

CANARY WHARF GROUP PLC

Cormac Mac Crann

Executive Director

Gay Harrington

Canary Wharf Social & Economic
Development Manager

& Director East London Business Place

**CANARY WHARF
CONTRACTORS**



1972



2011

CANARY WHARF CONTRACTORS LTD

CANARY WHARF

- Construction started 1988
- Built 25m sqft gross of office and retail
- 34 Major Buildings, 4 Shopping Malls
- 10 buildings of 30 to 50 storeys including 2 residential towers
- 8m sqft Tenant Fit Out
- 100,000 people working population at 2012

STATISTICS

In the last 15 years:

- 3100 trade contracts, designers appointments and service agreements.
- Total spend of £4.5 billion
- A handful of disputes

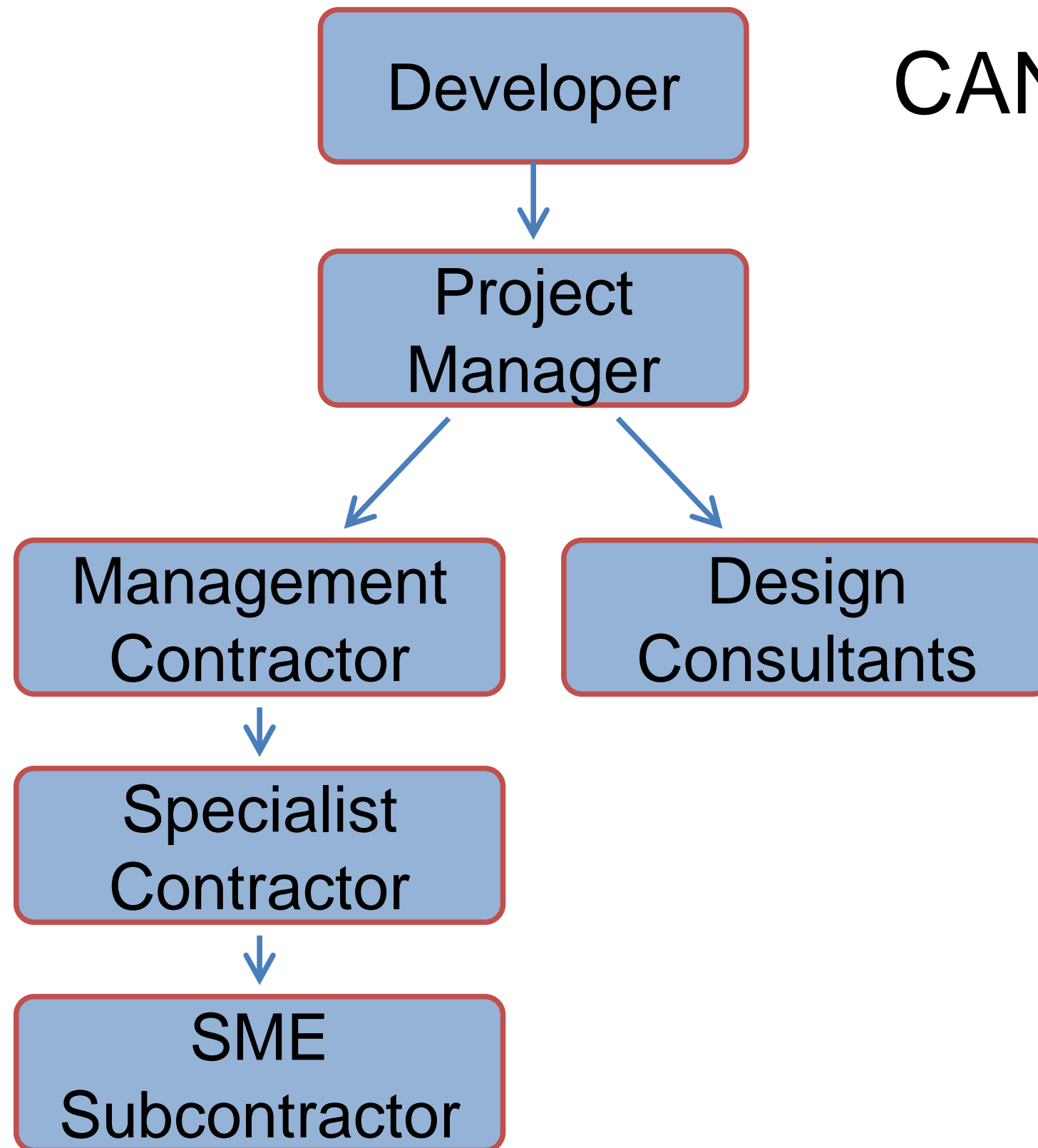
MAJOR PROJECTS

Current:

- 25 Churchill Place, Canary Wharf (800k gross, 550k net sqft office)
- 20 Fenchurch Street, EC3. 1m sqft gross office building (with Land Securities)
- CrossRail Station, Canary Wharf
- Extension of Jubilee Place Shopping Mall, Canary Wharf

