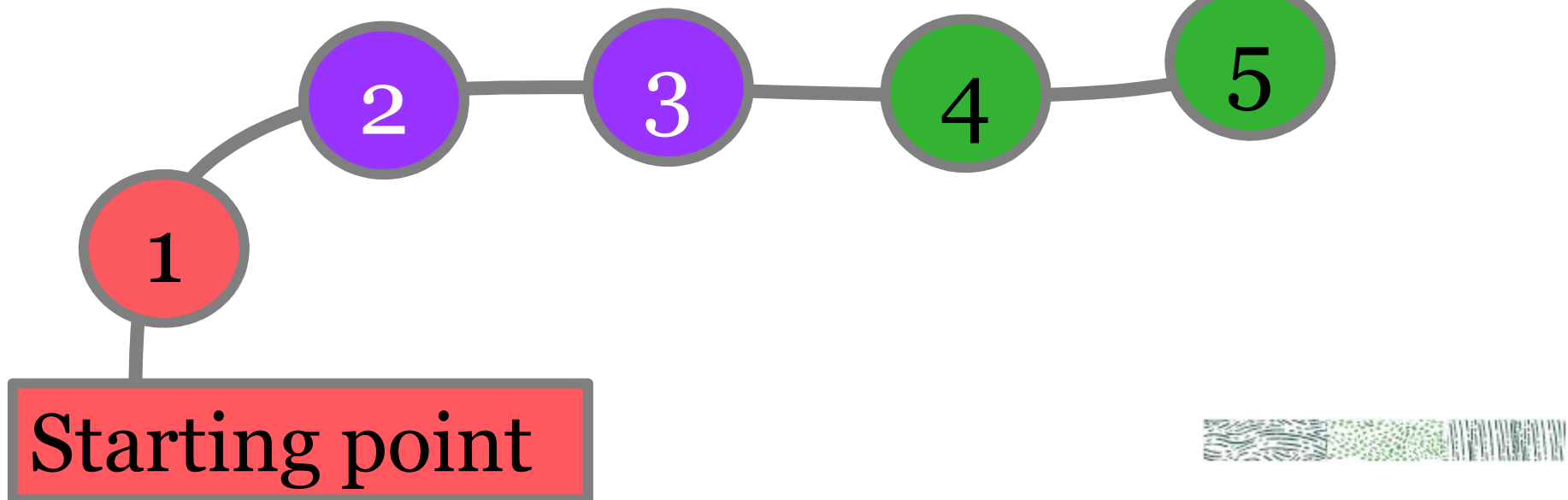
At the field of renovating,  
**BEFORE** true 5D implementation  
we need to create the environment  
for enabling the 5D implementation



# We have a plan

Three questions have been answered in this presentation:

- Why?
- How?
- Results?



**O**

**WHO ARE WE  
AND  
WHAT DO WE  
SUGGEST?**

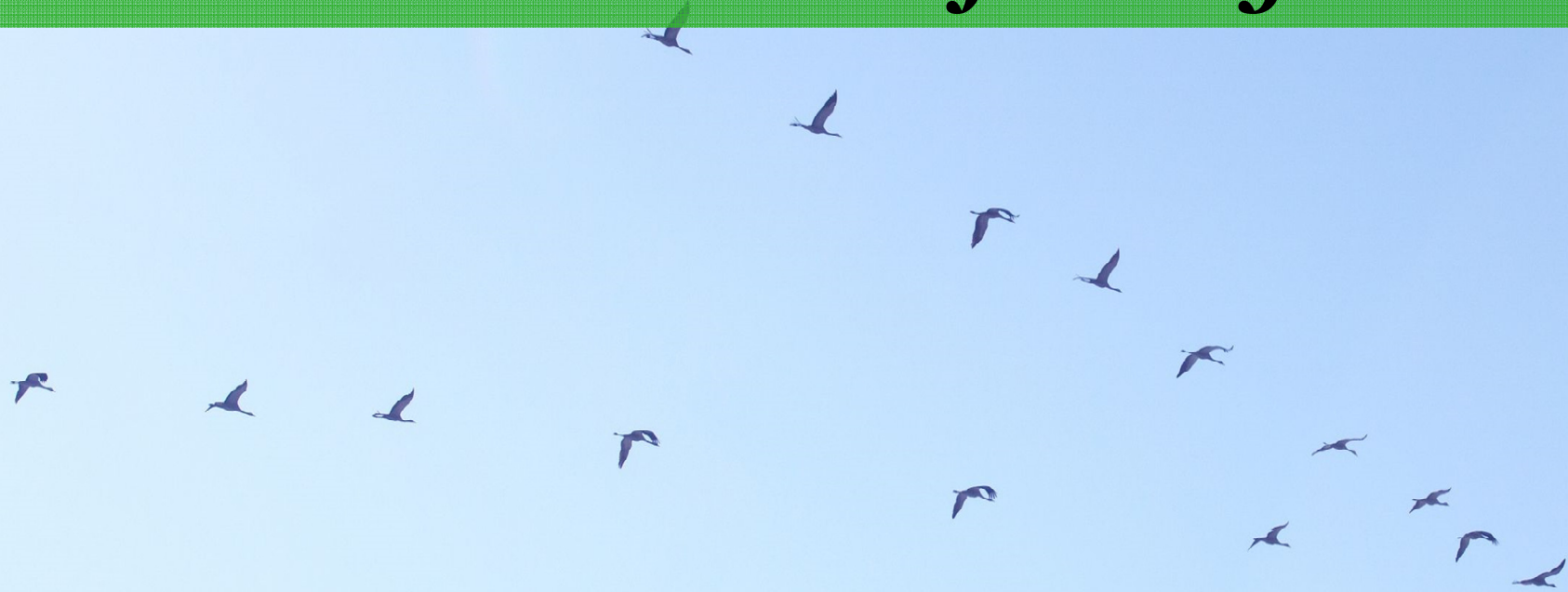


**Fira is not one of traditional "customer oriented" companies...**





**...with Fira, the customer and subs are in  
same  
team *at same journey***



# LET'S BEGIN THE JOURNEY TOWARD THE ENVIRONMENT OF 5D





To develop conservative business environment we have a key statement today:

