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United Kingdom: Willmott Dixon case study

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About

Case study name:

The greening of industries in the EU

Country:

United Kingdom

Organisation Size:

500+

Sectors:

Construction and woodworking

Willmott Dixon is a construction firm employing almost 3,000 people across the UK. The construction sector accounted for around 5% of GDP and close to 3% of employment in 2010. This case study focuses on the implementation of the 10-point Sustainable Project Criteria as a green business practice as means of realising the firm's broad strategic commitment to sustainability. This has involved the creation of new roles and has revised existing jobs in the firm. Training provided internally and externally was seen as essential in the successful introduction of this initiative.

Introduction

The construction sector (NACE Rev 2. 41) in the UK employs close to 809,000 people, around 2.8% of total employment. This includes the activities 'development of building projects' (41.1) which employs around 89,000 workers and 'construction of residential and non-residential buildings', which employs almost 720,000. Activity for 2010 in the construction sector amounted to €87.2 billion, equivalent to 5% of GDP.

Founded in 1852, Willmott Dixon is the second largest privately owned construction firm in the UK. The firm is headquartered in Letchworth and operates across the whole of the UK. Annual turnover in 2011 was just under €1.2 billion. The firm has three operating divisions: Capital Works, Regeneration and Support Services. A fourth business unit, 'Re-Thinking', is a dedicated team that deals with sustainability strategy for the whole firm. In total Willmott Dixon had 2,949 employees in 2010.

Willmott Dixon has implemented an all-encompassing strategic change to ensure that all aspects of its work are sustainable. This touches every aspect of the organisation; however, this case focuses on the 10-point Sustainable Project Criteria framework. This is a green business practice aimed at coordinating, monitoring and rewarding sustainable behaviour by the firm. This has been one of the first initiatives in the sector to embed green practices in evaluating project performance and to encourage behavioural change in the firm through skills training and rewarding sustainable behaviour by means of a financial incentive structure for employees.

Drivers and motivations

The construction sector uses and transports large quantities of resources (raw materials, plant machinery and labour) in order to construct or renovate structures. Equally, there is increasing demand to deliver projects that are sustainable for their lifetime.

The decisive turning point for the firm was a realisation that the activities of Willmott Dixon, and in the construction sector generally, were unsustainable. The firm placed sustainability at the core of its strategy. One of the key green business practices (GBP) is the 10-point Sustainable Project Criteria (SPC), which was implemented to coordinate, monitor and reward sustainable behaviour. The initial driver for this GBP was an awareness among directors at the firm of climate change and the damaging impact of construction on the environment generally. Motivational factors that have bolstered support include the positive impact on company image, responding to customer demand for sustainable business, expanding the firm's client base and differentiating the firm from its competitors. Becoming a leader in sustainability and developing sustainable credentials has enabled the firm to expand its client base to tender for projects involving charities and other NGOs which insist on green credentials. For example, the firm was recently awarded an €18 million contract as constructor for the World Wildlife Fund's UK headquarters. The GBP was implemented despite the current economic crisis, in the view that any short-term cost would be offset by longer-term efficiencies and cost savings.

Green business practices

The 10-point Sustainable Project Criteria serves as a coordinating framework through which the firm monitors its performance on a project-by-project basis. Using this performance data, the firm is able to track its environmental impact, assign performance-related bonuses to staff, identify any knowledge gaps and arrange training and development where necessary, thus serving as a mechanism to drive cultural change in the organisation with the aim of becoming fully sustainable. It is important to emphasise that the selected GBP is only one of a range of initiatives by Willmott Dixon to improve sustainability.

The 10-point SPC are applied to every project undertaken by the firm across its businesses (construction, interiors and housing). The criteria were first implemented in the construction group in 2008 and introduced into the interiors and housing groups in 2010. The 10-point SPC includes performance targets and feedback for each project throughout its entire life cycle with the criteria covering planning, construction and occupancy periods. The targets and measures for each criterion are designed to correspond to each of the three business areas (construction, interiors and housing) and become more stringent every year to drive continuous improvement in sustainable practices. For example, the firm aims to divert more than 90% of waste from landfill in 2011 and 100% of waste from 2012 onwards. The 10-point SPC are shown in Table 1:

Table 1: 10-Point Sustainable Project Criteria

	Construction	Interiors	Housing
Client commitment to making it a sustainable project	Yes	Yes	Yes
BREEAM/ Code for Sustainable Homes	Excellent	Very Good	Level 4
Sustainability workshop	Yes	Yes	Yes
Energy performance rating (EPC)	B	C	B
Recycled content by value	>25%	>25%	>25%
Waste – % diverted from landfill	>90%	>90%	>90%
Sustainability health checks and POE	Yes	Yes	Yes
WLC and LCA undertaken	Yes	Yes	Yes
Considerate Constructors Scheme score	>34	>34	>34
Community investment project	Yes	Yes	Yes

Notes: BREEAM – Building Research Establishment Environment Assessment Methodology; EPC – Energy Performance Certificate based on energy efficiency and carbon dioxide emissions from a building: *rated A (most efficient) to G (least efficient)* and required when properties are built, rented or sold in the UK; POE – Post Occupancy Evaluation; WLC – Whole life costing; LCA – Life Cycle Analysis.

