

M&D Construction

a company in transformation

M&D CONSTRUCTION, also known as Murray & Dickson Construction, recently celebrated its 30th anniversary. In an industry that is littered with company failures and insolvencies, this is no mean feat. The last five years have been particularly telling in the construction sector, with many major- and medium-sized companies being forced to close shop.

M&D Construction have used this time to restructure, thereby ensuring that when the construction cycle changes they are well placed to take advantage of the increased work load that will have to be serviced by fewer medium to large construction companies.

Rukesh Raghbir, the CEO of the company, notes that to be an effective player in South Africa it is important that one embraces the regulatory challenges that are unique to operating in the country. With this in mind M&D Construction has structured itself as a black-owned company with a level 2 BBBEE rating.

The company which was initially established as a purely building construction company has now transformed into a company that competes in the building and civil engineering sectors. Within the civil engineering sector, the company has



M&D Construction has the expertise and equipment to undertake the laying of large-diameter steel water pipelines – here a 1 700 mm diameter steel pipe is being positioned on the Rand Water Q5 contract

established a pipeline division. This has allowed M&D Construction to take advantage of the growing number of projects that require the expertise and equipment to undertake the laying of large-diameter steel water pipelines. To enable the company to better control the supply of pipe fittings to its projects, M&D Construction has built their own factory where they produce the heavy steel pipe fittings and bends that are crucial to ensuring that pipe laying programmes are met.

A recent development within the company has been the successful completion of fuel and gas pipelines. As with all new ventures, this will be a difficult sector to enter. Raghbir believes, however, that with the current expertise in the company, its impending ISO 9001, 14001 and 18001 accreditations, and a willingness to undertake new challenges, M&D Construction will soon be a major player in this arena.

The civil engineering division of the company has competed keenly in the public sector. It is currently building water treatment plants and reservoirs for the large water authorities, and has completed civil work for Eskom at the Kusile Power Station. This new public sector spend has been a welcome replacement for the fall off in infrastructural development previously undertaken by the mining industry.

The construction industry is generally a fairly slow-moving industry and one that resists change. It is the view of Renell Samuel, a director of the company, that one of the more enlightened changes in recent years has been the introduction of the NEC contract in the civil engineering sector, and more recently also in the

building sector. M&D Construction have devoted considerable resources to understanding the various options in the NEC contract and have had a number of successes in winning framework contracts based on the NEC3 Option C contract. This is a target cost contract in which the client, the professional team and the contractor collaborate to reach a contract value that is within the client's budget. Once the target cost is agreed upon, all parties work closely together during the contract to ensure that the target cost is not exceeded. Any savings on the target cost are shared by the client and the contractor, creating an incentive for both to control costs and operate efficiently. Conversely, cost overruns not specifically requested by the client, are shared by both parties as a disincentive to delays and unnecessary changes.

Framework contracts are often over a three-year period and involve a number of contracts for the same client, with the first contract forming the basis for cost determination for the subsequent contracts.

To be successful in this environment, it is important that the contractor delivers quality projects within programme, and that he develops a strong relationship of trust with the client. M&D Construction have invested time and personnel in ensuring that their framework contracts are successful, and currently have four such long-term contracts in place with different clients for the construction of university campuses and hospitals.

To ensure that its growth is sustainable, the company has invested scarce resources over the last five years in upgrading and enlarging its fleet of

mechanised plant. Whilst financially difficult at the time, this has resulted in the M&D Group owning a large fleet of earthmoving plant that comprises mainly Caterpillar and Mercedes Benz equipment. Whilst past purchases of plant seem particularly prescient with the subsequent collapse of the rand, the company realises the importance of continuing to improve and grow its fleet, enabling it to remain competitive and well-resourced as the improving construction cycle gathers momentum.

