

# A strategic vision

**Nigel Dyer, managing director of Kier's highways business, talks to Alec Peachey about the company's ambitious growth plans**

Entering the Highways Agency market would represent a "natural evolution" for Kier. That's the message from Nigel Dyer, who heads up the company's highways business.

Currently it operates primarily in the local authority market and has an annual turnover of around £310 million. The vast majority of Kier's clients are local authorities and include the likes of Northamptonshire, Surrey, Lincolnshire, East Sussex, Suffolk, Harrow and Torbay.

In total, the firm maintains 25,000 miles of highway network. 2014 was a good year for Kier's highways business after it received contract extensions in Northamptonshire and Lincolnshire.

Dyer told *Highways Magazine*: "One of the things that we pride ourselves on is building collaborative ventures. We like to make sure we understand the needs of a client at a local level.

"We spend a lot of time making sure we understand the local political issues and focus on making sure we deliver good quality services. To do this we have a well-trained workforce and make sure we clearly understand the requirements of a contract. We make sure we have people on a contract that are wholly supportive of delivering good quality products and services, but can also work with clients at a more senior level to understand the wider direction they want to take. Because of that insight we start to become a trusted partner. Once you've got trust you can build a long-term relationship."

## Vision 2020

Last year Kier set out Vision 2020, a strategy for sustainable profitable growth, that will see the group aim to deliver double-digit compound annual profit growth for the period to 2020.

Dyer notes: "Kier's aspiration is to get our company to a £6 billion organisation. My part of that is to increase our highways business by about 50 per cent. Part of that is to look at adjacent markets, which would be the Highways Agency strategic road network. It's something we don't do and we're really keen to get into that market. It's something that I've been pushing for quite some time now. It makes sense to evolve our business into the HA road network and is part of our strategic plan. The natural evolution of a highways business will be to support the strategic road network. At the moment it's a gap in our business."



**"It makes sense to evolve our business into the HA road network"**

Nigel Dyer

With the government committing £10 billion of investment in road repairs between 2015-16 and 2020-21 (£4bn will be spent on national road maintenance), Dyer knows that it is a good time to enter this particular market.

"There's clearly some big investment, which is welcomed, and we've started our role in that by securing a role on Lot 3A of the Highways Agency's Collaborative Delivery Framework (CDF)," he remarked. "So we've already entered into the capex (capital expenditure) side of the HA spend."

Lot 3a is for high value construction work (scheme values between £25m and £100m, that may be extended to £300m).

## Local roads

The other £6bn of government money will be spent at a local level – something that Dyer welcomes.

Last year the Asphalt Industry Alliance's Annual Local Authority Road Maintenance (ALARM) Survey estimated that the cost to get the local road network in England and Wales back into reasonable condition had increased to £12 billion (from £10.5bn in 2013).

"Clearly the injection of £6bn helps, but I think it is about converting that into delivery on the ground," explains Dyer. "It is about making sure that every pound that is available to deliver a particular product or service is converted into delivering that product. Is it enough? I don't think it ever will be. We're operating in a country where our road network is relatively old, particularly on the local authority network, which is built without certain design standards. The strategic road



Maintaining the local roads in Surrey

network enjoys a specifically designed carriageway standard that is easier to maintain. The money is welcome, but I think we need to help colleagues in local authorities to deliver projects efficiently and effectively. We should always be very cognisant that the highway network is critically important to supporting the economic growth of this country and therefore not just rest on our laurels. We need to keep thinking about the long-term."

Dyer welcomes initiatives such as the Highways Maintenance Efficiency Programme (HMEP).

The former Tarmac maintenance director added: "Anything that we can do collectively as an organisation to create efficiency in the market is a good thing. There are simple things we can do like standardisation of contracts and specifications. But we shouldn't forget that there are some local variances needed in the way that we deliver road maintenance. There isn't a one size fits all solution, but of course the work that HMEP does is critically important. We've founded ➔





### Kier's highway services

- ➔ Kier maintains almost **35,000 kilometres** of roads and **more than 500,000 street lights and illuminated road signs** in the UK
- ➔ The company deliver highway services to **20 local authorities**
- ➔ Core services include **highways maintenance, street lighting and road surface dressing**
- ➔ Kier has its own street lighting and surface dressing businesses - **Cartledge and Ayton Products.**

➔ *our own initiative called 'Future Highway Research Club' where we've brought 12 local authorities together to think through some of the common challenges that they're facing. We're using academic support to give us some insight into those challenging questions about how do we deliver good increasing levels of highway maintenance provision in a declining road contracting market."*

Although he acknowledges that the industry has got better at working together, Dyer believes more can be done. *"Let's break the boundaries down a little bit and start to share some good ideas and initiatives. We're all a bit conscious that we might be giving away some competitive advantage, but the industry is more mature than that."*

According to Dyer, the relationship between highway authorities and the contracting supply chain is going to be crucial.

*"Given that there is a massive injection of cash into the highway network, the capacity of the supply chain is something we've got to be conscious of."*

*"The more foresight we get of the programmes that an authority wishes to carry out, the better. It means we can work better with materials suppliers and supply chain partners to be able to plan resources adequately and effectively. It's the old adage that the more you can see in front of you the better plans you can make."*

### Takeover talk

Kier completed the takeover of support services provider May Gurney in July 2013 and hasn't looked back since.

*"I think from a Kier perspective the company's previous strategy identified that it wanted to build up its portfolio of services,"* comments Dyer. *"A real gap in its services portfolio was road management and road maintenance. It saw May Gurney as a way of filling that gap. In terms of strategic direction it was critically important for Kier."*

More recently Kier confirmed it was in early takeover talks with Mouchel. Dyer would only reaffirm that preliminary discussions had taken place, but added: *"I mentioned that we have got Vision 2020 and so any acquisition in that market space would support that vision and strategic business case."*

Going forward Kier has one eye on the future with the development of its Highway Academy.

Those that take part in the initiative will be able to gain experience of the core competencies and skills that are needed to enter the sector.

*"It is also focused on giving people a very clear path in terms of what their career progression could look like,"* states Dyer. *"It's something we started about six months ago. We're developing it and looking to get it externally accredited so that people will leave the academy with a nationally accredited skill."*

Dyer welcomes the government investment that is coming, but called on the industry to make sure that the additional work is carried out safely.

*"The underinvestment of previous years has caused us a huge headache. Thankfully the government has recognised that there needs to be investment. The industry has got a great track record of delivering major projects and we need to make sure that we deliver this investment cycle adequately and appropriately."*

*"We've also got to make sure we do it safely. The injection of cash is great, but our work programmes are going to ramp up substantially. We need to make sure we carry out the work in a safe way."*

Dyer says he has seen an increase in the number of incidents of abuse towards the firm's road worker operatives.

*"As more and more cars come onto the network and congestion increases, frustration levels are increasing,"* he explains. *"That's in no way an excuse to abuse our road workers."*

*"We know that we inconvenience people. It is an unfortunate part of what we do, but we do it because it's the right thing to do to make sure that they can enjoy the network. The safety of our road workers is at the top of our agenda. Regrettably we are seeing a greater level of interaction between the travelling public and our teams. It is something that we need to address as an industry. Every other competitor of ours is seeing the same thing. I think there should be some sort of national debate and challenge around how we overcome that."* ➔