

NACEC Business Day
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Contract Management and
Lessons Learned

Presentation by
Oscar Agostino MIGNONE

Contract Management / Lessons Learned

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Contract Management / Lessons Learned

Basic Elements

Contract Management / Lessons Learned

Basic Elements Overview

Contract Management

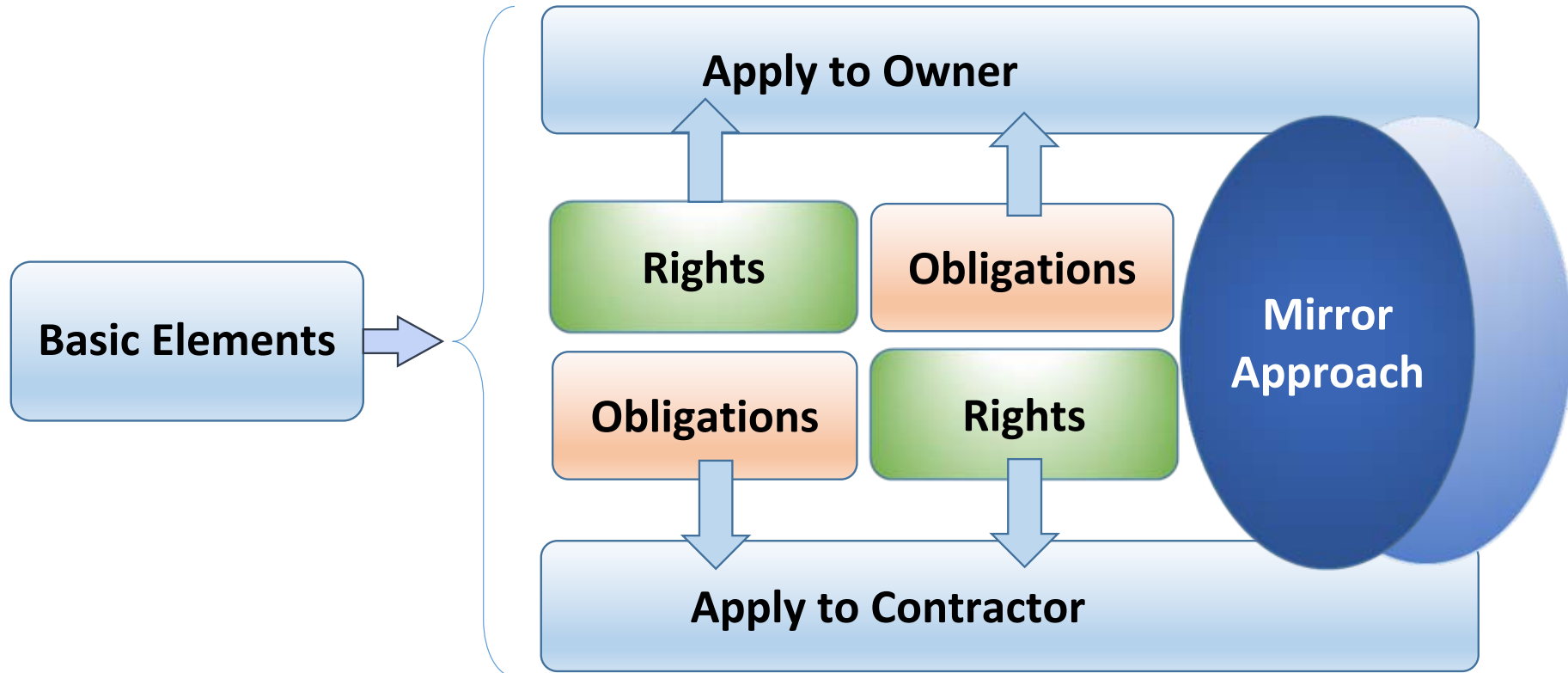
includes all activities from contract award to closeout

focuses on:

- **maintaining contract related documents**
- **verifying contract achievements and performance**
- **controlling scope changes**
- **monitoring progress, charges, and costs**
- **checking invoices and authorizing payment**
- **reviewing reports and requesting information**
- **Implementing corrective actions as needed**

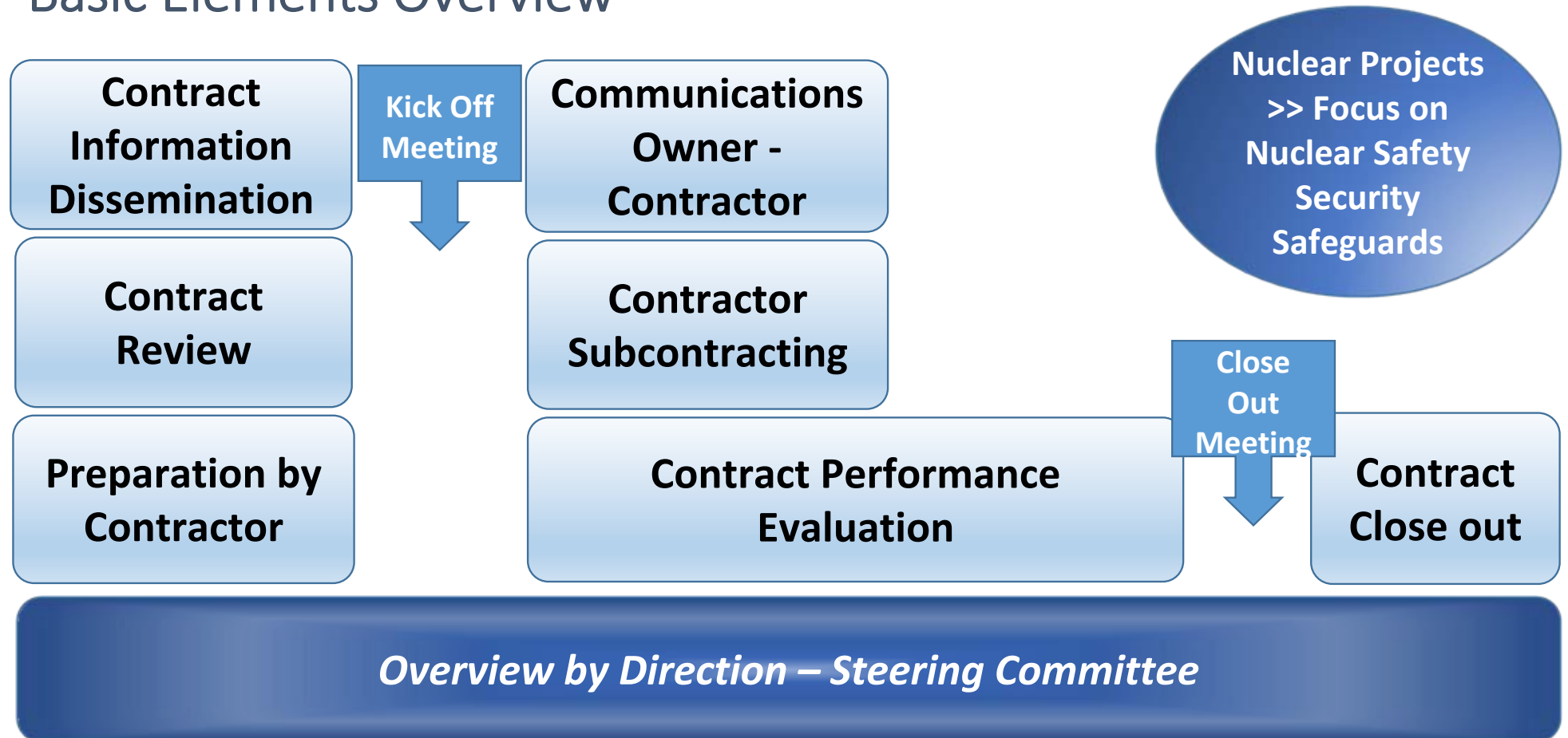
Contract Management / Lessons Learned

Basic Elements Overview



Contract Management / Lessons Learned

Basic Elements Overview



Contract Management / Lessons Learned

Contract Information Internal Dissemination

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Contract Information Internal Dissemination

