

New company on the block

Hanson Construction Projects has been launched to exploit the resources and expertise of its parent company.



Contractors buying into the aggregates sector in order to better secure supplies, and at cheaper prices, has long been a feature of the UK construction scene. An aggregates producer setting up a national contracting organisation in order to secure outlets for its materials is a rarer move.

This is the rationale behind the recent launch of Hanson Construction Projects as a national contracting force. Trying to capture a viable market share from a standing start in today's market conditions would be an extremely tough task – an impossible one many would say. But HCP already has a substantial order book and a twenty year track record as it has been formed out of the regional contracting operations of Hanson, until recently ARC Surfacing.

Bringing these regional operations together was the brainchild of Martin Stevens, now Managing Director of HCP. He explains: "We had a surfacing and a construction business in each of our four regions, Northern, Central, South Wales and Southern. Each was operating to different standards and used different business systems. They all did reasonably well in their own right, but it became obvious that there were synergies to be enjoyed if they were brought into one national business.

"The boundaries are quite fluid, as a national client would be handled nationally by whichever regional director was appointed

to look after that client. With the reduction in the roadbuilding market we recognised that we had to diversify and get closer to the industry's clients', both private and public sector, and we had to expand into a national operation in order to do that effectively."

It was a long process to integrate all the various systems such as health and safety, quality assurance, IT and administration, and in the middle of it all parent company Hanson decided to rebrand all the groups' businesses under the Hanson umbrella. So what was called ARC Construction Projects has become Hanson Construction Projects. But the hard work paid off quickly with the first major success of the new division, a national contract with retail giant Sainsbury. HCP is one of a small group of contractors which have made it to Sainsbury's select list of approved contractors. This involves a partnering arrangement for infrastructure works for

Sainsbury developments such as superstores. The first contract awarded under this deal is for £1.2M of infrastructure work at a store at Huntingdon which is now underway.

Fixed outlet

HCP is not out to compete head on with established national contractors in the cut and thrust of competitive tendering for their bread and butter work. Stevens explains: "Our mandate is to pursue work on contracts where materials constitute a significant percentage of the cost. Our aim is to provide a fixed outlet for Hanson aggregates and our interest in a particular contract will be solely governed by those criteria." So HCP is not out to get



Work on a new taxiway at the new American Air Museum building for the Imperial War Museum.

involved in high risk civil engineering or building projects where the risk:reward ratio is out of kilter, which rules out much of the work currently being tendered by major national firms.

"We are happy to work as sub contractors for established national contractors on these higher risk projects, on those elements where materials are significant, which is what we have always done as regional companies," Stevens adds. "We see partnering with major contractors as becoming a key part of our business."

HCP sees itself as an integral part of a focused aggregates business, responsible for laying some 25% of the coated roadstone produced by Hanson Aggregates in the UK. The company operates from five regional offices in Frome, Maidstone, Machen, Rugby and Warrington. Current turnover is some £50M and there is a total of 300 staff and operatives permanently employed.

An immediate task for HCP is to let national clients know that there is a new potential partner out there, as although the ARC, now Hanson, names are well enough known, the construction capability has only had a local identity until now. "We are talking to national contractors now, exploring our mutual potential," says

Stevens. "We are also letting private and public sector clients know that we are here and about what we can do. There isn't much we can't do."

HCP has an advantage over many contractors in being able to draw on the in-depth knowledge of market opportunities gleaned by the Hanson Aggregates business. Stevens explains: "They are asked to quote on a daily basis for materials on all jobs of significance, and from the earliest stage of the tendering process. As our objective is to provide more secure outlets for the aggregates business we will tap into that, liaising with colleagues in other divisions like Premix to ensure we are always at the front when opportunities arise."

Considerable reservoir

Stevens says there is little the combined resources of the Hanson group cannot provide in the way of construction services, from aggregates and other materials – including recycling, pipes, concrete products, Premix concrete and asphalt products, to construction itself. The former regional businesses may lack national experience of their own, but they represent a considerable reservoir of construction talent and experience. Contracts of up to £10M have been successfully executed, including highways lane rental contracts. Major highways continue to be a target when there is an appropriate balance regarding the quantity of materials.

Other early successes include partnering with the Highways Agency in a pilot scheme for road surfacing contracts between £100,000 and £1M in Super Agency areas.

HCP has been selected as one of two specialist contractors for this work in Areas 8 and 11 in Central Region. "The materials business might or might not have won this work in the past, but we



Surfacing works for the second Severn River Crossing were subcontracted to Hanson Construction Projects.

BELOW: Hanson's construction company was heavily involved with the Medway Town's new northern bypass.



have made it more certain," says Stevens.

Stevens says the business has made an encouraging start and he has been tasked with building it through controlled expansion into a significant national force

over the next five years. "We have no set limit to our ambitions," and with tongue only slightly in cheek he concluded, "but I suppose it would be nice to be able to take all of Hanson's materials production each year."