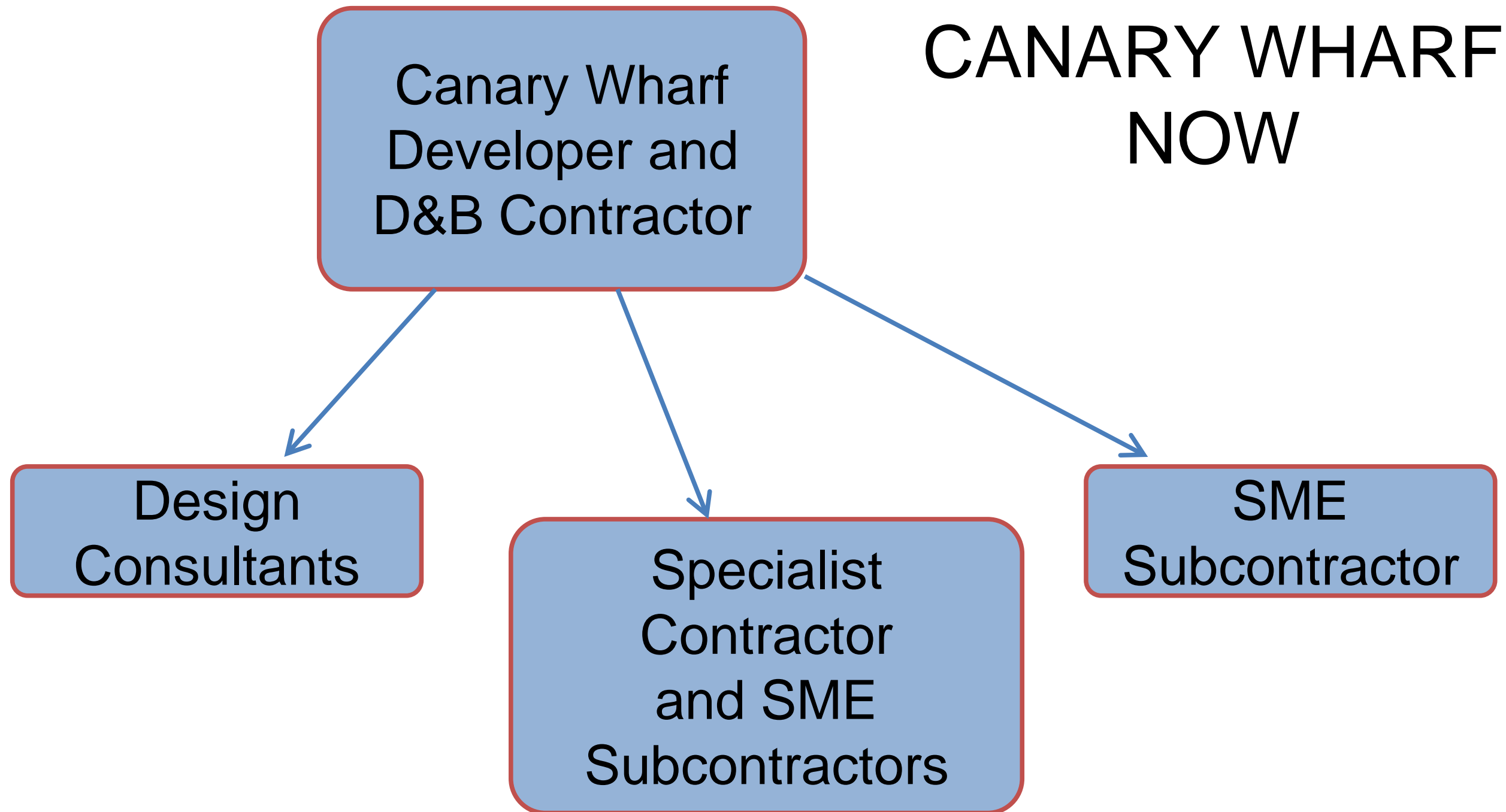
Future Pipeline:

- Shell Centre Redevelopment (with Qatari Diar)
- Wood Wharf development (6m net sqft residential and commercial over 10 years)
- Other developments on Canary Wharf (circa 6m net sqft)



CANARY WHARF
THEN

CANARY WHARF NOW



We Changed Our Approach To Risk

DECISION MAKERS

Pre-construction

- Core Group: experts in Structures, Architecture, Services & Utilities, Lifts, Cost, Legal, Safety & CDM, Planning, Environment, Logistics and IT.