PRODUCTION

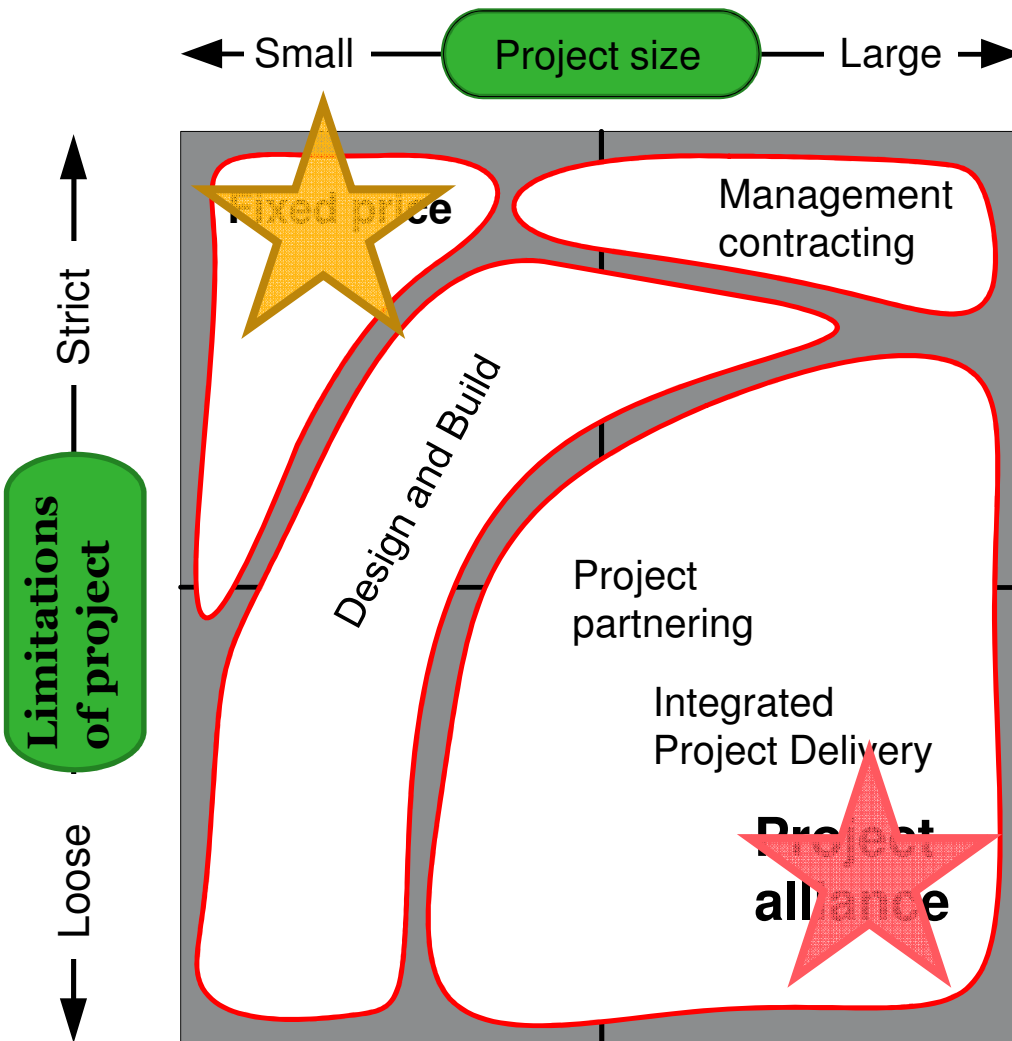
# The alliance model initiates growth of productivity

# PLUS: Our statement is proved in usual environment

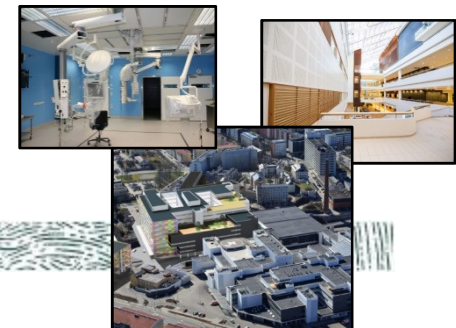


**The unusual environment:**  
the small house department renovation

⇒  
**PRODUCTION ALLIANCE**



**The usual environment of project alliance:**  
the hospitals





A house department renovation =  
the time travel back to Middle Ages



**1**

**WE BELIEVE THAT  
THE SILOS IN  
CONTRACTING NEEDS  
TO BE DEMOLISHED**



## HARD FACTS:

1. Construction projects are **unique and not repeatable**, because each unique construction is constructed in unique environment with unique organization
2. Best profitability can be achieved by tendering and **lowest price bidding**
3. Specialised companies and professional teams can provide best price as **subcontractors** for certain task

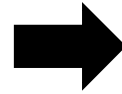
Survival of the fittest



**Weird believes?**

~~**HARD FACTS of REALITY:**~~

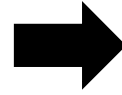
**1. Unique projects**



**Manifestation on projects**

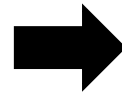
**Randomly chosen project organisation, zero learning curve**