Project Manager
Assures that

**Attention to
Confidentiality**

A **confidentiality / restricted system** is available
Project Team / Functions need to be informed on

- Safety and Quality requirements
- Scope & Deliverables
- Authorizations, Licensing requirements
- Performance, Guaranteed Data
- Project Schedule and Milestones Deadlines
- Budget in Hours (or \$\$) for each Function
- Risks and Opportunities
- Penalties / Liquidated Damages

Economic information is restricted to authorized persons

Contract Management / Lessons Learned

Contract Information Internal Dissemination

Some Lessons Learned

- Project Manager assumes that everyone will read the Contract
- Work-shop is not called on time or is not conducted effectively
- Managers do not promote Contract scope understanding

Contract Management / Lessons Learned

Contract Review

Contract Management / Lessons Learned

Contract Review

Project Contract Review



- **Contract clauses are reviewed and understood**
- **Results are compiled - Company Forms / Check-lists**
- **Performed by Contract Manager assisted by Project and Line Functions Managers**
- **Project Management Team participates**

- ***Contract Review Forms are essential references during contract performance***
- ***Company Direction needs to be informed on contract reviews results***

Contract Management / Lessons Learned

Contract Review



Contract Management / Lessons Learned

Contract Review

Some Lessons Learned

- Contract back-up information is not easily available at Project start
- Contract review is driven by lawyers, few technical staff participates
- Not all key people knows the contract requirements

Contract Management / Lessons Learned

Contractor Preparation

Contract Management / Lessons Learned

Contractor Preparation

Contractor prepares for performing

Contractor readiness to Start Work

- Contractor assigns qualified people
Has documented methods:
- Project Management Plan
 - Safety, Health, Environmental Plan
 - Quality / Integrated Management Plan
 - Engineering Plan
 - Procurement Plan
 - Construction Plan
 - Commissioning Plan
 - Communication Plan
 - Risk Management Plan

For Nuclear Projects:
Nuclear Safety Culture
Security, Safeguards

Plans may be subject to
Owner approval

Small projects may integrate
plans in one document

Contract Management / Lessons Learned

Contractor Preparations

Some Lessons Learned

- Owner and Contractor have a different view on Project Execution
- Contractor does not document Project approaches and methods
- Contractor needs long time for preparing Project plans

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Kick-off Meeting

Contract Management / Lessons Learned

Kick-off Meeting

Internal Kick-off Meeting



Internal kick-off meeting is held as soon as key project team members are named

The Project Manager:

- briefs Project Team on safety and quality requirements
- briefs Project Team on contract scope, deliverables, and Client requirements
- briefs project team on overall project execution strategy and project schedule
- ensures staff alignment with contract needs
- plan for Client/Contractor kick-off meeting
- gets inputs from attendees for increased performance

Good practice is start the meeting addressing safety, health, and environmental

Contract Management / Lessons Learned

Kick-off Meeting

Client /
Contractor



**Essential starting
moment for Contract**

- Health, Safety, Environmental
- Scope / Deliverables
- Quality Requirements
- Engineering processes
- Procurement long lead items
- Manufacturing, processes, inspections
- Constructability reviews (as applicable)
- Construction and Commissioning (as applicable)
- Correspondence, Communication Channels
- Schedule, Reporting
- Budget, Cost Control, Payments
- Risk Management and Analysis
- Other Contract Requirements