Delivery Phase

- Project Teams
- Handover
- Operate

OUR VIEW ON RISK

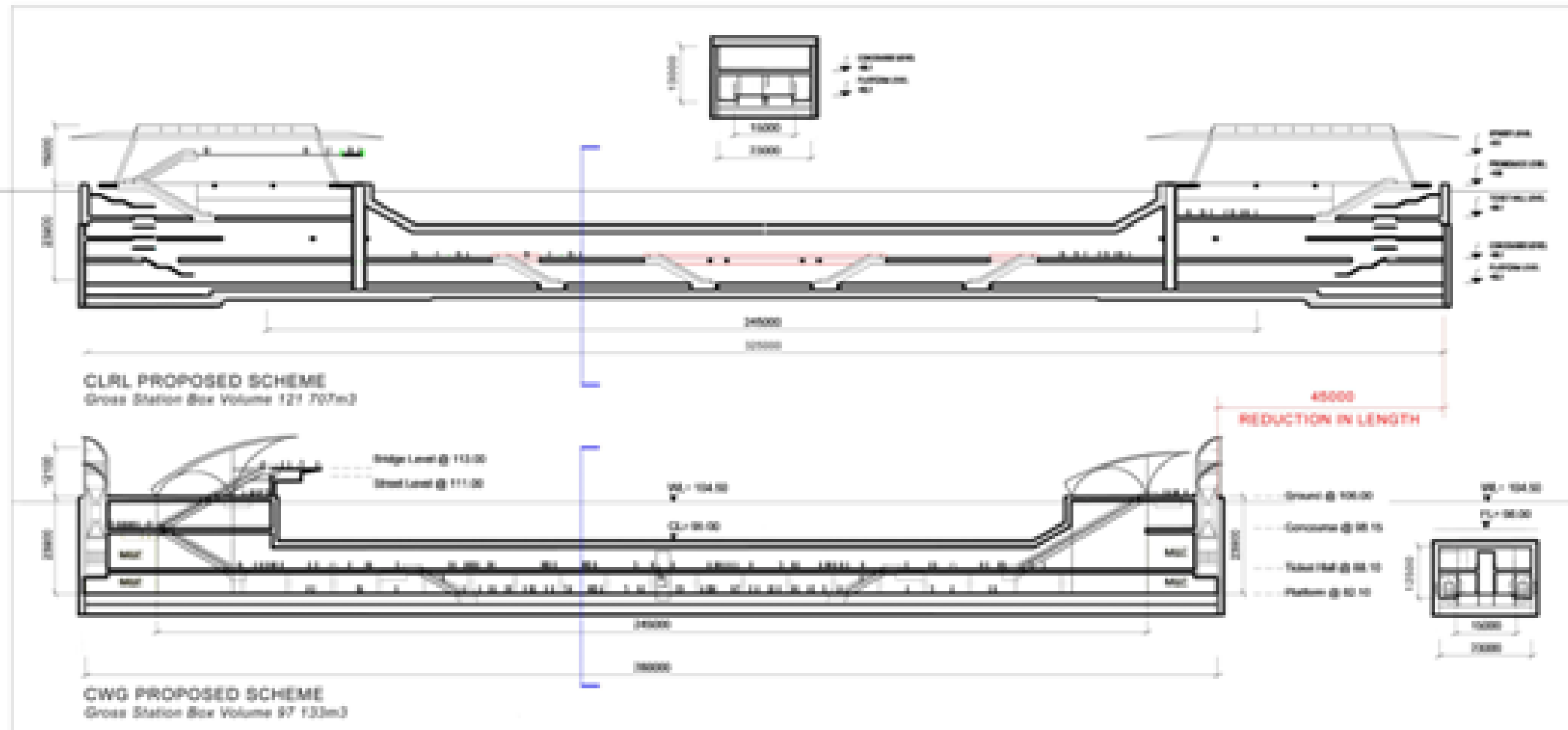
- Risk Management – War and Peace
- More understanding equals less risk
- Quantification eliminates risk
- Work with our Supply Chain
- Drill down into the detail
- From Macro to Micro
- Case Studies

MACRO: CANARY WHARF CROSSRAIL STATION



CANARY WHARF CONTRACTORS LTD

CANARY WHARF CROSSRAIL STATION



£800m

£500m

CANARY WHARF CROSSRAIL STATION

£800m - £500m

- 21% savings by reducing station volume
- Further 20% savings by procurement, methodology and construction efficiencies
- Engage supply chain early and test any unusual technologies (Giken piling)
- Experienced people and short lines of communication enhance performance
- Avoid “Optimism Bias”

Macro/Micro: 20 Fenchurch Street – Sky Garden Roof



- 50% reduction in cost of roof
- 8 weeks off programme



Micro: 20 Fenchurch Street – Lobby Stone



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MANAGING SUPPLY CHAIN

- Designers, Suppliers, Specialist Contractors
- Design Review – compliance with Brief
- Competitive tender, consistency of approach
- Collaboration in the search for best value
- Continuity of people, carry forward experience
- Supply chain likes to be actively managed
- Understand what we want to buy/what they want to sell
- Case Study 20 Fenchurch Cladding tender

20 FENCHURCH STREET



CANARY WHARF CONTRACTORS LTD

APPROACH TO RISK

- Suppliers become more knowledgeable and understand our requirements
- Suppliers want repeat orders
- We pay fair valuations on time
- We have a very low dispute record
- Terms and conditions
- We have Control

INNOVATION

- Encourage, Force the industry to change
- Case Study: first major jump form concrete core in UK on Citigroup and HSBC 42 storey buildings
- Case Study: introduced practice of installing lifts in incomplete shafts



CANARY WHARF CONTRACTORS LTD

CITIGROUP



CANARY WHARF CONTRACTORS LTD

CULTURE

- The Canary Wharf Family
- Heath Safety driven. Leadership seminars, safety initiatives, shared safety training programmes
- Recognised Quality Brand – supply chain values the association
- Community engagement. Employment, SMEs, social clauses in trade contracts, Project champions, improve small contractor performance
- Charitable Fundraising

