Relationships, Innovation and the Productivity Divide

Jeff Sipes, Principal Vice President Marketing and Business Development
State of the Industry

Estimated overrun in capital expenditure, % of original quoted capital expenditure

Source: Global Projects Database, IHS Herold, Nov 19, 2013, herold.com; McKinsey analysis
Construction Productivity

Productivity gap = $1.63 trillion

Economic value lost as a result of the gap,\(^2\) by region, $ trillion

- North America: $-0.58 trillion
- Europe: $-0.46 trillion
- Asia–Pacific: $-0.44 trillion
- Middle East: $-0.07 trillion
- Central and South America: $-0.05 trillion
- Africa: $-0.03 trillion
- Total: $-1.63 trillion

Average value added by employees per hour worked\(^1\)

\(^1\) 2015 data in real 2005 dollars.
\(^2\) Assumes construction productivity catches up with total economy productivity and current workers are reemployed at the total economy productivity rate.

McKinsey & Company
Get Alignment

- Regulation/compliance
- Contracts
- Engineering and design
- Procurement

- Project execution
- Customer engagement collaboration
- Quality

- Project leadership
- Craft skills
- Training
- Workforce culture
- Innovation
- Safety performance
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People

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