



# DRAFT Best Practice Scope of Work Development

DRAFT

Version: April 2016

DRAFT BEST PRACTICE – SCOPE OF WORK DEVELOPMENT

TABLE OF CONTENTS

Preface ..... 3

Acknowledgements (NTD: standard wording as per Pre-Qual and Contracting Strategy BP's)..... 3

Section 1 – Introduction / Business Case..... 3

Section 2 – Scope of Best Practice and Objectives ..... 4

Section 3 – Scope Of Work Best Practice Benefits..... 5

Section 4 – Guide to Implementation..... 6

    4.1 General..... 6

    4.2 Pre-Requisites ..... 6

    4.3 Multi-Discipline Team ..... 6

    4.4 Base SCOPE OF WORK Template (Appendix X)..... 7

    4.5 Responsibility Matrix (Appendix X)..... 7

    4.6 Share Services Matrix (Appendix X)..... 7

    4.7 Standardised Documents (Appendix X) ..... 7

    4.8 Key Considerations and User Guide (Appendix X)..... 7

Section 5 – Implementation and Continuous Improvement ..... 7

Appendices

X – Scope Of Work base document

X – Responsibility matrix

X – Shared services matrix

X – Standardized deliverables list

X – Key considerations / user guide

## Preface

The COAA Contracts Committee recognizes that development and implementation of a standardized fit for purpose Scope Of Work is a critical project deliverable to help facilitate successful project outcomes.

A standard approach could lead to increase visibility and buy into the scope responsibility splits, reduced project costs, assist in prioritizing schedules and mitigate, through clarity of obligations, contract extras and claims, for both the Owner and Contractor. This will lead to increased productivity on Projects due to each party having full knowledge on the job expectations and deliverables. This Best Practice has been prepared as a guide for Owners and Contractors (and for their subcontractors) to facilitate development of a Scope of Work template document and appendices for industrial projects in Alberta. Its purpose is to ensure that Project Owners have considered and addressed all elements of project specifics in the discussion and development of the appropriate Scope of Work documents and allocated the responsibilities appropriately.

Many COAA member companies have existing scope of work templates developed for their internal use. However, this best practice is meant to distill common themes, summarized into a relatively short guideline to help those companies and contractors for whom no internal template exists and, ultimately, to persuade all COAA members to adopt such a template to allow a standardization of expectation and associated documentation across the Industry. The template is generic in nature and must be adjusted for project-specific requirements. The appendices have been drafted to allow maximum flexibility with the desire that such documents become standard attachments for the Industry. Unlike other COAA contract documents this template is intended for users to change easily to meet each Project need.

## Acknowledgements (NTD: standard wording as per Pre-Qual and Contracting Strategy BP's)

Recognition is owed to all industry stakeholders who take an interest in making our industry more efficient, particularly those who have supported the creation of this Best Practice and those who will champion its use.

The COAA membership and board of directors through to the sub-committee members, who worked collaboratively on this best practice, should be commended for contributing their valuable time and experience for the mutual benefit of the industry.

## Section 1 – Introduction / Business Case

Within the industry, committee members state that lack of definition and clarity in the scope of work and associated responsibilities are a common factor when either queries or claims are raised. It is considered that this may be due to a loss competence and mentoring of younger industry professionals in the art of technical writing and scope definition. This industry loss of competence, in conjunction with the normalized use of the time and material compensation strategy has resulted in reliance on direction in the field/engineering house rather than the use of well defined scope of work requirements.

Lack of clarity and definition, resulting from a scope of work which has been generated without the proper elements and consideration of the specific risks, project conditions and particular obligations will result in conflicts between the contracting parties, scope creep, claims, disputes, and other undesirable results such as cost and schedule overruns.

Business Case:

Best Practice project management practices as espoused by various industry sources (CII, PMI PM BOK, IPA Consultants and many Owner company internal project management stage gated project processes) state that one of the key deliverables resulting in project success is having comprehensive, detailed scopes of work detailing not only the actual work to be completed but also other less obvious information, including the support work surrounding such Owner or central services provided, if any, interface issues, clear battery limits, comprehensive completion criteria and the format of deliverables to name a few. This COAA Best Practice attempts to provide those in project development, planning and execution with a standardized document and appendices to assist cross-functional project teams develop a fit for purpose scope of work for their specific projects.

## **Section 2 – Scope of Best Practice and Objectives**

The Objective of this Best Practice is to develop a standard document including recommendations and guidelines with respect to the drafting and considerations to be incorporated into a Scope of Work and the benefits that the Industry can realize by adopting and implementing its use on Alberta Industrial Projects.