**2. Lowest price bidding**



**+**  
**Short time profits, lack of commitment**

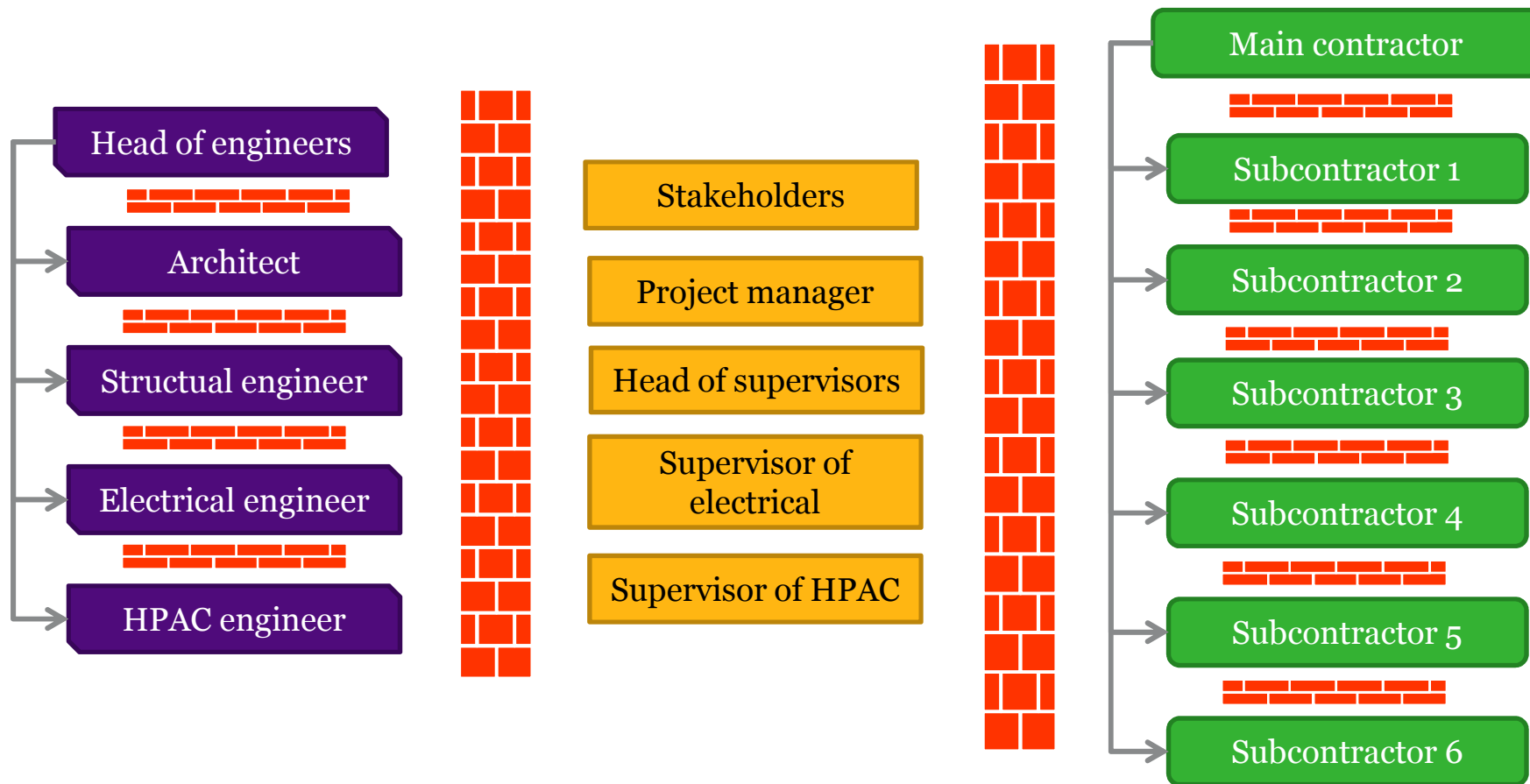
**3. Specialised subcontractors**



**+**  
**Siloed organisation, no common goal, no loyalty**

**At the age of service industry..**

# ...we are still in siloes in construction business...



Source: Will Lichtig



## ...where we have opposite interests



<http://image.slidesharecdn.com/team-building-quotes-great-teamwork-weekdone-141126074034-conversion-gate02/95/15-powerful-team-building-quotes-to-inspire-successful-teamwork-3-638.jpg?cb=1417196864>





# AS A RESULT OF LOW BIDDING SYNDROME, THE CONSTRUCTION INDUSTRY HAS FAILED IN DEVELOPING

## THE PRODUCTIVITY



**We can not afford this anymore.**





Construction business is worth of 25 MRD  
EUR in Finland.

*If we would have increased  
productivity say 3 % per year, we  
would be thinking with Norwegians  
where to put all the money.*



2

**WE BELIEVE THAT  
CONTRACTING NEEDS  
CONTINUITY AND  
MORE INTERACTION**

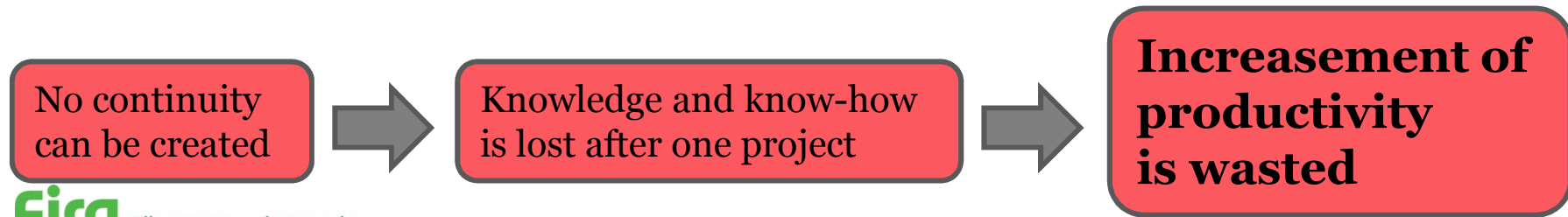
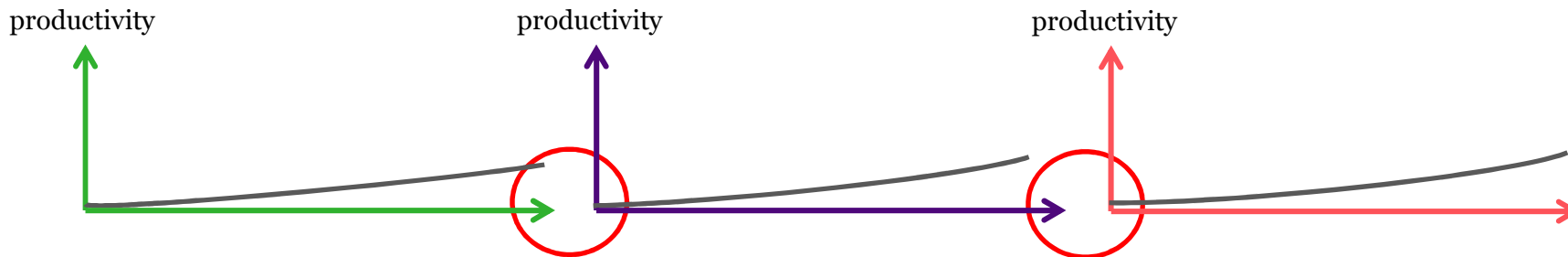
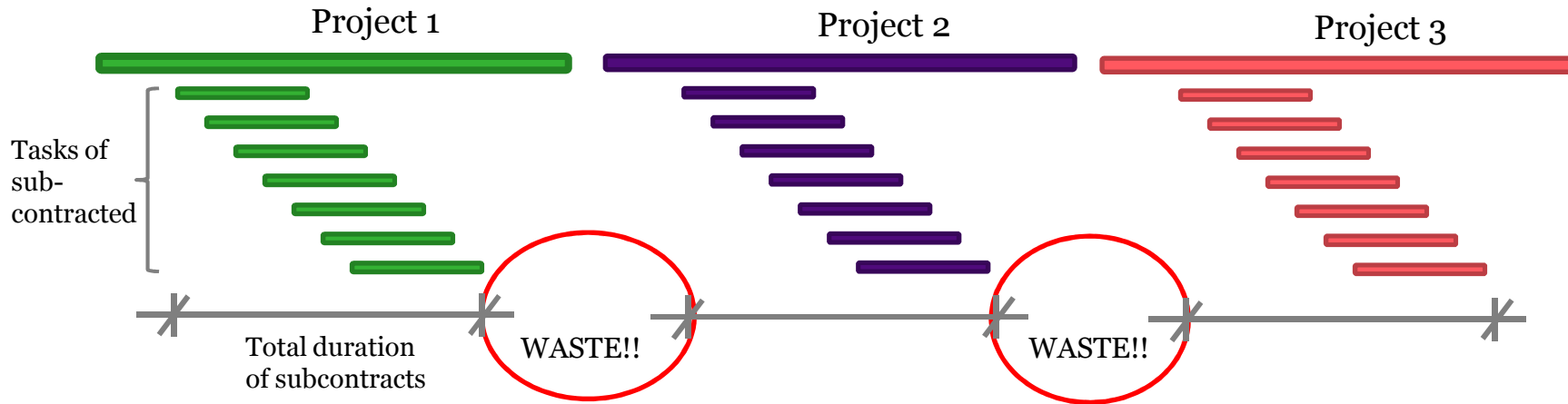