**Typical
subjects for
reference**

**Within 2 or 3
weeks of
contract
award**

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Kick-off Meeting

Some Lessons Learned

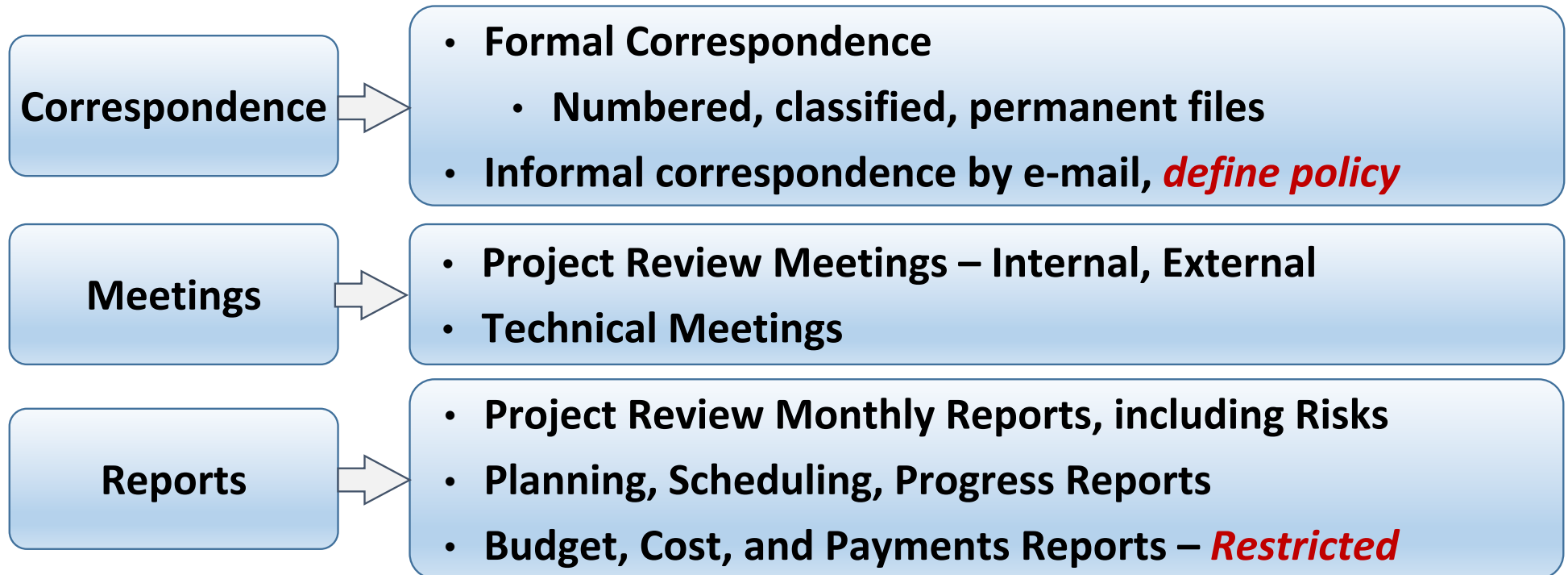
- Owner and Contractor do not get full agreement during Kick-off
- Owner and Contractor are not well prepared for Kick-off Meeting
- Kick-off minutes of meeting are incomplete, not recording all issues

Contract Management / Lessons Learned

Communications Owner - Contractor

Contract Management / Lessons Learned

Communications Owner - Contractor



Contract Management / Lessons Learned

Communications Owner - Contractor

Communication Channels

- Convenient single entry – outgoing points
 - At Project Management level
 - Covering all Project / Contractual issues

Interactions Encouraged

- Technical interactions
 - *Attention, avoid scope changes*
- Planning, scheduling interactions
 - *Attention with variances that impact end dates*
- Contract interactions
 - *To prepare basis for negotiations / agreements*

Contract Management / Lessons Learned

Communications Owner - Contractor

Some Lessons Learned

- Lack of good communication contributes to under performance
- Owner and Contractor need to enforce good communication
- Correspondence and Reports need to be complete and accurate