TECHNOLOGY

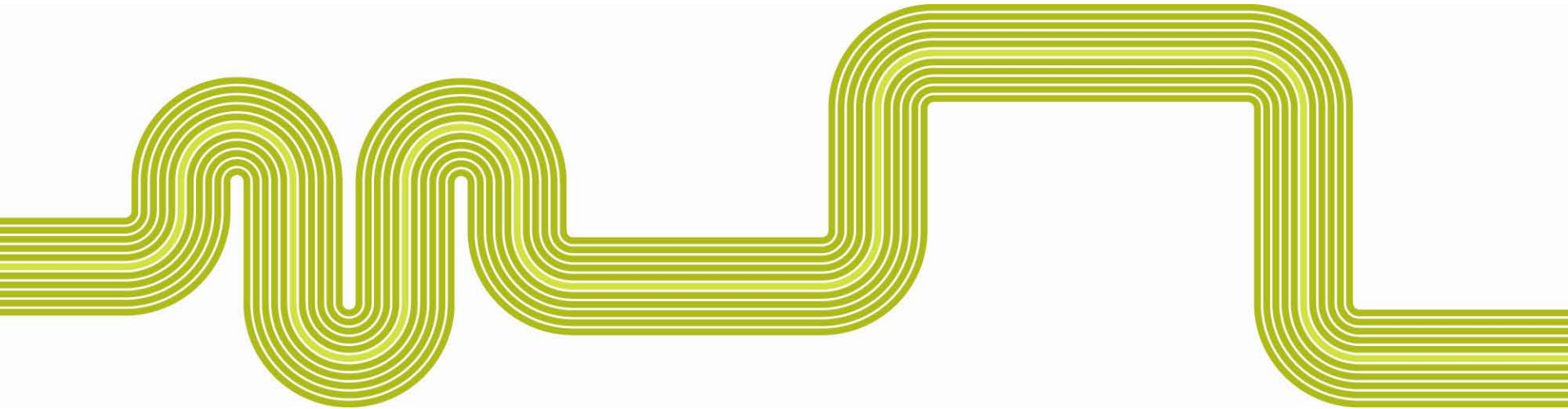
CANARY WHARF CONTRACTORS

Collaborative Supply Chain
Actively Managed

We control our own destiny

East London Business Place

“Winning Business Locally”



Gay Harrington
Director

CWG's Local Procurement Initiatives

- **1989 during the first phase of development local business office established onsite. By 1991 over £48m worth of business placed with local companies.**
- **1997 in second phase of major construction a more comprehensive and permanent programme is established – Local Business Liaison Office (LBLO) set up to provide a free business support and sourcing and matching service. By 2008 LBLO had helped local companies to secure over £615m of business on both its own construction projects and with other buyers in the area. (84% of contracts £10k or less.)**
- **In 2008 the LBLO was expanded to cover 10 East London Thames Gateway boroughs to form the East London Business Place (ELBP), which has so far helped local companies to secure a further £107m of business.**

What is ELBP?

- **A free local procurement support service supported by a partnership of private and public sector organisations, chaired by ELBA and led by CWG**
- **Based on the success of Canary Wharf Group plc's Local Business Liaison Office**
- **Provides local procurement support to buyers and suppliers across the London Thames Gateway**
- **Originally LDA-funded from April 2008 to March 2011. Currently awaiting a decision on a joint bid for ERDF Round 5 Funding in Partnership with Newham FE College, OPLC, 4 London Boroughs and two construction companies**

ELBP Key Benefits

- **Access to a matching service that links local buyers with local suppliers**
- **Suppliers can be in a more competitive position to win contracts**
- **Encourages supplier diversity and small business activity;**
- **Real-time measurable results of all supplier and buyer activity through a unique monitoring and data collection database (B.O.R.I.S) that facilitates progress tracking, feedback and action planning for SME improvement**
- **A one stop resource to address localism and good practice**
- **Developed and competitive SMEs have increased chances of survival, leading to a strengthened local economy and improved job opportunities for local residents;**

Barriers to SMEs' Supply Chain Involvement

- **Not being tender ready/lack confidence**
- **Financial capacity (not having 3 years' accounts)**
- **Not understanding Framework agreements**
- **Not enough experience or track record**
- **Feel the tendering process is too complex**
- **Processes involved in bidding are complex and costly**
- **Not understanding the tender documentation**
- **May lack resource to submit tenders**
- **Do not know how to find out about opportunities**
- **Trends in government procurement towards larger and longer contracts and rationalising the number of suppliers**
- **Contracts too large to tender for them**

What we do for suppliers

- **Free face-to-face business advice**
- **1-2-1 and group support to improve competitiveness/fitness to supply**
- **Free Events (*workshops; seminars; networking; procurement clinics; meet the buyers*)**
- **Access to Contracts**
- **Free Promotional Assistance**

What we do for buyers

- **A face to face, flexible approach to meeting individual buyers' needs**
- **Reduced sourcing & contracting time via effective and prompt supply chain brokerage**
- **24/7 access to a quality database of 3,500+ local suppliers across the spectrum of trades and disciplines**
- **Informal, bespoke 'meet the buyer/supplier showcasing' events**
- **An ability to track and (confidentially) measure local impact to meet obligations/corporate responsibility/diversity agendas**

Why bother with local Procurement?

- **Environmental impact - reduced carbon footprint**
- **Accessibility, enhanced availability = less supply chain disruption**
- **Reduced transport/accommodation/overhead costs**
- **Local SMEs understand local issues, are often more responsive/flexible/creative/give a more personal service than larger, less local suppliers**
- **Increased social impact for CSR reporting leading to improved success with future bids from eg:**
 - **increased local spend (retail and business to business)**
 - **increased job opportunities for local people**
 - **sustainable communities**
- **Greater pool of experienced local suppliers**



So how has ELBP done?