# Step 1 – Let's focus over boundaries of one project

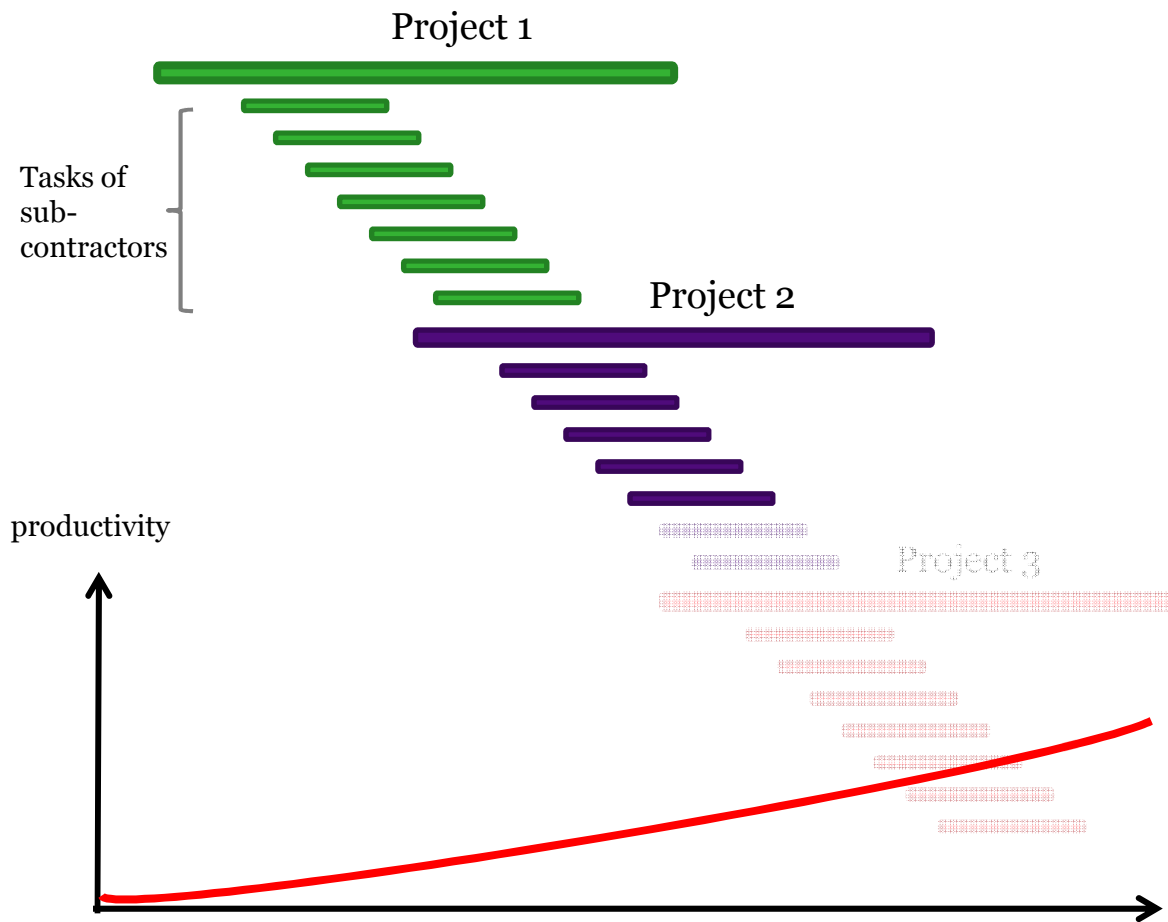




# Main contractor is the creator of waste when scheduling projects at traditional way



# Let's optimise the subcontractors business environment



## Benefits:

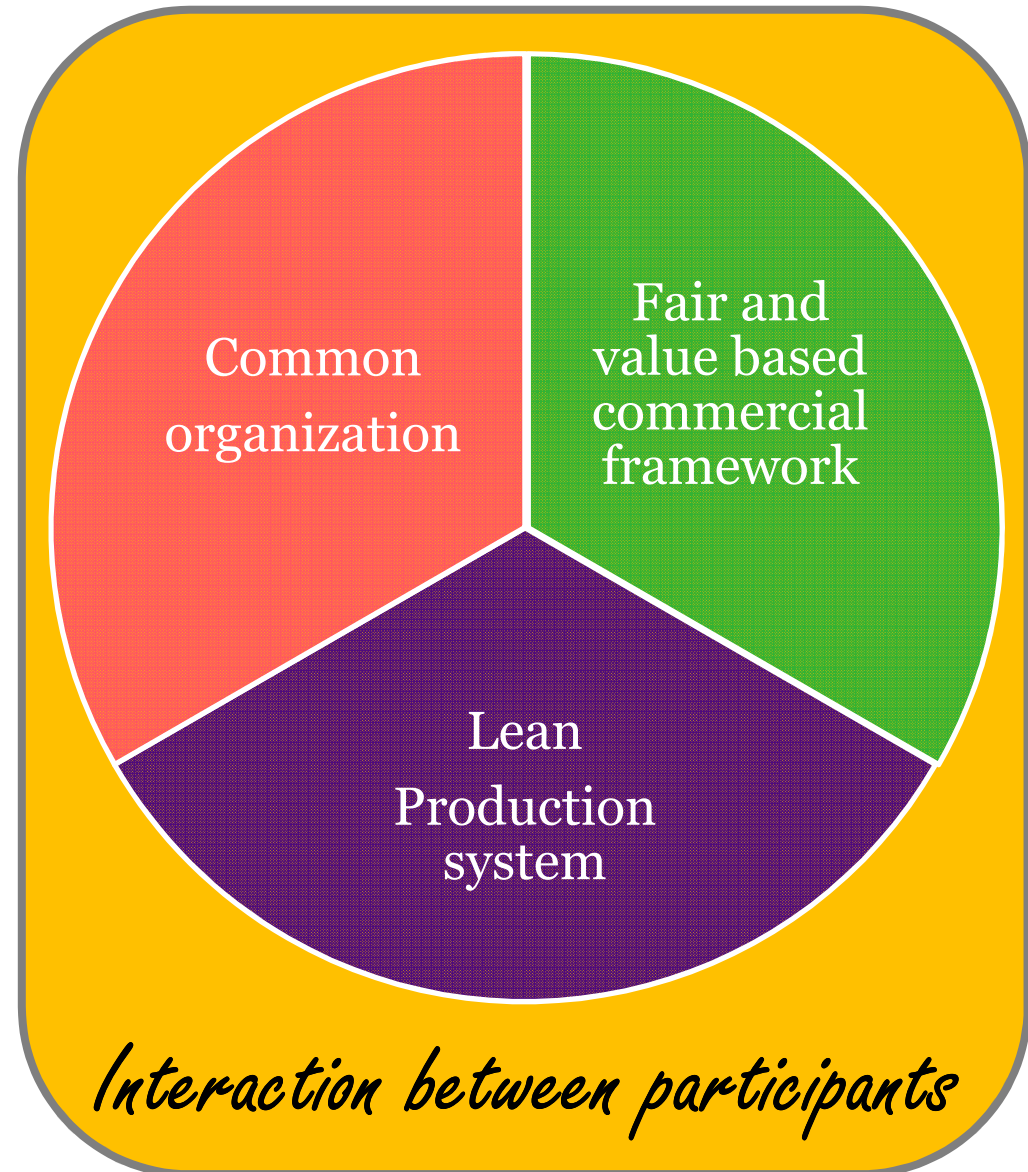
- Balanced production also for subcontractors  
⇒ Possibility to **sustain the same organization**
- ⇒ Possibility to **gather know-how** and knowledge
- ⇒ Possibility to **improve productivity**



