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**Lean  
Construction  
Institute**  
Transforming Design and Construction

## The LCI Update

### Lean Construction Institute

**We were honored December 4 as the recipient of the 11<sup>th</sup> annual Henry C. Turner Prize for innovation in construction.** The award itself is a beautiful crystal obelisk which now adorns our offices here in Arlington, VA, plus a much-appreciated cash prize of \$25K, which will be devoted to expanding our research program here at LCI. The presentation was made at the National Building Museum in Washington, DC, together with a program and panel discussion about Lean and LCI. Below are some excerpts from the various talks given by LCI board members and others.

**Peter Davoren, Turner Construction's CEO kicked off the program** and presented the award to Greg Howell and myself on behalf of LCI. Perhaps the overarching theme of Peter's remarks was "collaboration", which he noted was critical to the success of any endeavor in the construction arena: "The Henry C. Turner Prize is named for Turner's founder – a great innovator and a person of vision. In 2002, on the occasion of Turner's centennial, we worked with the National Building Museum to develop an award in his name that would recognize invention, innovation, and exceptional leadership in the construction industry. The Lean Construction Institute has demonstrated great strength in all of these areas. In particular, I would like to recognize them for acting as a catalyst for transformation in the construction industry by emphasizing collaboration and a culture of continuous improvement. And, in our industry, collaboration is job number one, including safety. Without collaboration, we fail every time... In addition, we have seen clearly how the application of Lean techniques and processes improves efficiency, reduces waste, and adds value to owners... This award also recognizes their commitment to education. The establishment of the Lean Construction Institute chapters in nearly every major metropolitan area of the United States has paved the way for widespread adoption of Lean practices across the industry. It is my great honor to recognize the achievements of the Lean Construction Institute with the Turner Prize."

Several of us then had the opportunity to address the audience, including Greg Howell and myself, plus our board chairman Victor Sanvido (Southland) and owner/board member Bill Seed (UHS). Tom Sorley (Rosendin Electric), our board treasurer, also served on the panel discussion that followed. In the interest of space, this time we will only cite some of the remarks made by Bill and Tom. The **full set of presentations has been posted on YouTube**

**by the National Building Museum:** [Click Here](#) . (Greg, myself and Victor spoke on these topics: What Lean is all About; What LCI is all About; and the Future of LCI and Lean;

respectively. We will feature more of the highlights in our next newsletter.)

**Bill Seed's comments** were excerpted in part from the materials he has developed for owners (posted on our website at [Click Here](#)). He began by citing the many issues faced by owners in a construction environment that he characterized as “broken”, with the owner lacking the ability to assure program compliance, cost and quality through Design-Bid-Build methodology, labor productivity trending down while all other industries almost doubled, and typical productive craft tool time hovering at 52%. This breeds a situation in which 50% cost is non-customer value added (waste), with poor safety results and delivery competence with respect to time and cost. He contrasted this with a Lean production environment in which a more confident ability to predict and affect cost allows owners to make value decisions on the spot, with predictable delivery time and high compliance to program, quality and life cycle cost considerations. Bill discussed his experience at UHS: well over 50 “IPD-ish” projects of from \$1M to \$150M in value, with 97% completed under or on budget. (The worst came in at 103% of budget.) UHS has seen an over 20% cost reduction in projects 2009-2013, including reduction in hospital projects of \$231k per bed to \$175k per bed, with better safety, value decisions, predictability, and no more headaches or stomach aches, not to mention exceptional team work and lots of fun! Bill's full set of slides may be found at [Click Here](#)

**Tom Sorley likewise provided some insightful comments from his experience on the positive aspects of Lean implementation for motivating and engaging staff**, an important benefit in these times in which the industry is struggling to attract and retain qualified talent. “We have a lot of our best and brightest field people that want to work on Lean projects. And why do they want to work on Lean projects? Because they have something to say, in terms of constructability, and their voice is heard; they're listened to - by the owners, the designers, the developers, or whomever. And their ideas are incorporated because it's part of saving the 20% [of project cost] that Bill talks about. So, they feel engaged, and they feel empowered, and they like to be on these kinds of projects. When we talk about the war for talent, and trying to attract people into our industry, it's a good way to do it. Get people engaged, let them feel like they're complementing what's going on.”

Greg Howell's remarks focused on “What is Lean?” and its benefits in waste reduction and value creation. He cited the chart below from the recent McGraw Hill SmartMarket Report (SMR) (featured in our last newsletter), in which Lean practitioners actually see and acknowledge inefficient processes in construction as occurring to a much greater degree (62% vs. 14%) than do non-Lean practitioners. Clearly, you can only address waste when you see it, and Lean practitioners appear generally better equipped to do just that.

**Efficiency of Construction Processes in the Industry  
(By Level of Lean Engagement)**

Source: McGraw Hill Construction, 2013



Our education curriculum development partner, **Associated General Contractors (AGC)**, recently sent me some interesting statistics on their curriculum development and training program track record to date. The AGC Lean Forum now boasts 561 members; of the three basic units of Lean Construction (LC) training made widely available so far, the following numbers of people have matriculated through the various levels: Unit 1 – 527; Unit 2 – 471; Unit 3 – 277. There are also 37 lean instructors in the process of obtaining and improving their LC instructional capacity through AGC programs at the present time.

**Mark your calendar:** The January 2014 Design Forum program hosted by P2SI at UC Berkeley, and co-sponsored by LCI, AGC, and AIA, has been scheduled. It will take place in Berkeley on January 30-31, 2014. Details on the facility and program schedule will be forthcoming soon. Sponsorship opportunities are also available on request ([danh@leanconstruction.org](mailto:danh@leanconstruction.org)).

Thanks for all you are doing to promote transformation through Lean on the projects on which you are performing in the many markets you serve.

Sincerely,

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## Coming LCI Events

**The Lean Journey Continues (Central Florida)**, December 11

[Click here for more details](#)

**Design Forum sponsored by LCI, AGC, AIA and P2SL (Berkeley, CA)**, January 30-31

[Click here for more details](#)

(Click [HERE](#) for our FULL Calendar of events)

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