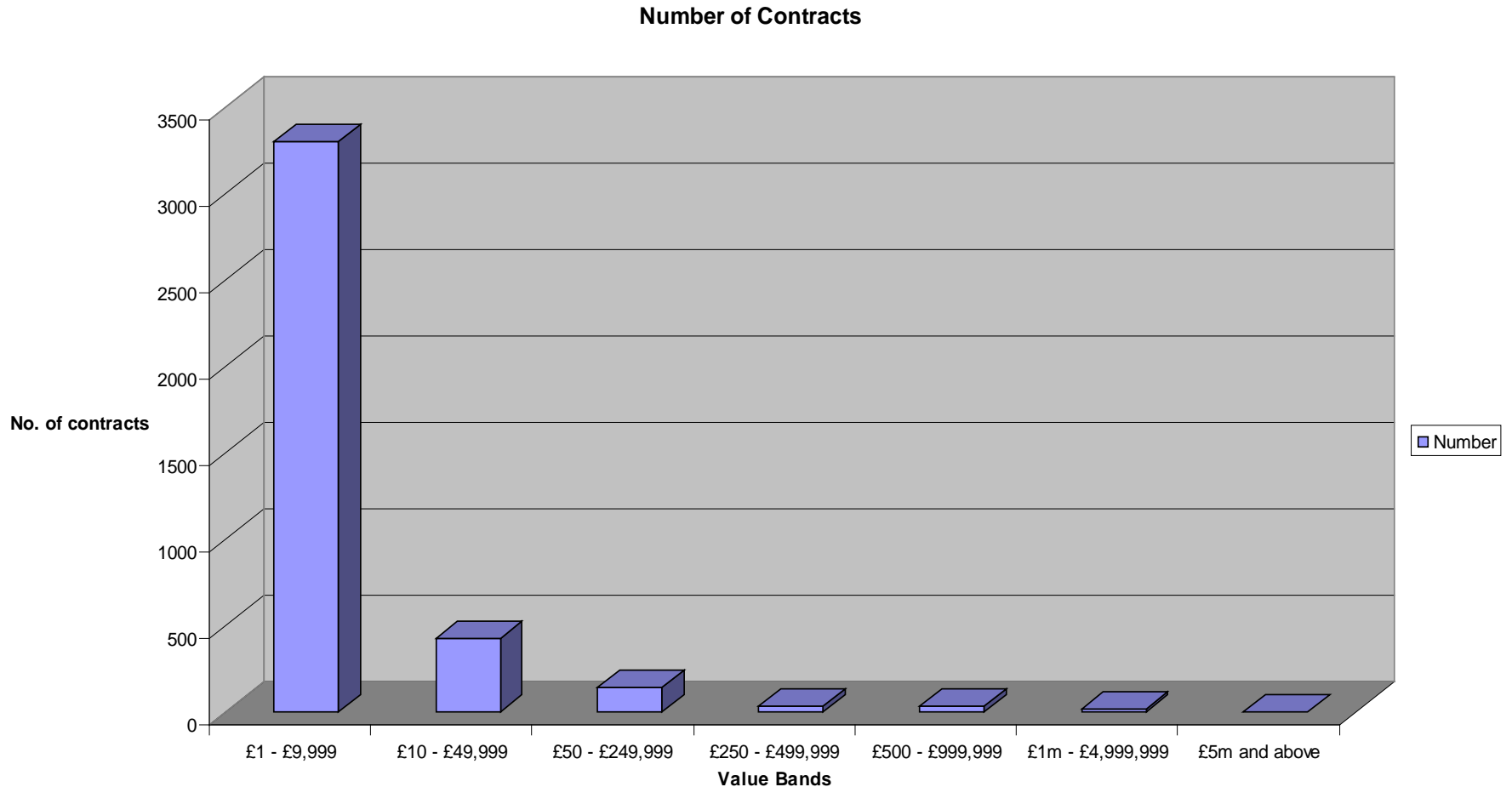
Since April 2008:

- **3,502** businesses registered
- **3,108** businesses supported
- **£ 107.4m** of business secured locally
(**3,951** contracts)