# Step 2 – Increase collaboration in a project

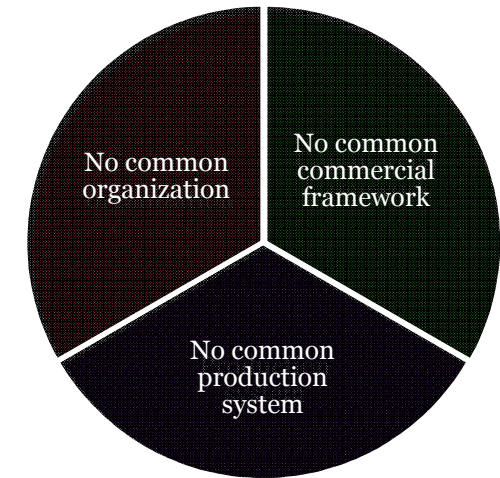
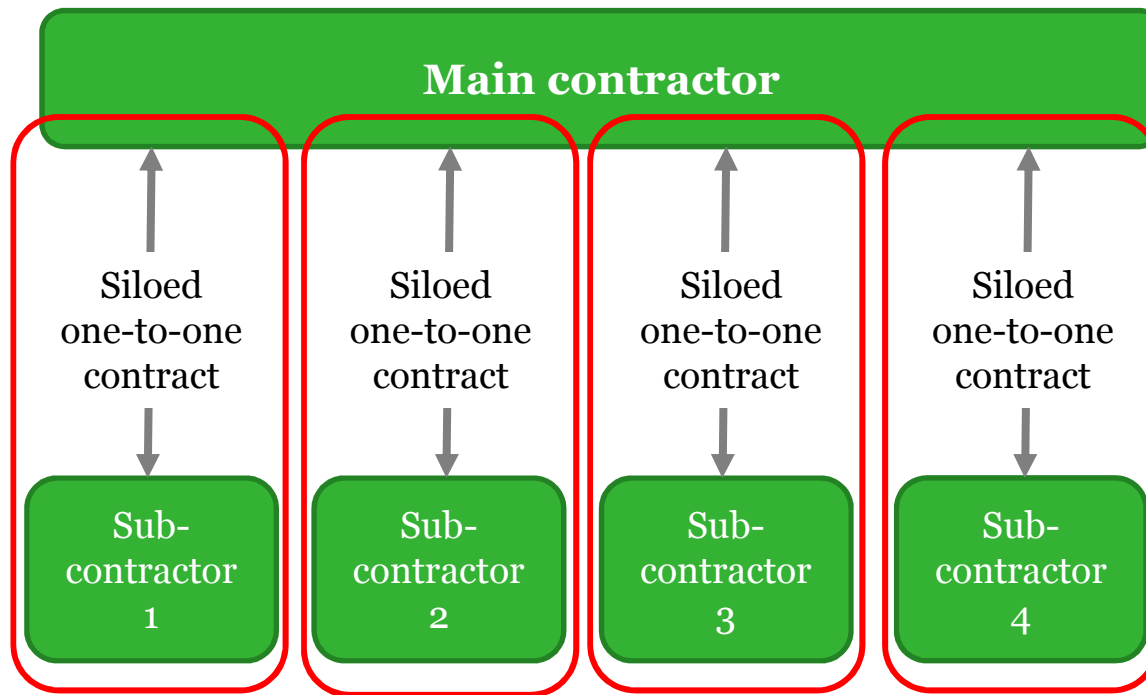


# What do we need to manage successfully a construction project?





# Which are the benefits of the traditional contracting model?



**There are  
NO benefits.**

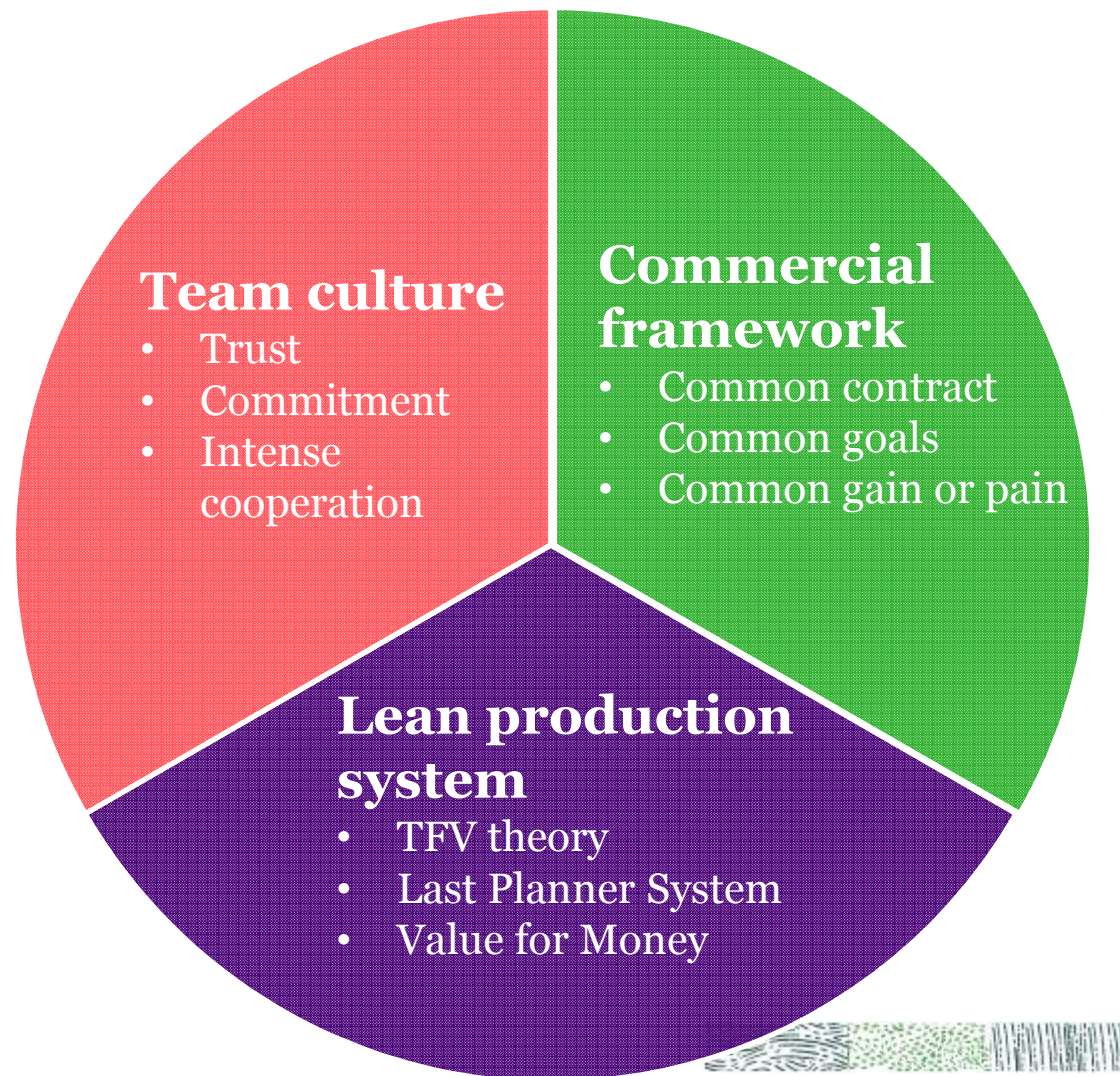
**In siloed organization no interaction between participants can not be created naturally.**



