



31 May 2016



Government of Western Australia
Department of Finance



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Improved Subcontractor Capability

The Principles of the Maintenance Services Arrangement (MSA) include value for money, partnership and a value-added, integrated approach to service delivery. With subcontractors being an integral part of our One Team, these all-encompassing Principles will be driven across our subcontractor network. Under the MSA, which commences 1 July 2016, the auditing and tracking of subcontractor performance, and collaborative working relationships, will lead to improved subcontractor standards and cost savings for the Agencies.

Programmed Facility Management (Programmed FM) is aware that subcontractors engaged to perform maintenance services and works, represent the face of our company.

As such, several key advancements from the current Service Arranger (SA) contracts to the MSA exist. These include:

- ✓ Engagement of subcontractors under revised and refreshed terms and conditions to drive better outcomes,
- ✓ Improved subcontractor management to ensure the job is done right the first time, and
- ✓ Real time visibility of works through the use of Programmed FM's field mobility solution ProMAP (Programmed Mobility Application Platform).

Procurement

Programmed FM is seeking to strategically procure services and trades for the MSA to meet the MSA Principles of:

- ✓ Value for Money
- ✓ Partnership
- ✓ Integration/Value Add

Programmed FM's procurement strategy includes:

- ✓ Letting across-agency subcontracts to allow more efficient subcontractor resource management (aggregation),
- ✓ Zoning of services to allow subcontractors to price works in their preferred geographical regions,
- ✓ Bundling of trades into trade categories (such as mechanical, air conditioning servicing, refrigeration service) to achieve cost benefits, and
- ✓ Assessing tenders using an holistic approach and not simply price.

Introduction to Subcontractor Management

Programmed FM understands the importance of effective Subcontractor Management in achieving the stated MSA Principles. Programmed FM's Subcontractor Management approach is to facilitate achievement of these objectives by:

- ✓ Providing certainty of tenure for subcontractors enabling them to invest in their business and in doing so improving service delivery; collaborative One Team approach,
- ✓ Fostering relationships through Programmed FM's Supply Chain Manager to manage the subcontracts; through benchmarking and workshopping ideas to improve service delivery performance,
- ✓ Encouraging and rewarding the exceptional performance of high performing subcontractors with access to increased work volumes and working with underperforming subcontractors to identify opportunities for improvement, and meet industry best practices,
- ✓ Involving subcontractors in six-monthly innovation workshops to deliver improved value, identify opportunities for improvement and improve services to deliver industry best practices, and
- ✓ Acknowledging that subcontractors are an extension of Programmed FM's service delivery performance ensuring that our management team works with subcontractors to maximise client-focus and customer-satisfaction through efficient, timely, high-quality and cost effective service delivery.

Approach to Subcontractor Management

Subcontractor Management is a process that begins with appropriate engagement of subcontractors to deliver value, in line with and beyond the contract requirement, to ensure optimal service delivery to Building Management and Works (BMW) and the Agencies.

Programmed FM will be utilising a range of techniques to manage subcontractor performance including, but not limited to: audits, interviews, performance reviews and the deployment of performance management frameworks.

A quarterly review process will be implemented by Programmed FM for all subcontractors, for the purpose of reviewing delivery of performance and to provide an opportunity for two-way feedback to promote improvement opportunities.



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Contractual Requirements

Key Performance Indicators (KPIs) aligned with Programmed FM's own KPIs under the MSA, will be established and embedded into Subcontractor Agreements.

These KPIs focus on critical aspects of the services and works to be delivered and are used to evaluate performance and compliance as specified. Outlined within these will be:

- ✓ Key objectives to be monitored which will link financial penalties to the services that subcontractors will deliver (where required),
- ✓ Subcontractor performance monitoring through work order tracking in real-time,
- ✓ Outputs required relating to the quality of services required,
- ✓ Potential corrective actions outlining agreed methods to rectify deviation from the service quality levels, and
- ✓ Compliance to the requirements and satisfactory completion of the services and works in accordance with the subcontract agreement.

Quarterly Reviews

Programmed FM will undertake quarterly reviews to ensure compliance to the subcontract and the prescribed scope and specification.

The reviews will result in performance ratings on the quality of subcontractor service outcomes, the various management system objectives (i.e. quality, HSE and risk), contract specification requirements and the performance management framework.

Discrepancies between subcontractor and Programmed FM audit findings are discussed as part of a set agenda of subcontractor review meetings.

Key aspects and considerations include:

- ✓ Status of actual performance versus performance against service specifications and Programmed FM established KPIs,
- ✓ Corrective actions to improve issues identified for any non-compliance with KPIs or maintenance services delivery,
- ✓ Observations from routine audits conducted by Programmed FM Representatives,
- ✓ Progress on the implementation of any opportunities for improvement, and
- ✓ Advice of any recent regulatory compliance changes and status.

These reviews will also provide an open forum for Programmed FM and the subcontractors to work together to discuss not only performance but innovations and value-add propositions.

In summary, Programmed FM has based the management of subcontractors on three key elements:

- ✓ Monitoring compliance to the requirements and satisfactory completion of the services and works in accordance with the subcontract agreement,
- ✓ Assessment and feedback to the subcontractors of their performance, and
- ✓ Communication to the subcontractors of the requirements for performing the services and works and changes to these requirements.

'We acknowledge and support the importance of the 'One Team' ethos to BMW and the Agencies. We believe that our subcontractors are representatives of Programmed FM and as such the 'One Team' approach should be extended to them,'

Milicia Fortuin, Programmed FM Supply Chain Manager

Further Information

Please contact BMW Transition Lead Samantha Johnston on MSAtransition@finance.wa.gov.au or 6551 1704 for more information about the MSA.

For further information visit BMW webpage:

http://www.finance.wa.gov.au/cms/Building_Management_and_Works/Maintenance_Services/Maintenance_Service_Arrangement.aspx

For further information visit Programmed FM webpage:

<http://www.programmed.com.au/index.php/quicklinks/msa-mobilisation>