

Business Management



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Task 1 – Business Management for Construction

You work for a company that utilises a management structure divided by project types and also geography.

The company works throughout Wales and divides the team into two headquarters. One in Wrexham and the other in Swansea.

The project types are commercial, housing and infrastructure.

In North Wales they mostly hire in plants that are not the basic excavators.

In South Wales each group purchases their own plant and only highly specialised plants are hired.

You have been asked to provide your line manager with a report advising on the effectiveness of the approaches taken by the company. Advise on the most appropriate solution.

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Executive Summary

The company works within two headquarters , these being Wrexham and Swansea , and manages commercial , housing, and infrastructuring projects across Wales. Each region uses different approaches to items such as plant, labour and procurement. The North Wales region mainly hires plant , this provides flexibility and avoids depreciation and storage costs that come along with owning a vehicle (How to Boost Plant Utilisation for Maximum Efficiency, n.d.). In South Wales however they look to purchase most plant , this improves its availability for projects and cost control over long term but increases capital exposure (Construction Resource Management: 6 Step Process & Benefits, n.d.). Labour and procurement also vary between these areas , due to them being influenced by local supply conditions and Wales's restricted road network which limits efficient transfer of resources over regions.

These differing strategies create strengths with variability and choice of what to use but can also cause duplication , inconsistent utilisation as well as fragmented procurement. A singular national hybrid model for Wales within the company is therefore recommended , through combining selective plant ownership, coordinating labour plans and centralised procurement when beneficial (Royal Institution of Chartered Surveyors (RICS), 2024; The Build Chain, 2023). This approach also improves value for money , for example a long-term hire for a mid sized excavator is around £700-£800 a week which for large projects running over 15 months it becomes more beneficial to own a machine for £75,000 and to be able to use for future projects as well free of cost other than diesel and transport. Aligning ownership with utilisation while hiring specialist items can reduce duplication and strengthen cashflow for future use.

Introduction

Throughout this report it will evaluate whether the company's region specific management structure assists in the efficiency of projects across different regions of work. The evaluation will look into ownership vs hiring , labour resourcing models, materials procurement and the logistical constraints created by transport routes within Wales. It will look at authoritative industry guidance to form a critical assessment of current operations and develop an evidence based strategic recommendation.

An example scenario shows the significance of this evaluation , a housing project in Wrexham needing a telehandler for 20 weeks would cost more than £14,000 in hiring fees , despite the company already owning a similar equipment in Swansea. These mismatches highlight the need to question whether regional autonomy maximises organisational value or if a more integrated approach would return better outcomes.

Company Structure Overview

Regional differences in project density and workload explain the divergent plant strategies North Wales hire most non basic plant to maintain flexibility and avoids depreciation on irregularly used equipment , this is consistent with industry guidance on aligning procurement routes with utilisation (Royal Institution of Chartered Surveyors (RICS), 2024). The South Wales region which has greater project demand , purchases plant and hires only specialist machinery , this means a strategic shift towards owning plant to reduce long term expenditure. The purchase of second-hand plant is typically up to 40% cheaper than new due to depreciation further improves the economic case for ownership in the south through avoiding early life depreciation and is supported by research on lifecycle optimisation and materials management. (Kasim, Anumba & Dainty, 2005).

However , with the absence of cross regional coordination this means assets remain to be underutilised in one region whilst similar equipment is hired by another. This structural fragmentation suggests regional strategies function in isolation without communicating to another but this results in failing to maximise efficiency.

A single, shared SharePoint system across all regions would show real-time visibility of plant locations and specialised labour availability, this helps to cut costs, reduce delays, and minimise operational stress. Whilst also improving communication between the two headquarters to work together instead as separate entities.