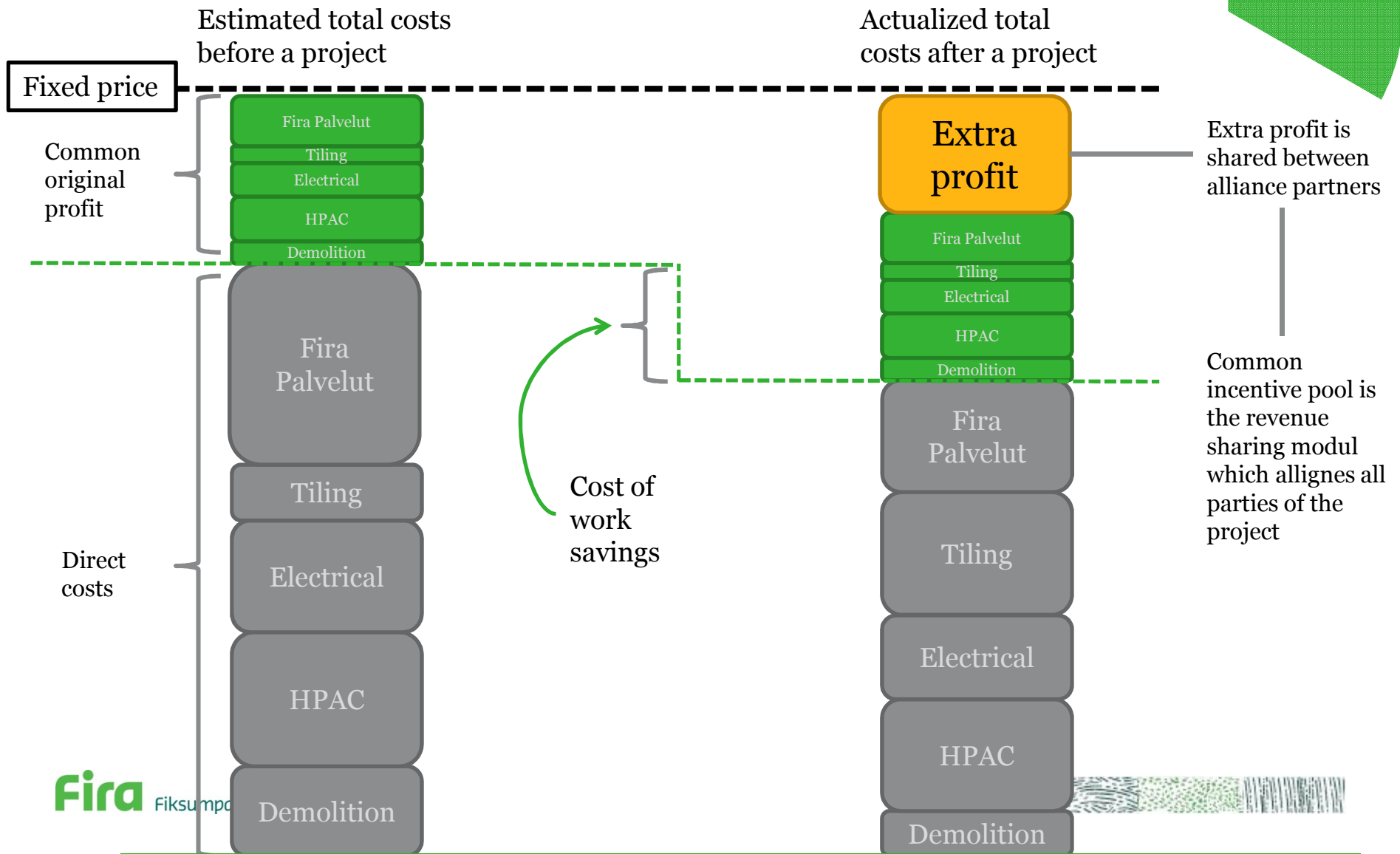
**3**

**WE BELIEVE IN  
ALLIANCE  
IMPLEMENTATION AS  
A HOLISTIC CHANGE  
IS THE ANSWER**

# What the alliance offers?



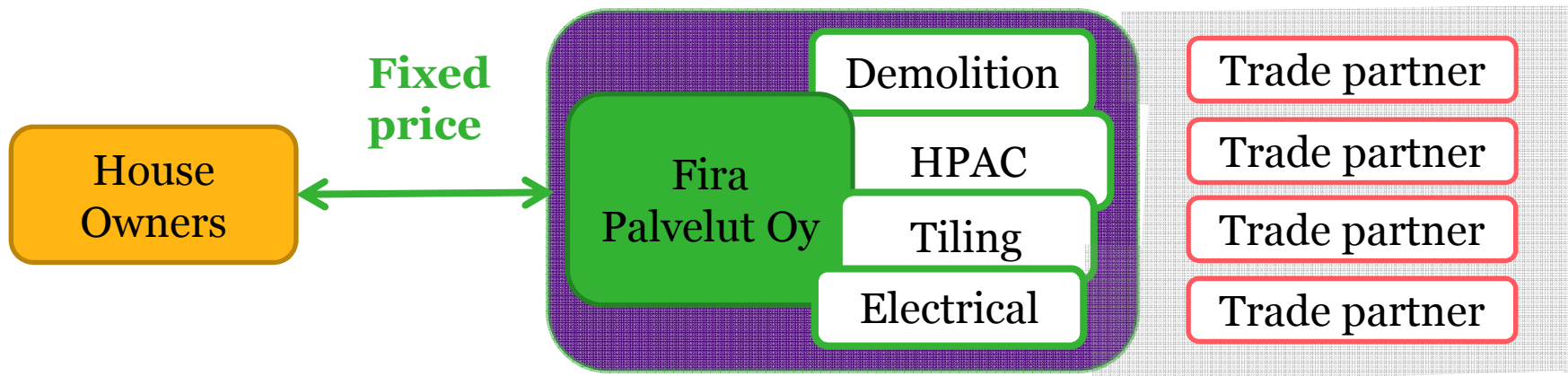
# New commercial framework integrates participants via shared pain/gain



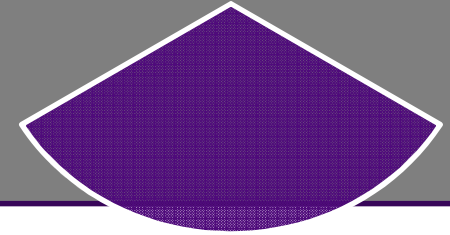


# Common organization and integrative commercial model enforce team culture

## PRODUCTION Alliance Contract



# New commercial model enables introduction of Lean



## CONVENTIONAL VS. ALLIANCE PROJECT

Master Schedule	Big Room Design Management	Early involment
Design	Value for the money thinking	Intense cooperation of supply chain
Procurement	Excessive use of BIM	Built in Quality
Construction	Target Value Design (TVD)	Kaizen – Continuous Improvement
Flow line Scheduling	Last Planner System	etc.

