Manila North Tollways Corporation (MNTC) is the leading tollway operator in The Philippines and a highly regarded government partner in infrastructure development and promotion of trade and commerce. MNTC’s desire to improve project delivery, and ultimately the execution of their expansion program resulted in a partnership with Renoir Consulting to assess opportunities for process improvement and cost reductions in end to end project delivery.

**ANALYSIS**

Although MNTC had successfully delivered projects in the past, there was an understanding that the team should not rest on past success, and that there are always areas for further improvement. Through the analysis, the following opportunities were uncovered:

**End to End Project Delivery**

- Managing projects with a more balanced structure versus the traditional/silo’d approach would be beneficial, engaging cross function project delivery teams, with clear roles and accountability.
- Improving end to end project planning, including milestones or “stage gates” was required.
- Improved project reporting tools for better accountability, meeting behavior, quality, and tracking.
- Improved project management capabilities as a core competency throughout the organization, vs with only a few senior leaders.
- Delineation of responsibilities between Commercial and Users was not clear
- Procurement planning and timely submission of purchase requisitions required improvement
- Tracking and monitoring tools were required to monitor processing times, volume of work and non-compliant purchase requests
- Service Level Agreements required further explanation to Users
- Management by numbers and KPI’s required to drive performance within the Commercial team
- Significant opportunity to improve negotiation effectiveness skills and outcomes

**Commercial Management**

- Unstructured project reporting and lack of ownership of end to end project managers
- Non-standard project progress tracking and fragmented project plans
- Non-existent or informal project teams, leading to a silo effect
- Poor coordination and communication between the commercial and user departments
- Poor tracking of the commercial workload and extended lead times
- Low negotiation effectiveness and minimal price reductions

**Project Initiation and the Focus Process™**

While many of the basic processes had been in place since the early days of MNTC, a greater level of structure, standardization and discipline was required to ensure all processes were tracked properly and running efficiently. Many of the current processes had not kept pace with the Company’s rapid growth, leading to:

- Poor coordination and communication between the commercial and user departments
- Poor tracking of the commercial workload and extended lead times
- Low negotiation effectiveness and minimal price reductions

**Key Results**

- Total savings from negotiations
  - PHP 46M+ against PHP 1.3B+ in tendered projects, nearly doubling results from previous practices
- Negotiation Effectiveness Improvement 300%+
- Purchase Requisition Lead Time Improvement
  - 70% reduction in “Overdue PR’s”
  - 42% improvement in processing time vs. Service Level Agreement
  - 48% reduction in average lead time (54 to 28 days)
- Increased confidence and reliability in Project Delivery

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RCS172

**Rodrigo E. Franco**

President

“Through improving our commercial processes, and aligning our commercial team under Finance, rather than Operations, we have seen significant operational and financial improvements. We are now able to better define our risk tolerance for large projects, identify where contractors add a risk premium, and effectively reduce our project cost through a structured and more aggressive negotiation process.”

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To capitalize on these opportunities, a 59 week project with a 3 person full time MNTC “taskforce” under the guidance of 2 full time Renoir consultants, named Project RAPID, was launched. A Management Action Team (MAT) was formed to oversee the development and implementation of improvements across Project Management, Commercial Management and Field Implementation. This team was tasked with realizing improvements in behavior, process, systems and cost.

Key Initiatives

Improvements in End to End Project Delivery were achieved through the development of 3 interconnected management systems. The Project Management Control System served as the overarching framework for project delivery, and the Commercial and Field Management Systems ensured quality, consistency, cost control and timeliness in engaging and managing a construction partner. A Steering Committee consisting of senior leaders was held on a bi-weekly basis to monitor the Project’s progress and assess the impact of the improvements.

Project Management Control System (PMCS)

The PMCS’ key focus was providing a consistent and structured approach to project delivery, and equipping the project manager and delivery team with a tool kit for planning, monitoring, reviewing and reporting on progress and issues. With a large expansion project on the horizon, the system was launched on 4 pilot projects of varying complexity to test the reliability of the system. In conjunction with the pilot, the pilot PMs were trained in the use of the system, the first step in rolling out project management competency throughout MNTC.

Commercial Management Department Control System (CMDCS)

CMDCS’s focus was to reduce lead times for procurement of goods and services, and reducing cost through improved negotiations. The RAPID team developed a set of tracking and reporting tools, as well as a departmental scorecard which improved the focus on performance. Through implementation and hands on coaching, the commercial team achieved significant reductions in overdue purchase requests, an improvement in compliance to internal service level agreements, and a reduction in overall lead time for service requests.

In addition to vast improvements in efficiency and effectiveness, the team was able to secure PHP 46M+ in additional cost savings through more effective and structured negotiations.

Field Management Control System (FMCS)

The FMCS enhanced the team’s ability to control the contractor in the field, make them accountable and provide accurate, timely and thorough information to the senior project manager, managing the full “end to end” project lifecycle. This system supported the PMCS and ensured proper monitoring of Cost, Quality and Time at the point of execution, reducing delays in the field and expediting decision making and problem resolution.

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