Analysis of Plant Strategy

Hiring in North Wales changes uncertain capital expenditure into a variable cost and avoids depreciation and maintenance liabilities (Digital Project Manager, n.d.). This is suitable for dispersed workloads but becomes inefficient when equipment is repeatedly required or when hire rates increase. A £70,000–£90,000 excavator depreciates by 15–20% in the first year, yet hiring the same machine at £600–£800 per week quickly becomes more expensive if used long-term. This choice is able to be evaluated properly through the use of lifecycle costing, which looks into total ownership cost against longer terms of hiring cost rather than a one off payment to own plus costs of running (European Rental Association). Plant is mostly hired within the construction industry, though a company continuing to rely on hiring instead of buying shows sub-optimal financial decision making in the long term, although the choice of buying can largely depend on the size of the company and if they are able to withstand a large cost such as buying a plant.

South Wales' ownership model aligns with utilisation-driven principles, plant can be deployed across multiple sites, reducing lifetime cost per hour. However, ownership requires capital, exposes the region to 30–40% value loss within three years, and generates VAT pressures. Without strong digital tracking of costs, owned assets risk strangling money.

Purchasing plant or materials calls the company to pay VAT upfront and reclaim it later, whereas hiring spreads VAT over weekly invoices, which can ease short-term cashflow pressures (Constructing Excellence, n.d.).

Transport costs add more complexity. Moving a 13-ton excavator between Swansea and Wrexham can cost £350–£450 per way, this then means shared plant between the two HQs is only economical when utilisation gains overcome logistics costs. The owned plant also carries breakdown risk; repairs exceeding £5,000 can delay projects if no backup equipment is available and exceed costs further if hiring is the only option. These pressures reinforce the need for a coordinated plant strategy based on utilisation data rather than regional habit.

Labour Resourcing Strategy

Direct employment provides stability, organisational knowledge, and quality control which is vital for complex commercial or infrastructure works (Designing Buildings Wiki, 2025). Although hiring permanent staff includes fixed costs, training obligations, holiday days, potential downtime with dry spells of work, especially in North Wales where workload fluctuates. The other side of this being agency labour, this provides flexibility but incurs higher hourly costs, inconsistent skill levels, weaker team cohesion, and poses challenges for management. (McKinsey & Company, 2023).

Another issue that arises is labour mobility being restricted by large motorway roads and long travel times, these create inefficient travel routes as they cause an increase in fatigue, a reduce in productivity and adds hidden costs in overtime and accommodation. A practical example of this is a commercial project in Rhyl requiring Swansea based specialists to undergo a four hour journey each way. A way forward through this to increase efficiency and productivity is a hybrid labour model, to keep core regional teams mainly permanent staff which is then supplemented by agency frameworks when bigger projects arise in certain areas. This will allow for quicker delivery times and efficient travel times to projects, the only issue with this however is labour management and steady work.

Materials Procurement Strategy

Local procurement allows for rapid response and supports supplier relationships but weakens buying power and inflates unit prices. Centralised procurement improves consistency and cost control, although logistical constraints in North Wales can increase delivery risk and lead times. VAT also affects procurement, for example a £40,000 contractor order requires an immediate 20% VAT cover of £8,000, this creates short term cashflow strain especially on smaller businesses.

Quantitative evidence strengthens the hybrid case. Bulk purchasing of concrete and other materials are able to reduce unit costs by 5-10% savings. If North Wales did not need materials but Swansea headquarters did, they are able to buy in bulk and store the rest in a yard until Wrexham becomes low, this would reduce wait times for delivery as the company is not relying on external carrier, and the 10% savings from the bulk order could cover the cost of diesel to transport the materials to North Wales for quicker and faster.

Logistics & Welsh Transport Constraints

Welsh transport limitations significantly affect resource movement. The slow, single carriageway A470/A483 roads often extend Wrexham-Swansea travel times beyond the estimated four hours, reducing the practicality of transferring labour or plant between regions. Long distance moves decrease productivity and increase fuel costs, while remote north wales sites face longer lead times than projects that benefit from M4 access. These constraints show that neither being centralised or being rural is optimal , to overcome this resource coordination must reflect geographical reality to allow for quicker delivery times and less drives that take up time.(Digital Project Manager, n.d.).