4

**BUT CAN THE  
ALLIANCE  
IMPLEMENTATION  
REALLY IMPROVE  
PRODUCTIVITY?**

# From theory to implementation

## Creation of first alliance concept 08/2014:

Our mission is to improve productivity through four cornerstones:

1. **Excellent customer satisfaction**
2. **Development of cooperation**
3. **Innovations**
4. **Good financial outcome**

## Synthesis 05/2015:

*"let's observe how our first pilot projects performed and gather the know-how and knowledge to develop the alliance implementation better"*

## Lean Takt-time production 08/2015:

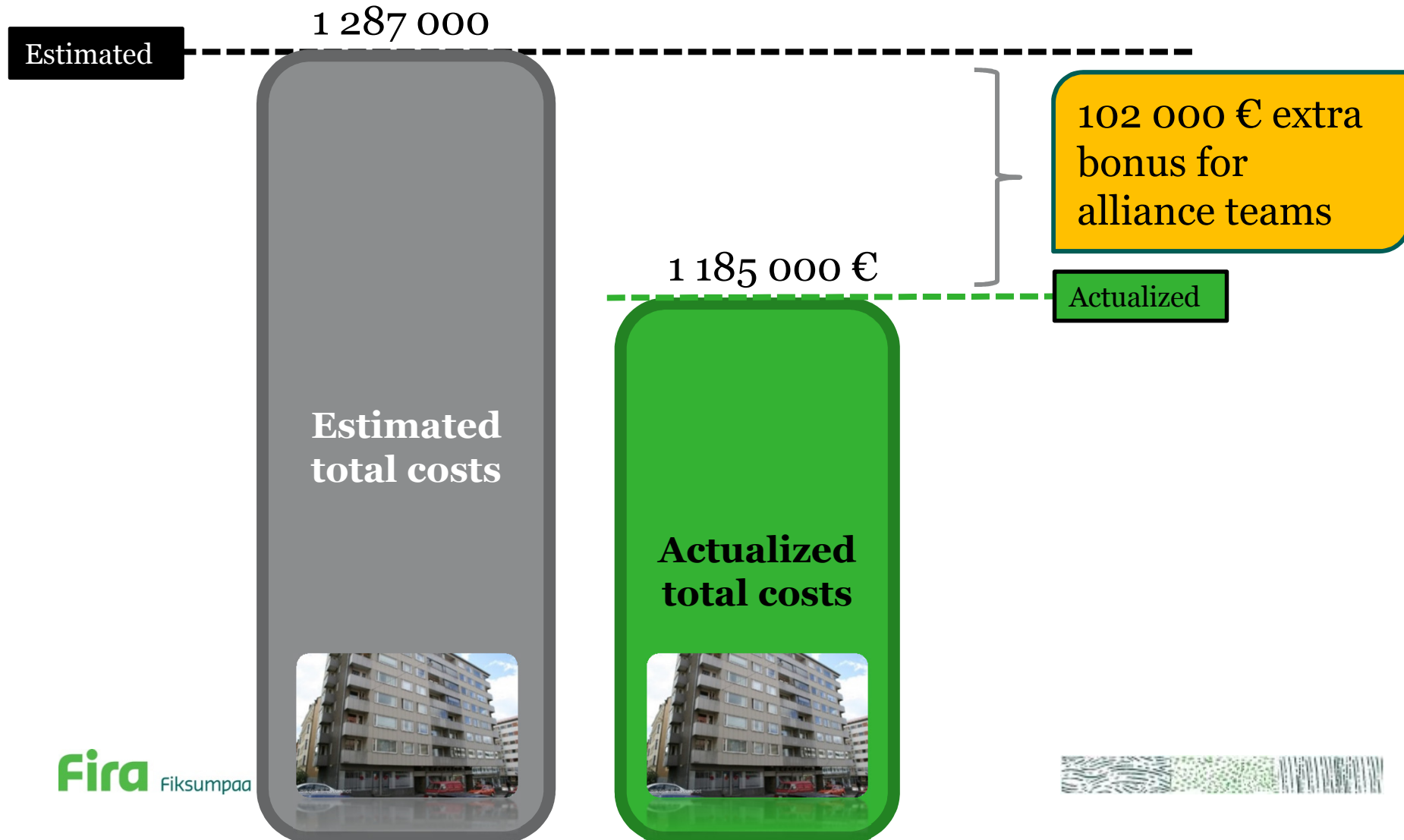
*"Why there is work in progress only in 15% of rooms?"*  
*"Alliance is good, but how could we cut down 50% from throughput time?"*

## Starting point 01/2014:

*"what if we stop project-based thinking and **create continuity** between projects with our best subcontractors?"*