Contract Management / Lessons Learned

Contract Subcontracting

Contract Management / Lessons Learned

Contractor Subcontracting



Contract Management / Lessons Learned

Contractor Subcontracting

Some Lessons Learned

- Procurement Plan is incomplete at Project start, it needs time
- Too many levels in the supply chain make difficult control
- Suppliers Safety and Quality compliance is below standards

For Nuclear Projects: nuclear safety culture is not enough

Contract Management / Lessons Learned

Contract Performance Evaluation

Contract Management / Lessons Learned

Contract Performance Evaluation

Performance Evaluation

1° Responsible: Contractor by

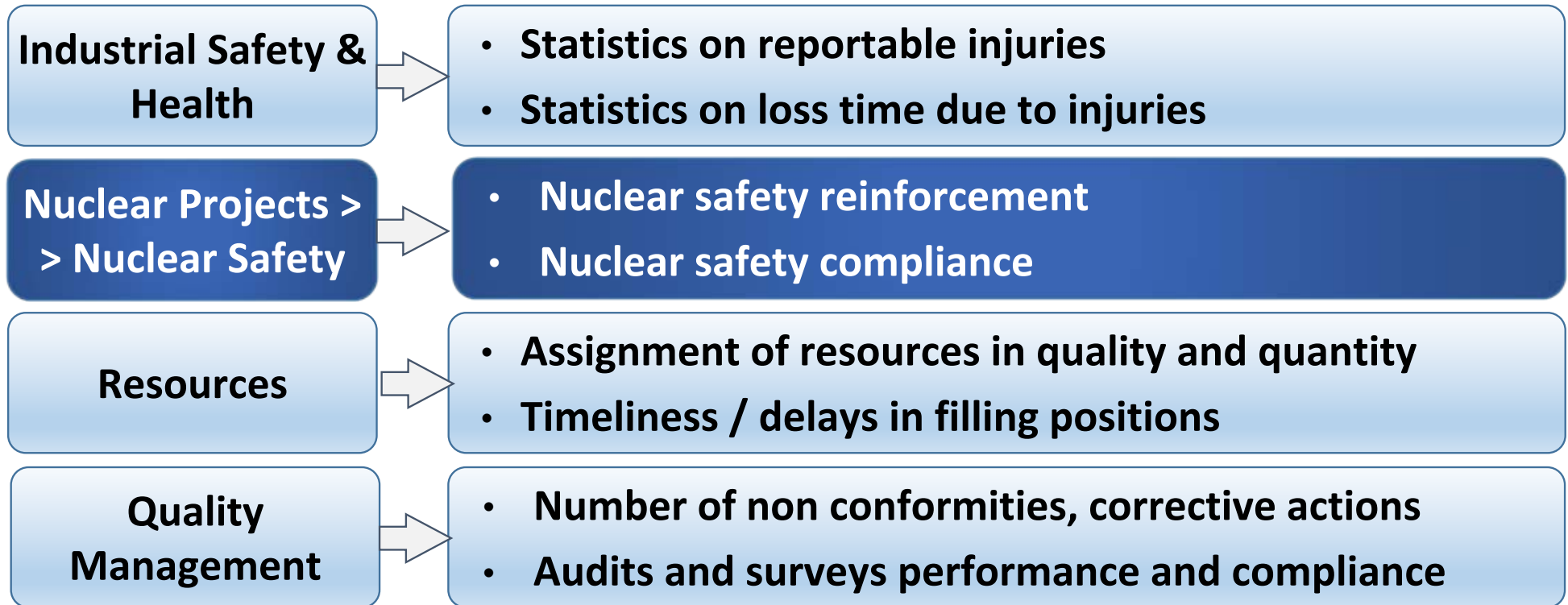
- own assessment of compliance
- proactive and responsive management
- qualified and skilled staff
- internal quality audits and project surveys
- management reviews
- own Key Performance Indicators - KPIs

