

Performance Based Contracts

Align your goals

What is a Performance Based Contract?

A contract based on actual performance; it aligns the motivation of the contractor with the client's needs and goals.

Performance Based Contract vs. Standard Contracts

Performance Based Contracts address the following limitations of standard maintenance contracts:

- Inflexibility - Standard maintenance specifications are not tailored to a specific site and contain elements that are:
 - uneconomic (too much maintenance)
 - inadequate (too little maintenance)
 - inappropriate (wrong maintenance)
- Fixed fee - With no incentive to improve, the local knowledge of technicians is not always tapped.
- Imbalance of Risk - The service provider receives payment on completion of specifications, even if the outcome is unfit for the client's needs.

The Performance Based Contract approach:

- Focus on output vs. input
Measure output - what is achieved for the client rather than just what is done - using Key Performance Indicators (e.g. energy consumption and costs, internal conditions, limiting down-time, response times for callouts).
- Drive profitability
Contractors become stakeholders by being directly rewarded for the savings and/or value they achieve for the client.

When to implement a Performance Based Contract?

Performance based contracts can be achieved by adapting an existing contract or by drafting a completely new contract.

Our consultants ensure performance based contracts are formed with the right people.

Why ABS?

ABS employs experienced engineers, accredited Carbon Trust consultants and CIBSE certified Low Carbon Consultants and Energy Assessors.

Our philosophy is that buildings exist to fulfil the owner or occupier's business plan and to provide an efficient, safe and comfortable environment for users. It means that we take a client-centred strategic view, informed by our hands-on experience of all phases of the building lifecycle.



Create a win-win partnership

Next Steps

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ABS consulting provides strategic consultancy in a number of property and construction related specialist disciplines which include:

- Building Services
- Carbon & Energy Management
- Continuous Commissioning (ConCom)
- Facilities Management
- Management Services
- Post Occupancy Evaluation
- Regulation Compliance
- Training & Workshops