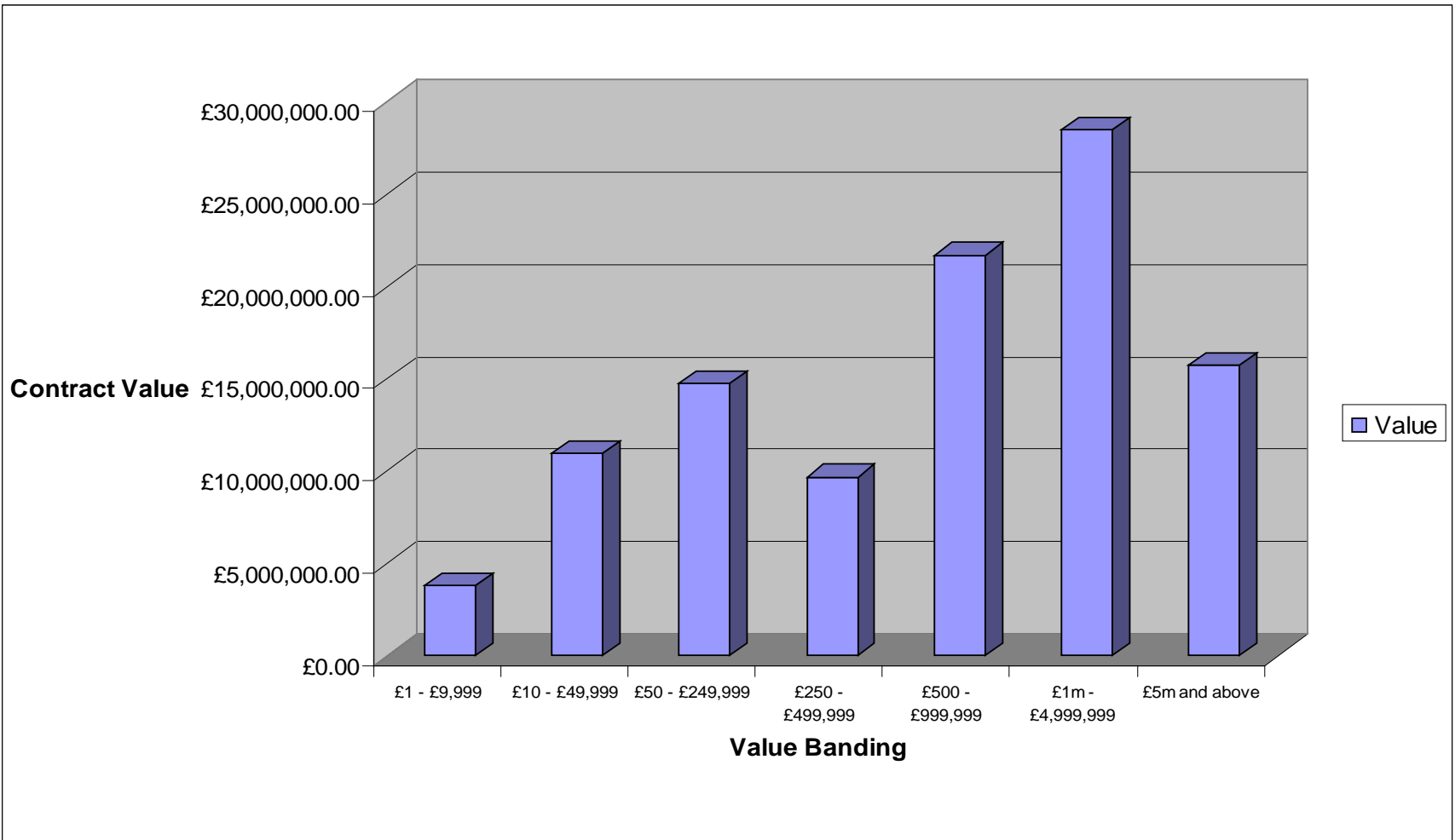
84% of these are **£10k or less**



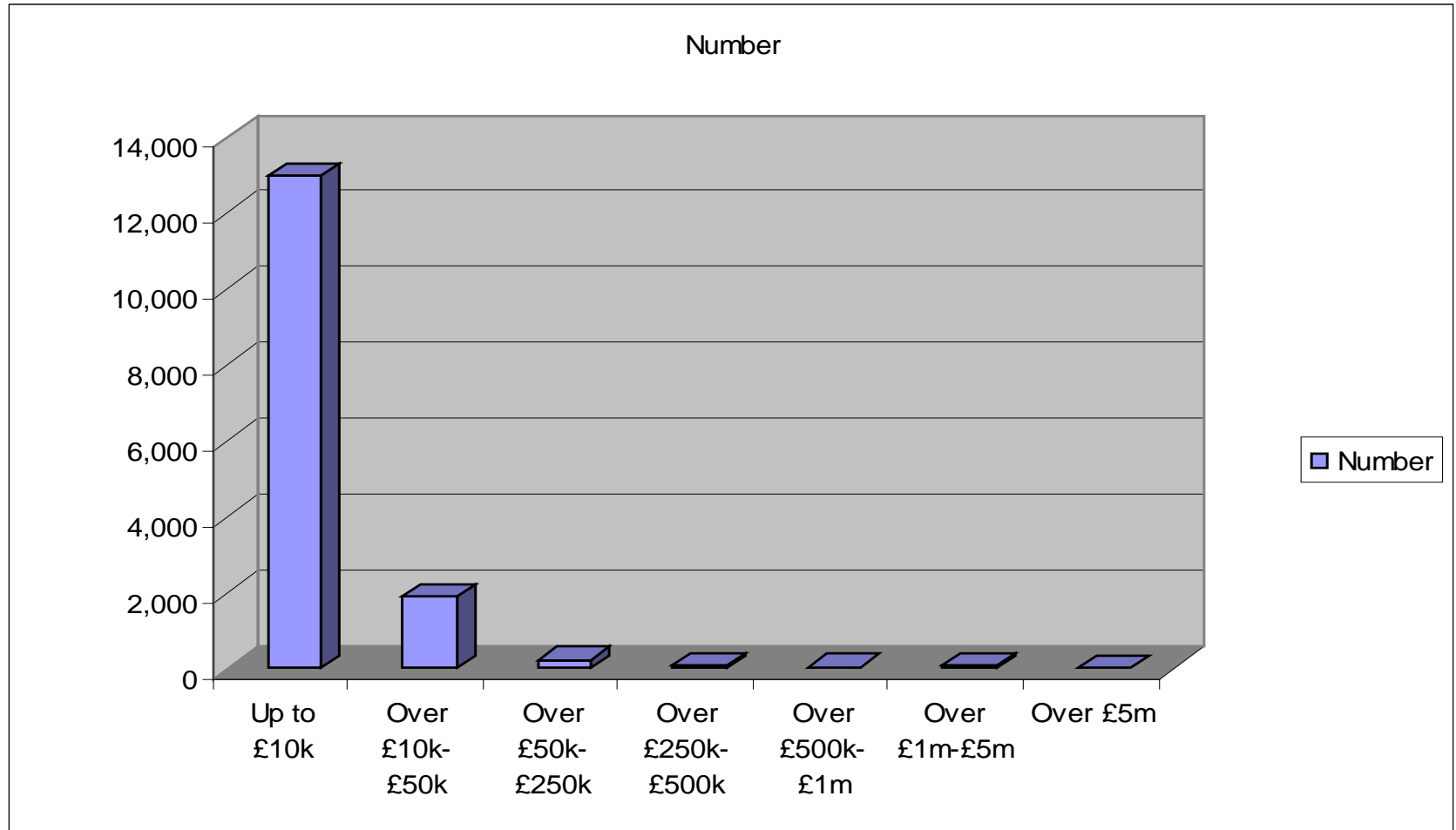
Breakdown of local spend ELBP 2008 to Date