2° Responsible: Owner by

- Contractor continuous follow-up
- Client Key Performance Indicators - KPIs

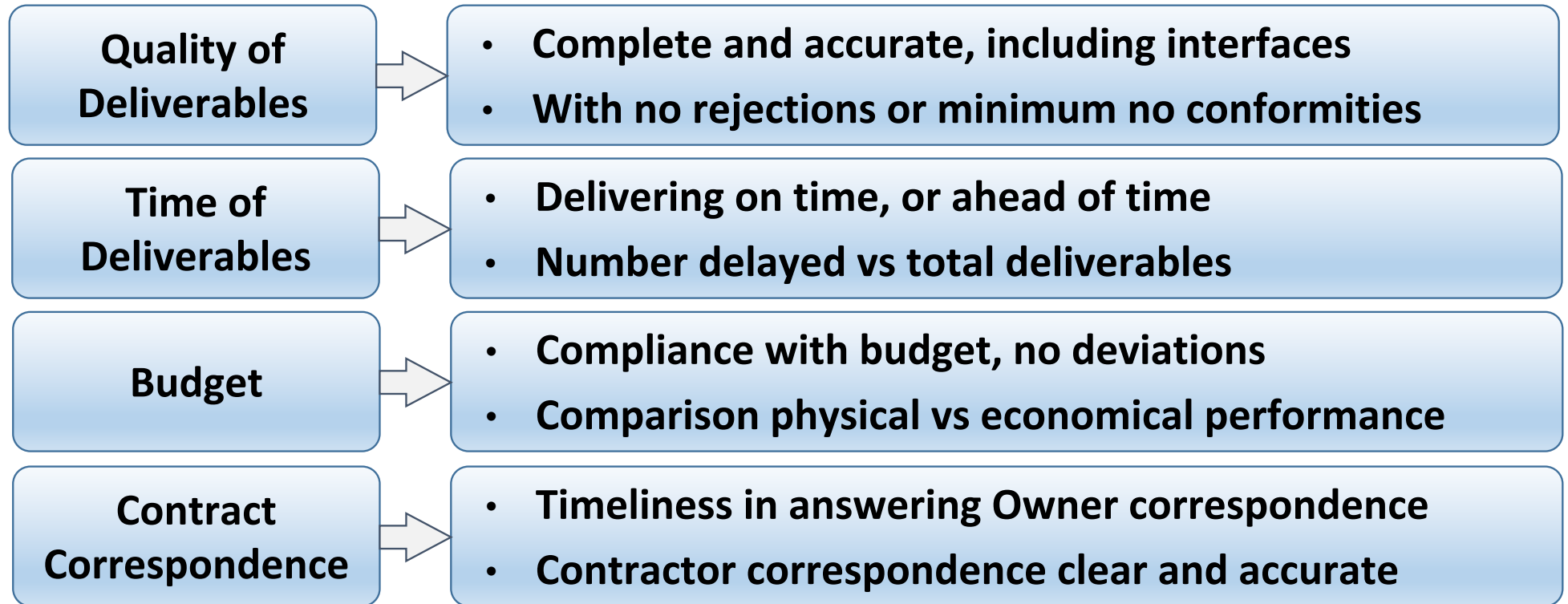
Contract Management / Lessons Learned

Contract Performance Evaluation



Contract Management / Lessons Learned

Contract Performance Evaluation



Contract Management / Lessons Learned

Contract Performance Evaluation

Some Lessons Learned

- Contractor Performance Evaluation is not implemented
- Any underperformance needs immediate corrective action
- Problems and issues remain hidden for some time