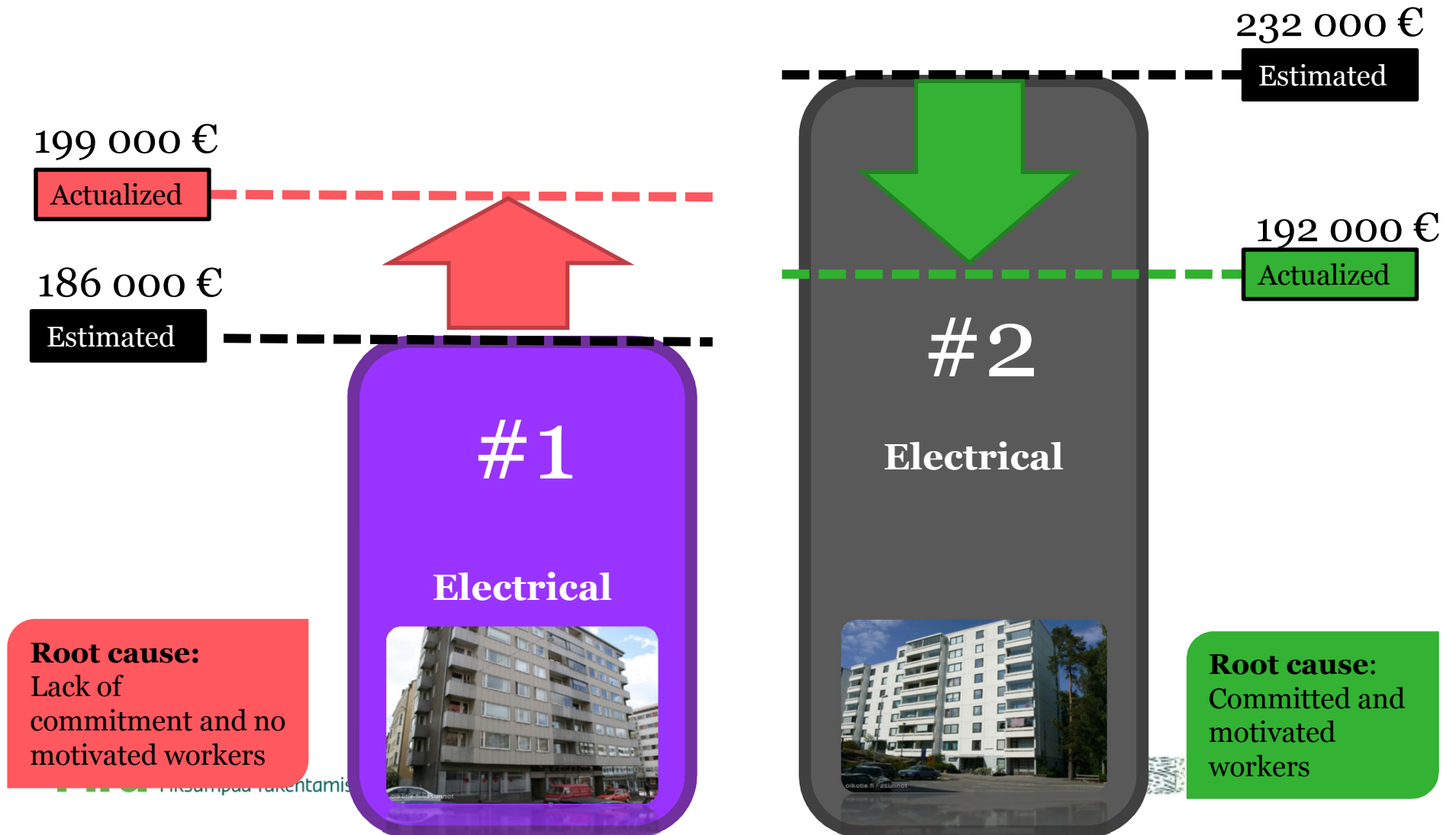


# Proof of concept in 04/2015





# We have learned a lesson (or two)!



# Achievements so far at the mine field of traditional contracting

OUR SCORE SO FAR: 13/16

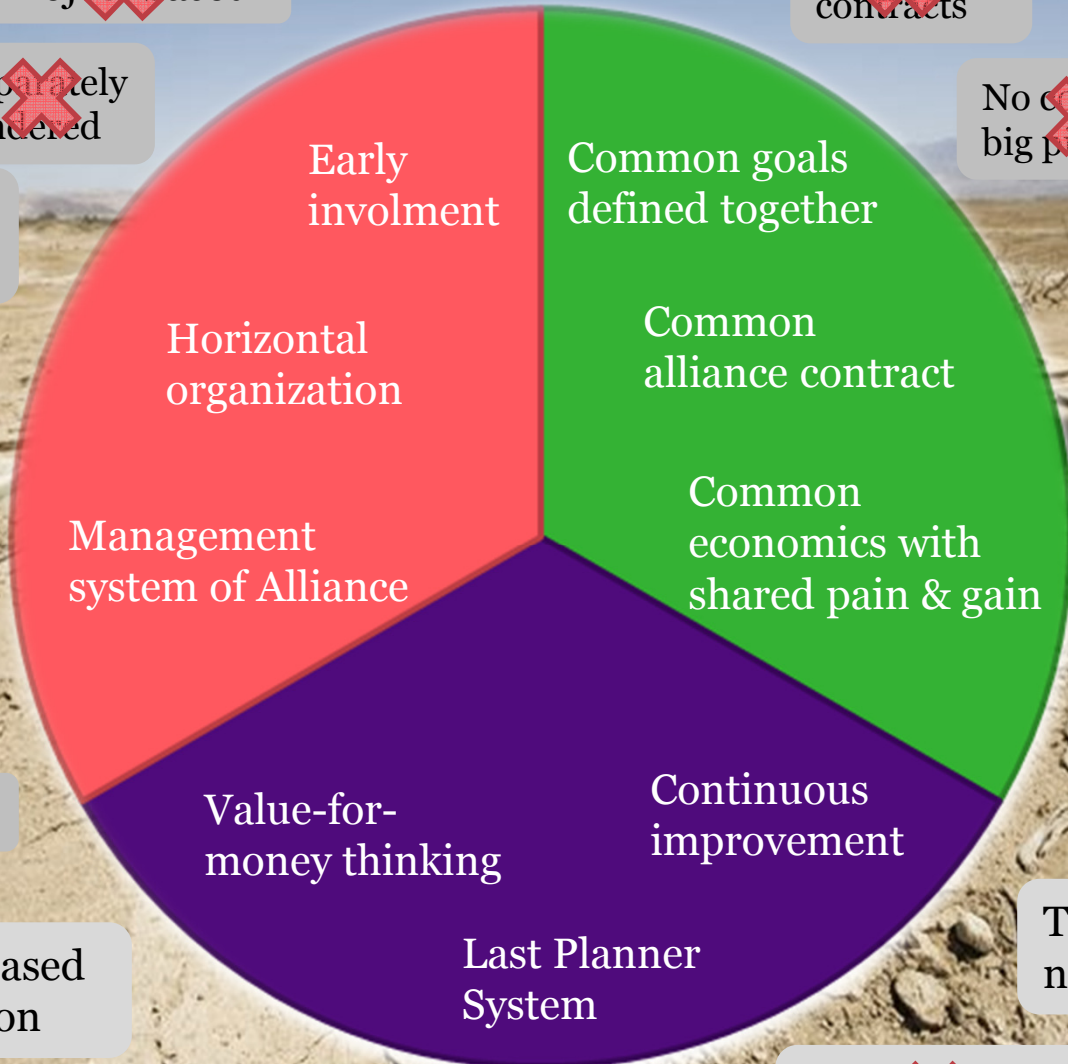
~~Project based~~

~~One-to-one contracts~~

~~Separately tendered~~

~~No common big picture~~

~~Lowest price-oriented~~



~~Best-for-me~~

~~Shattered~~

~~You win, I lose  
You lose, I win~~

~~Hierarchic and vertical~~

~~Focus on past~~

~~"Command and conquer"~~

~~No gain, only pain~~

~~No commitment~~

~~Tolerable quality, not best I can do~~

~~Project based production~~

~~No visual goals~~

~~"Command and conquer"~~

~~No tools for lean leadership~~

5

**CONCLUSIONS  
SO FAR**

# Can the alliance model be implemented to unusual environment?

- renovation
- small project size
- between main contractor and subcontractors



# Does the alliance model initiate growth of productivity?



# Does the Alliance pave the way for 5D?



6

**WHAT NEXT?  
WE BELIEVE THAT  
THE FOCUS NEED TO  
BE AT CREATION OF  
THE TEAM CULTURE**



If we enhance learning, we improve productivity

## Creating a team culture is the key to improve productivity

- ➔ Create **continuity** over projects
- ➔ **Stable** the organization
- ➔ **Create team culture** where know-how and knowledge is gathered and people **can learn**
- ➔ **By learning** we can improve productivity

## The alliance implementation is the key for creating a team culture

- ➔ Stable organization needs **common goals** and **commercial framework**
- ➔ As a holistic relational model of contracting an alliance offers **a great environment** to develop the team culture



# The journey has just begun



**”Working together is success”**

**”Keeping together is progress”**

**”Coming together is the beginning”**

Quote by Henry Ford



**MOREOVER, WE  
BELIEVE THE  
ALLIANCE IS THE KEY  
FOR SOMETHING  
MUCH GREATER**

0

# A radical change is ahead



Improving productivity by increasing **customer value: we will join construction to service industry**

*Value*

*Processes of construction company*

*Processes of customer*

*Costs*

Improving productivity by **changing contracting culture**





# **Key questions which will change the whole construction business**

**# Are you really creating customer value together with your customer?**

**#Do you really know who are the customers in your project and how to reach them for value co-creation?**

**# Are you able to change your business model to service business and act accordingly?**



A close-up photograph of a child's hands stacking colorful wooden blocks on a black mat. The child is wearing a black and white zebra-print shirt and red pants with green socks. The blocks are stacked in a tower, with some having various patterns like polka dots, zig-zags, and stripes. The background shows a wooden floor and a red cushion.

**We are.**

**We will make it through  
alliance implementation.**

**To be continued...**



**Thank You**

**Merci**

**Danke**

azzi  
efcharisto  
obrigada  
tanana  
havala  
dekuji  
spasibo  
paldies  
blagodarya  
tack  
dekuji  
gracias  
dzieki  
multumesc  
dank  
obrigado  
grazie  
kos  
kiit