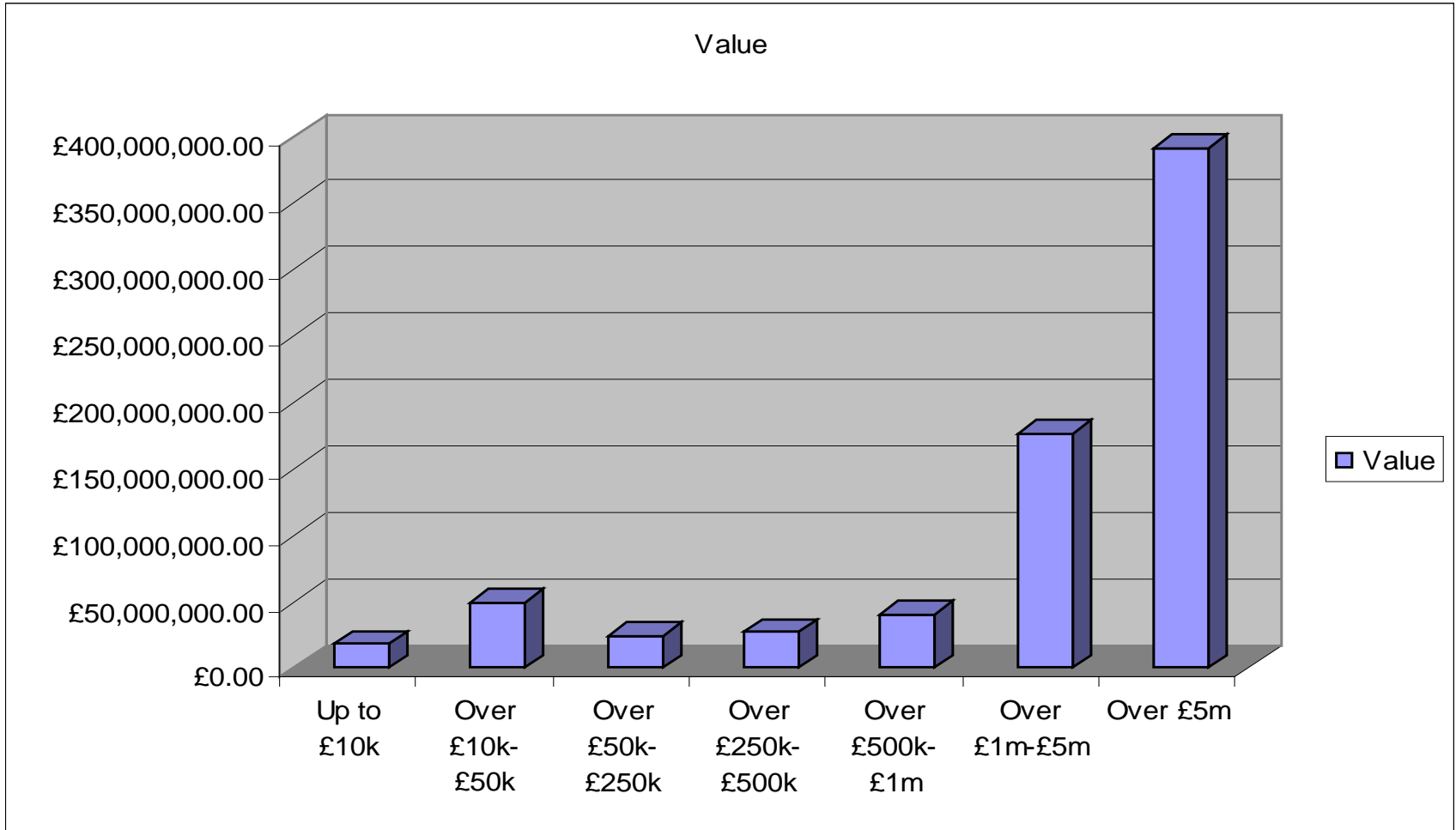
Breakdown of local spend ELBP 2008 to Date