Nuclear Projects



- Lack of Nuclear Safety Knowledge
- Lack of Nuclear Safety Compliance

Contract Management / Lessons Learned

Contract Close out

Nuclear Contract Management / Lessons Learned

Contract Close Out

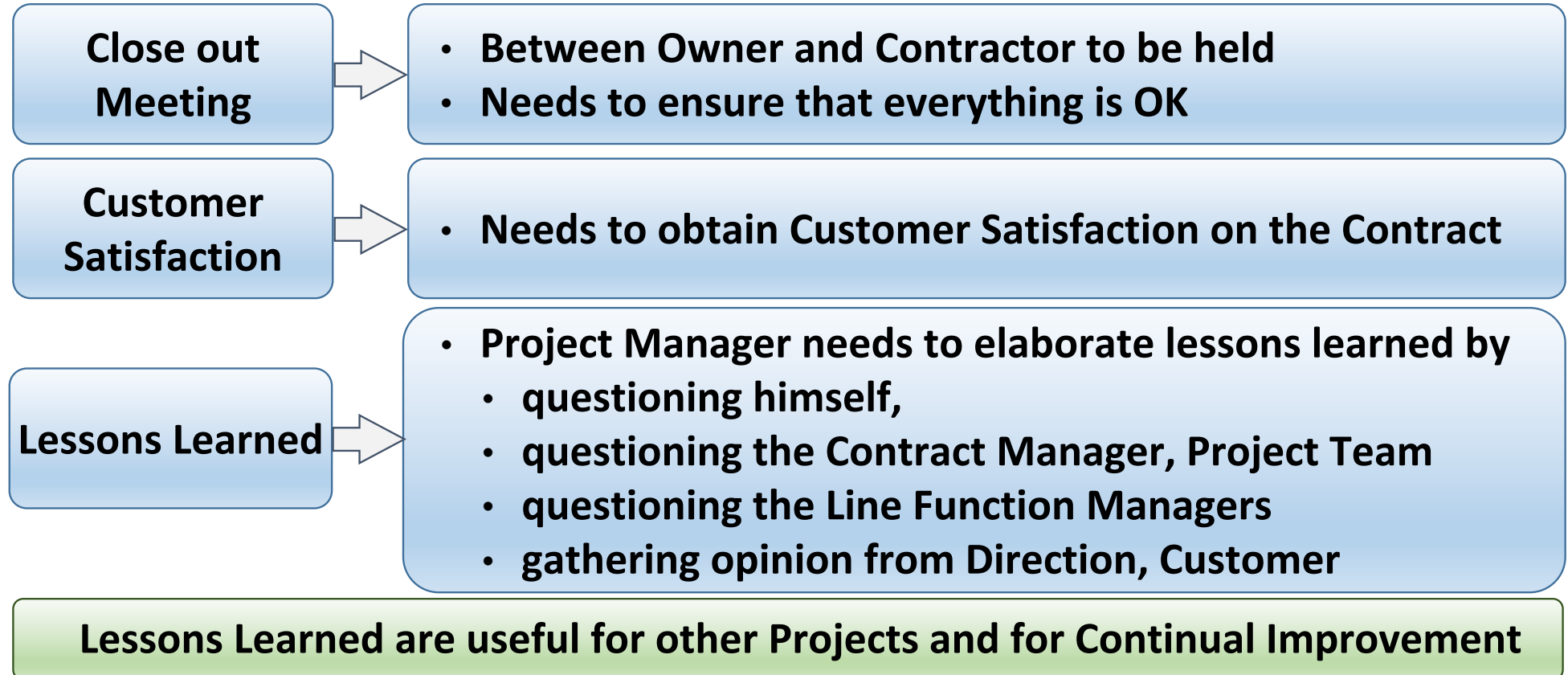
Basic Responsibilities



- **Project Manager and Contract Manager need to close the contract**
- **Project Manager needs to ensure**
 - **Contract compliance information is OK**
 - **Contractor deliverables are accepted**
 - **If applicable, Know-how has been transferred**
 - **No warranties issues are pending on Contract**
 - **No financial issues / payments are pending**
 - **Lessons Learned are gathered**

Nuclear Contract Management / Lessons Learned

Contract Close Out



Nuclear Contract Management / Lessons Learned

Contract Close Out

Some Lessons Learned

- Project Manager is too busy and delays closing the project
- Project Manager is assigned quickly to other project
- Lessons learned are not gathered

Contract Management / Lessons Learned

Thanks for your attention !!!