To emphasise the changes in the company and its commitment to a secure future for all those associated with M&D Construction, the company has developed a new logo, together with the motto: ***Khula Nathi – Grow With Us.***

► INFO

Andrew Murray

Chairman

M&D Construction Group

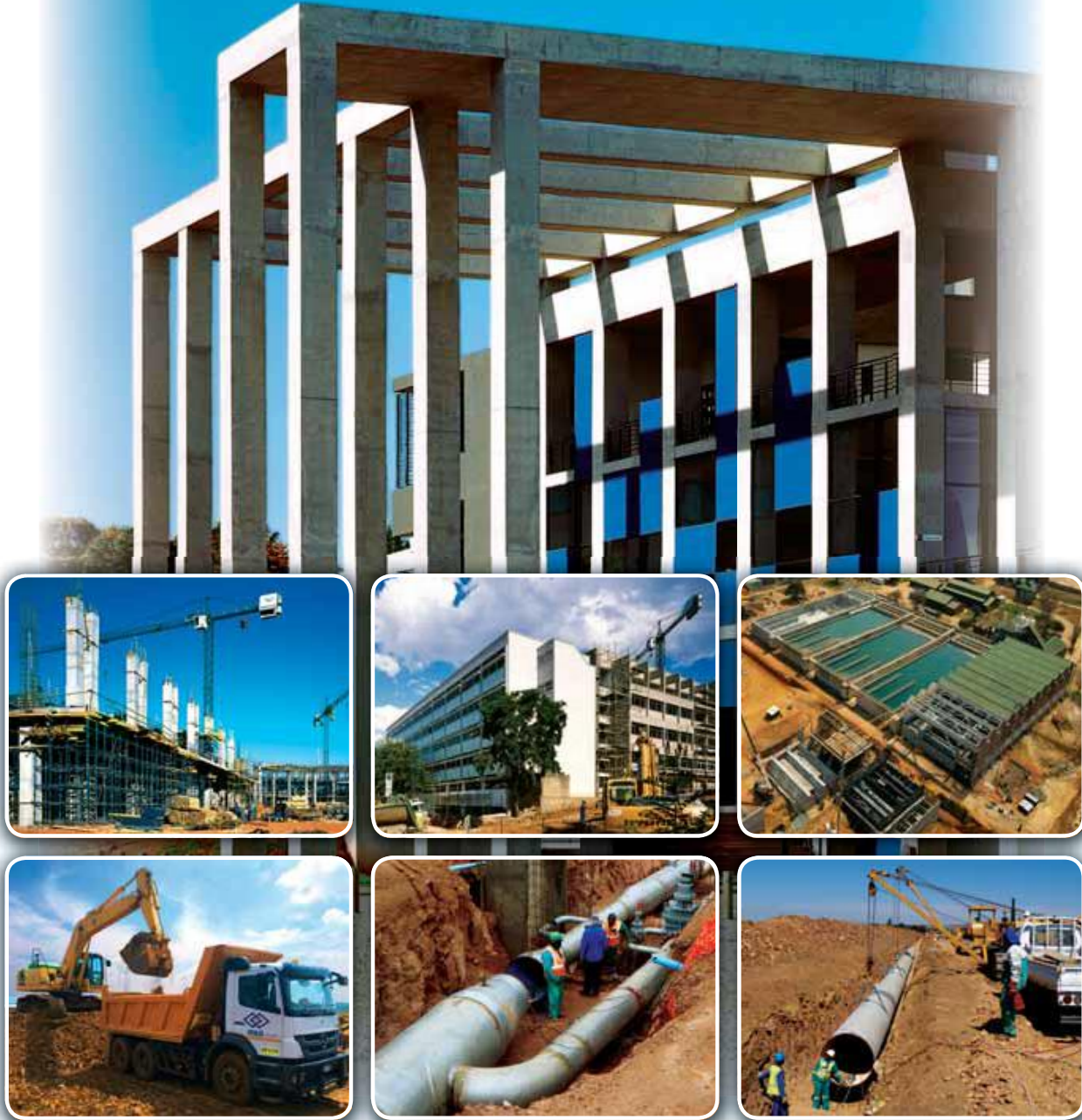
amurray@murray-dickson.co.za

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The Undergraduate Science Centre at the University of the Witwatersrand is a clear exhibit of M&D Construction's expertise and scope of service offering

Building Civil Engineering
Pipelaying Roads & Earthworks



Khula Nathi - Grow With Us

Murray & Dickson Construction (Pty) Ltd

Tel: +27 (0)11 463 1962 Fax: +27 (0)11 706 5354

E-mail: info@mdconstruction.co.za

www.mdconstruction.co.za