Breakdown of local spend CWG 1997 to 2011



Breakdown of local spend CWG 1997 to 2011



Case Studies



Just Washroom secured new business through ELBP Supply chain brokerage

In the Autumn of 2009 ELBP was approached by one of its key buyers who were looking for a company to offer washroom hygiene services. Just Washroom was one of those companies on the ELBP database who were recommended for the contract. ELBP will select 'fit-to-supply' companies from its database who are able to meet specific buyers' criteria, and forward these to buyers who are looking to source SMEs from the East London area. The tender process began its lifecycle and, in December 2009, we heard the great news that Just Washroom had won the contract!

“Without being a member of ELBP I would have not been aware of this opportunity, let alone won the contract!” Carlton Brown, Just Washroom

Kilnbridge undertakes and delivers a “full package” integrated construction service across the infrastructure, rail, aviation, commercial and residential sectors by combining the comprehensive capabilities of our specialist trade divisions.

Our **Construction Division** specialises in enabling and civil engineering works packages, RC basement, sub and superstructure frame construction, structural alterations, modifications and remodelling of existing structures.

Our **Construction Services Division** provides specialist Concrete Cutting, Passive Fire Protection and Waste Management services.



Our works on the Canary Wharf Estate since 1992:

- 25 Bank Street – Structural Modifications
- FC1 Concrete Cladding Removal
- Phased demolition of B4 & B5 offices
- Soft strip works on Ground and First Floors, Texaco Project, 1 Westferry Circus Roundabout.
- Demolition works on 36th Floor, Canary Wharf
- Bellmouth Passage Bridge & Escalators – Enabling works and builderswork
- BP Autocourt South Kiosks – Demolition and concrete works
- BP2 Bear Stearns Fit Out – Diamond drilling, Steelwork, Concrete Bases & labour
- BP2 – Enabling works
- BP2 - Shell & Core – Builderswork
- BP3-4 - Diamond drilling; Fire protection; Ramp alterations
- BP4 – Builderswork; Diamond drilling/concrete cutting.
- Cartier Circle Enhancement – Civils and builderswork
- DS5 Structural Alterations
- DS7 Loading Bay – Fire Protection
- DS7 Levels DS7, Levels 6, 7,8,9,38 & 39 - Strip out and alterations
- DS7 Moodys – Builderswork; Concrete Cutting works
- EDF Westferry substation - Concrete works; Concrete Cutting; Passive Fire Protection
- RT1 Retail West Concourse – Demolition, civils and structural alterations
- RT4 Retail Extension – Enabling works, demolition, concrete and steel works
- Wood Wharf – Exploratory works
- Diamond drilling term contract – July 2000
- Passive fire protection – various locations wharf-wide.
- Waste management - various sites wharf-wide

To us, sustainability and corporate social responsibility means continuous progress in achieving the highest standards of safety, considering the environmental impact of every aspect of what we do, and treating our clients, employees, suppliers and the communities in which we work as long-term partners.

Our Sustainability Model:

People (social issues)

- Develop Skills & Opportunities
- Be Socially Responsible (CSR)
- Promote Sustainable Development

Planet (environmental issues)

- Increase Resource Efficiency
- Minimise Waste & Maximise Recycling
- Prevent Pollution & Protect Biodiversity

Prosperity (economic issues)

- Be a good corporate citizen
- Improve the sustainability potential of Kilnbridge
- Communicate with stakeholders & communities



We have seen steady growth since 1997 and we have been very pleased with the support received from CWG initiatives including the LBLO and ELBP in the form of referrals, one to one advice, workshops and networking opportunities

- ELBP has provided us with details of local suppliers to assist us in establishing a strong local supply chain. Kilnbridge is passionate about supporting local regeneration and the services offered by ELBP has been invaluable in promoting the benefits of utilising a diverse local SME supplier-base.
- Networking events held by ELBP have given us opportunities to market our company to other contractors on the Canary Wharf Estate and East London generally.
- Training provided by ELBP has assisted us in the continuous education of our workforce .
- Originally, assistance in the development of our management systems for quality, health and safety and environment. We have taken this much further now and in 2005 our Integrated Health, Safety, Quality & Environmental Systems were accredited to ISO 9001, OHSAS 18001 and ISO 14001.
- Our turnover in 1997 was £5 million – In 2012 , we have a turnover currently approaching £25 million.
- In 1997, we employed 123 people - In 2012, Kilnbridge employ in excess of 350 people, covering a diverse range of ethnic and cultural backgrounds; the majority being residents of the local boroughs.

Prime Coffee Co. Ltd

“Words could not describe my joy upon receiving the go-ahead from Canary Wharf Group late yesterday!

We are providing fresh coffee services on three floors!

Full credit goes to you for your effort in opening this new door for Prime Coffee. Please accept my heart-felt gratitude...”

**Ernie O. Matthews,
Prime Coffee Co. Ltd**



Final Thought...

**"Give a man a fish and he will eat for a day. Teach a man to fish
and he will eat for the rest of his life."**

Chinese Proverb

Thank You