Source: <http://www.willmottdixongroup.co.uk/sustainability/putting-people-first/clients>

Another criterion of the GBP is that it must have directly associated community investment projects. For every project undertaken, Willmott Dixon undertakes a project to help the surrounding community. Examples of community projects include building a wall for a school's vegetable garden, carrying out a makeover in a children's hospital ward, running a race to raise money for charity and clearing weeds from a stretch of riverbank. Every project has a community development team coordinator to work with local stakeholders to help assess what type of project would be of most benefit to the community. In 2010 the firm invested €178,500 in community projects, a sum that rose to €420,000 in 2011.

In terms of cost-saving, the company reported that as a direct result of the GBP they had saved €2.74 million in disposal costs, landfill tax and value of material otherwise treated as waste.

The firm believes strongly in its sustainability initiatives and views them as successful in terms of delivering excellent services to customers, having a positive impact on the built environment and delivering cost savings – all in a sustainable manner.

Anticipation and management of the impact of green change on quantity and quality of jobs

Impact on quantity of jobs

The 10-point SPC and other green initiatives have led to the creation of 20 new jobs in the form of sustainability managers. Sustainability managers work with project teams and clients to promote and deliver projects that correspond to the 10-point SPC, the GBP in this case study. Additionally, the GBP is linked to employee appraisals in the firm and the impact on existing jobs can therefore be described as total, affecting all 2,900 staff employed.

Impact on the quality of jobs – skills development

In order to complete projects that satisfy or exceed the 10-point SPC (and to meet its far broader commitment to sustainability) the firm recognised that skills development would form an important foundation for their aims. An indicator of this commitment to skills development is the €2.73 million invested in 2011 in training. The GBP is integrated with the firm's personnel review system to identify any knowledge gaps and, where required, to trigger learning interventions via an online training system: €83,300 was invested in online competency assessment to determine training requirements.

To help target and deliver training, a 'skills matrix' is used to identify any skills gaps and to put in place learning interventions and training – this may be identified via the GBP where employee performance is gauged against the 10-point SPC. The skills matrix is used to identify any skill gaps among employees and to signpost areas where an individual requires training. The system reconciles skills assessment and appraisals with training and development available for employees. Where gaps are identified the firm has over 200 learning interventions available via their intranet pages to ensure that employees maintain and develop sustainable skills. The training provided via these learning interventions might interface with the various criteria in the GBP, for example training in waste management or refreshing knowledge of BREEAM sustainability criteria. The skills matrix covers all employees in the firm and serves as a gateway to training; this shows how the firm anticipates a need for skills development to meet the requirements of the GBP. This encompasses training connected with the GBP; however, it is impossible to provide a precise figure for the 10-point SPC because of the integrated approach the firm has to sustainability.

Other dimensions of job quality

Clauses referring to sustainable behaviour are now included in all job descriptions at Willmott Dixon. The 10-point SPC are used in part for determining the level of employee bonuses so that sustainable behaviour is rewarded by the firm. Under this arrangement managers must meet 6 out of 10 of the criteria to achieve between 100% and 120% of their bonus. On top of bonuses that correspond to performance within the 10-point SPC, Willmott Dixon also rewards employees for choosing lower emission company cars; the firm reports that they paid €59,500 under this scheme in 2010, increasing to €95,600 in 2011.

Equally, Willmott Dixon's overall commitment to sustainability is comprehensive and covers all of its business activity. The 10-point SPC helps in meeting their sustainable objective, for example by setting a high target score under the [Considerate Constructors Scheme](#). This scheme is a national initiative set up by the construction industry that monitors firms and their sites against a code of considerate practice designed to encourage best practice beyond statutory requirements. In order to achieve a high score under this scheme, as per the GBP, Willmott Dixon has implemented a range of initiatives which have a direct impact on working conditions. These include elements that are intrinsically 'green' – for example reducing the carbon footprint associated with each project. In parallel to the green bonus paid to employees for choosing lower carbon emission company cars is a financial penalty if employees travel in excess of 25,000 miles (40,233 km) per annum for business or commuting. This is payable by each business unit in the firm and has raised €220,000 since it was introduced. This money is then invested in carbon reduction initiatives across the business.