Consequences of Current Strategy

The model that is being used currently allows for faster decision making within their regions but increases the risk of duplicated plant , inconsistent labour allocation and material variability. Under utilised equipment in one region along with hired equipment in another shows inefficiency. These problems highlight the absence of planning coordination over headquarters and monitoring , which are core components of effective resource management. (Construction Resource Management: 6 Step Process & Benefits, n.d.).

Recommended Strategy

Through looking at the information , a hybrid strategy is recommended. A central plant register shared between headquarters shows selective ownership of high utilisation plant whilst also retaining hiring for specialist or low frequency items, in line with procurement route guidance (RICS, 2024). Central procurement of major materials used should be combined with regional sourcing of urgent and location specific items, to align with supply chain approaches (The Build Chain, 2023). Labour planning should maintain core permanent teams in each region and use controlled agency frameworks for periods with the most work. A digital resource management platform would allow cross regional visibility of plant, labour and materials which in turn reduces duplication and improved utilisation.(Constructing Excellence, n.d.)).

Implementation Summary

As shown in Appendix A, the Gantt chart shows a six-month programme to implement the recommended hybrid management strategy. It begins with a company wide plant strategy review then being followed by a procurement alignment, labour framework development and the setup of a digital resource management system. The staged sequencing allows for improvements running alongside live projects across Wales such as reviews of plant utilisation in Wrexham whilst procurement changes progress in Swansea. This approach makes sure operational, logistical, and sustainability improvements are delivered appropriately without disrupting project delivery.

New Angle: Sustainability across regions

Welsh Net-Zero commitments further strengthen the case of a hybrid model. Coordinated plant sharing reduces fleet size and embodied carbon, streamlined procurement minimises delivery emissions and improved labour allocation also reduces unneeded travel. Digital tracking and communication also supports low-carbon decision making and shows compliance with sustainability expectations.

Findings and Analysis

While the company's management is regarded as regionally autonomous, the findings demonstrate inefficiencies at an organisational level. The company's development was shaped by responses to logistical constraints across Wales and differing workloads. The way the company has evolved has resulted in a split between North and South Wales and there are subsequently differing procurement strategies with separation of plant and labour culminating in differing priorities. This has resulted in duplicated resources, assets which have been under used, inflated costs with regard to plant hire and labour and weakened purchasing power. This is further exacerbated by limitations with infrastructure and transport at a Wales level.

There is a considerable lack of vision and oversight which contributes to increased lifecycle costs and inefficiencies at an internal transactional level. It can be argued that the company's current model prioritises regional convenience rather than cost effectiveness.

Recommending a Wales- wide hybrid model, promoting selective ownership of plant that is utilised regularly, centralisation of procurement processes, especially with regard to core materials along with resourcing hybrid labour all supported through a shared digital platform would allow for a streamlined, cost effective company structure.

To conclude, such a model would allow for a more strategic, balanced, flexible and cost effective approach ensuring resources are utilised and securing longer term organisational performance across the company's operations in Wales.

Conclusion

North Wales hiring model and South Wales ownership model have both got their benefits but they have also created inefficiencies within the company when used independently without coordination and communication. This combined with labour , procurement and transport constraints which is common in Welsh roads, these issues show that a hybrid Wales-wide approach with the ownership of frequently used plant , structured labour planning , digital resource management and strong communication is not only an option but is needed for the company to save money and time.

Appendix

Appendix A - Gantt chart example showing the relative amount of months for a task

<u>Task</u>	<u>Duration</u>	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>
Plant Strategy Review & Setup	6 months						
Procurement Policy Alignment (Central + Regional)	3 months						
Labour Framework Development	4 months						
Digital Management Setup	5 months						
Sustainability Integration & Reporting Standards Set up	3 months						

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