

# Starting Up



# Terms of the Contract

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- Make sure the commercial terms of the Contract are understood
- If you still don't fully understand the commercial consequences of the terms, then seek advice
- From the word go, make sure all the remaining queries have been resolved
- Is the contract documentation fully conformed (including any qualification on prices)?
- The key is to eliminate the grey/undefined/ambiguous areas of the contract as much as possible before you start work on individual jobs and know what grey areas are left to be resolved
- Failure to fully understand the terms of the contract and the specification, and to mutually agree any pricing clarifications, will probably lead to disputes which could adversely affect relationships



# Resource Management

- Know from the start what resources are likely to be needed and make suitable arrangements for having them available:
  - people
  - plant
  - materials
  - sub-contractors
- Maintain a resource schedule as a live document
- Effective resource management is key to ensuring:
  - good performance
  - maximum profit
  - contract compliance
- Appoint somebody to be responsible and accountable for resource management



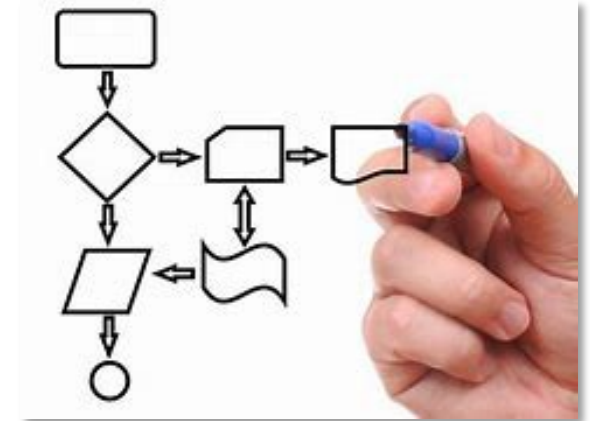
# Subcontract Management

- Each subcontract package needs to be documented
- There needs to be absolute clarity as to the scope and standard of what the subcontractor is required to do and the terms and conditions that apply
- Subcontractors need to be trained as to requirements of the contract
  - specified requirements
  - health and safety
  - protecting the environment
  - customer care
- Proactive governance of the subcontractor's procedures and quality audits of the subcontractor's work is better than having to react to a complaint
- Engage subcontractors you can trust and know will act collaboratively
- If things go wrong, look at the procedures and processes rather than starting a blame game



# Cost and Valuation

- The biggest area of dispute will probably be how much should be paid and by when
- Most of the problems will relate to the transparency and veracity of the production of records (**the importance of records, the importance of records, the importance of records**)
- At the start:
  - map out the cost and valuation process
  - agree internally what data needs to be seen not what can be seen
  - ensure that payments do happen, starvation of cash will hurt and harms relationships (turnover is vanity, profit is sanity and cash-flow is king)
- To get the cost and valuation process right takes commitment, resources and a positive will. It is about building a relationship as much as a process. It is about a positive attitude to resolving issues as and when they arise.
- The only winners of failing to get the cost and valuation process right are expensive third-party claim consultants and lawyers



## Health & Safety, Environmental and Customer Care

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- Good performance on health, safety, environmental and customer care issues are core company values
- Understand what the contract stipulates on these matters and comply
- The extent will depend on individual jobs but creating the right culture is the key
- Ensure the associated risks are clearly visible to all in the team
- Encourage the engagement of the team in the management and mitigation of the risks
- There will be many stakeholders associated with the contract who will have an interest so positively engage with them as necessary
- Be mindful of praising good behaviours as opposed to criticising bad behaviours (behaviour management)



## Roles and Responsibilities

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- As part of sorting out the processes, the various roles, responsibilities, accountabilities with authority levels need to be established and clearly communicated
- The human animal works most efficiently in a black and white world
- However, this will rarely be achieved in reality, so encourage and support initiatives
- By better defining roles and responsibilities, an individual's training needs can be clarified leading to more effective working practises
- Acknowledge achievement, celebrate success and limit blame



# Quality Plan

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- The Cinderella of any contract
- Be clear at the beginning what is needed for the plan
- Understand what the contract stipulates
- The plan needs to ensure the effective management of the risk of quality
- Agree early on the detail on the procedures and reporting of quality and especially what to do when a failure occurs – have continuous improvement as a company value
- Be clear as to the training and competency of the individual responsible for monitoring quality
- Remember that a quality plan is about managing the risk of quality – spend time and effort on the high risk areas and a lighter regime for the low risk areas





# Document Control

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- At the start decide what needs to be controlled – not everything does
- Be disciplined from the start – failure to be disciplined leads to mistakes and will have an impact on time, cost and quality
- Horses for courses – don't necessarily keep lots of data for a small job but don't use the back of a fag packet for more complex jobs
- Give the responsibility to an individual to be the collective conscience and make sure the team will support the document controlling process
- Use any failure of the process as a learning opportunity



# Correspondence

- Never an easy issue
- Contract management vs relationship management will be a big, big issue
- You need to safeguard your commercial position but don't want to be regarded as being confrontational
- Decide how best to correspond – letter (formal) or e-mail (perceived to be less formal)
- E-mails are difficult to manage corporately
- Be clear what needs to be recorded through correspondence and keep other records just in case you need them (**the importance of records, the importance of records, the importance of records**)
- Establish a process for correspondence and stick to it
- Have a loose process at the beginning and you could spend hours putting it right later



CONTRACTUAL  
INSIGHT

## The Overall Aim

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- The steps are the same regardless of any particular job under the contract, it is just the scale that changes
- Don't under estimate the time and energy needed to get it right (every day in every way you aim to hit the bullseye)
- Always allow enough time - do not think that you'll just fit it in
- Engage with the Employer on the mobilisation phase of the contract as this is the best chance you'll have of establishing a good working relationship that will use the contract constructively and not as an adversarial tool
- Be constructive in thinking how best to engage with all stakeholders