Other initiatives engage specifically with improving employee well-being and job satisfaction. The firm believes that both the right working environment and rewarding staff makes a key contribution to achieving sustainability. Staff benefits include corporately negotiated discounts, pension and life assurance schemes and health benefit and well-being initiatives (these include a cycle purchase scheme, health screening, healthy eating, gym membership and childcare vouchers). Also under the Considerate Constructors Scheme, the firm is rated on the quality (e.g. in terms of staff well-being) and impact (e.g. energy efficiency) of its on-site facilities. A strategy by Willmott Dixon has been to invest in eco-cabins. These are the portable structures that provide on-site offices as well as kitchen, rest, drying and toilet facilities. Eco-cabins have been designed to include a range of energy-saving technologies such as lighting controls, timed heating controls and double glazing. The eco-cabins provide qualitatively better on-site accommodation for workers than was available previously. In this sense the 10-point SPC has triggered a range of developments that impact upon the working conditions of staff and this extends to all employees in the firm.

Collaboration approaches

Willmott Dixon collaborates with a range of organisations both in anticipation of, and in response to, green skills. The firm is a founding member of the UK Green Building Council ([UKGBC](#)), a charitable organisation established to bring about sustainable change in the built environment, and CEO of Willmott Dixon Capital Works division, John Frankiewicz, also serves on its board of trustees. The UKGBC seeks to provide leadership in sustainable practice in the sector, to influence government policy. This collaboration both sets the agenda in terms of what a GBP like the 10-point SPC is expected to deliver, and shapes the training provision in the sector. The Sustainability Training and Education Programme ([STEP](#)), developed by UKGBC, aims to improve recognition and awareness of sustainability within the sector and to develop leadership skills in the area. Launched in September 2010, the STEP offers two courses, an *introductory course to sustainability* and a *leadership in the built environment* course which is designed to transform the sector by training senior managers, directors and decision-makers in the sector and beyond. Training is provided through the [College of Estate Management](#) and [University of Cambridge](#). Willmott Dixon was involved in the development and is an early adopter of the programme and is committed to sending all its senior managers and directors on the course.

Willmott Dixon has developed internal mechanisms and established collaborative links externally to ensure that its employees are knowledgeable and trained in its sustainability strategy and GBPs – including the 10-point SPC. The firm views its commitment to sustainable (and green) practice as an imperative, rather than optional, agenda. The interview respondents all agreed that change was difficult to achieve because of the 'hearts and minds' nature of the wholesale evolution in becoming a sustainable firm, yet all would point to success factors that they have experienced. The 10-point SPC requires an increased level of information to audit the criteria, but has seen significant success in driving improved performance across projects. The combination of training, appraisals, green bonuses and increased data collection (e.g. of on-site energy use and other metrics) have produced a climate of engagement with the sustainable strategy of the firm. Employee engagement was viewed to be crucial if the firm was to achieve the cycle of continuous improvement established under the 10-point SPC.

Conclusions and recommendations

The successes and benefits to the environment and the firm are numerous. The interviewees signalled that employee engagement was critical to the success of their sustainable strategy.

- This first step entailed defining what sustainability means, followed by a concerted effort to build understanding as to why sustainability is important (to the firm and universally). To enable the firm to embark on a programme such as the 10-point SPC, it was understood that managers must address greening through the 'hearts and minds' of employees.
- Changes included the creation of 20 specialist roles, sustainability managers, to help project teams meet the 10 criteria on the company's projects. Accompanying these new roles, it was important to introduce a programme of change through skills evaluation, training and development, allowing employees to understand and meet the new project criteria.

- Sustainable behaviour was rewarded in terms of financial bonuses where projects met the 10-point SPC and had a positive impact on the quality of working conditions (for example, the introduction of eco-cabins improved on-site facilities for workers).

General recommendations that emerge from this study cover two broad themes – these are derived from the author's observations and are not the views of Willmott Dixon. The first is stakeholder engagement. The success of projects involving a significant degree of change depends upon the engagement of a range of stakeholders; particularly the need to win the 'hearts and minds' of staff in this case study. For the success of such projects, the need for stakeholder engagement extends beyond the organisation engaged in greening and requires the efforts not only of the staff of the firm concerned, but those of suppliers to the industry, as well as those who commission, purchase and occupy buildings. The 10-point SPC helps to align the interests of both internal and external stakeholders towards achieving sustainable construction.

Secondly, the political and regulatory environment has a deep impact on firms' willingness to undertake – and succeed in delivering – green initiatives. Therefore, consistency in government policy and regulation over the medium and long term is important to firms seeking to engage in company greening. This applies to a number of issues; for example, building regulations, restrictions on energy use and subsidies for green technologies all affect decision-making by firms. If these become politicised and subject to change, then it can provide a substantial barrier to the willingness of firms to undertake company greening.

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