The Scope of Work Development Best Practice is to be applicable to all capital project and maintenance planning for heavy industrial projects in Alberta. It endeavors to address the following points and objectives as a minimum:

1. It will be applicable and useful for Owners, Engineers and Contractors
2. Be scalable to various size and complexity of projects
3. Address the assessment and allocation of Scope Of Work including the need to address responsibility throughout the execution of the particular scope between the parties
4. Highlight the need for early planning and considerations of the particular issues in relation to a particular scope and avoid last minute changes
5. Provide a template to address the impact of Owner management of Scope of Work / Contractor interfaces
6. Consider how the developments and issues highlighted during the development of the scope of work may impact the definition and exclusions with a Scope Of Work may and thus potentially the considerations for the compensation model and contracting strategy appropriate for that particular, scope of work and project conditions
7. Endorse early communication to involve all stakeholders to obtain alignment on the breadth of any particular scope and interfaces with that scope
8. Be developed in a modular format, enabling elements to be applied or omitted as appropriate.

9. Address the assessment and allocation of project scope and interfaces through clear responsibility matrices that can be assessed on a scope to scope basis
10. Highlight the overall process including of the benefits of Scope of Work definition and clarity and the knock on impact on the selection of the overall contract type, compensation methodology and sourcing strategy
11. Segregation of scope elements from contractual and commercial terms
12. To encompass all scopes i.e. engineering to construction and pre-commissioning and incorporate specific considerations with respect to turnaround work in live plants etc.

The committee will not develop a set of detailed Scopes Of Work as each project is unique but rather a main template, standard appendices and key considerations to guide the user through the applicable thought process. This includes recommendations of other stakeholders to be consulted and typical failings to be aware of as the scope is being developed to maximize the potential success, thus resulting in a document that is fit for purpose and provides sufficient detail and clarity to price the work competitively and productively and safely execute the work to be undertaken.

The Deliverables as part of this Best Practice include:

1. *Initial discussions points*
2. *A guideline type document, identifying key aspects to be addressed etc.*
3. *Suggested standardized attachments such as responsibility matrix, shared services matrix and a standardized deliverables list*
4. *Some go-by's / key tips for certain scopes*

### **Section 3 – Scope Of Work Best Practice Benefits**

COAA considers that some of the many benefits of implementing a standardized Scope of Work document include:

1. Streamlined process for development of a complete Scope of Work, reducing the preparation time for Scope of Work documents
2. Structured areas for evaluation and apportionment of associated obligations and risks to assist contract developers
3. Clearly highlight areas that are not appropriate in a Scope of Work e.g., contractual terms and compensation terms
4. Improved quality of contractors' proposals
5. Fewer requests for clarifications during the bidding phase
6. Foster collaboration, stakeholder alignment, understanding and alignment of each party's obligations and associated risks
7. Minimize inefficiencies in the finalizing/scope allocation process
8. Greater understanding of scope of work and associated interface management between scopes
9. Greater probability of successful project outcomes due to clarity of obligations and avoidance of ambiguity

10. Reduction in the volume of RFIs submitted in the field
11. Reduction in Contract Changes/Claims due to clarity in Scope of Work (expectations, responsibilities)
12. Highlight in advance risk areas between scopes as the definition process is being developed
13. Improved Productivity and Safety as construction is better able to plan and execute their Work

## Section 4 – Guide to Implementation

### 4.1 General

This best practice is developed as a written document (this document) with a tool box of simple, easy-to-use documents and references for project teams developing a SCOPE OF WORK. The complete scope is represented in Figure 1 - SCOPE OF WORK Best Practice Document Tree.

Figure 1

### 4.2 Pre-Requisites

Development of a SCOPE OF WORK cannot be successfully undertaken without first completing several key activities, including:

1. Understanding of clear, documented business and project objectives
2. Well defined understanding of the result required from the scope
3. An execution strategy availability of associated documentation and drawings supporting the required scope
4. Assessment of any particular risks associated with the scope
5. Understanding the overall environment in which the scope will be executed ie.:
  - a. Environment
  - b. Schedule
  - c. Interfaces / other Contractors
  - d. Availability of materials / information
  - e. Capability and capacity of Owner supervision / management

### 4.3 Multi-Discipline Team

The development of a Scope of Work is improved when all the appropriate functional disciplines assigned to the project are involved and consulted, as it allows consideration of a larger scope of issues, concerns and risks to be addressed in the Scope of Work. However, a single point of responsibility should be nominated within an organization for the collation and ownership of the resultant document. This would typically be a project engineer or project manager, but may also be a discipline engineer or contract administrator for particular scopes.

#### **4.4 Base SCOPE OF WORK Template (Appendix X)**

**TO BE DEFINED UPON REVIEW OF DELIVERABLES**

#### **4.5 Responsibility Matrix (Appendix X)**

This guide provides an overview and a level of detail on key project responsibilities related to the obligations of each party in relation to the scope and how they inter-relate. This tool will help in the division of responsibilities for various stages of the work or deliverables amongst contractors, owner and often third part providers, and also may provide guidance in the selection process of the appropriate compensation model for that particular scope.

#### **4.6 Share Services Matrix (Appendix X)**

This matrix is a basis to assist project teams consider the overall site services and execute a contract strategy which provides not only the best commercial use of resources, but clearly allocates responsibility to avoid the duplicate resourcing and resultant unproductive resource use. It is the object of the sub-committee that this matrix, or an improved and updated version of such, becomes a template for the industry and a standard appendix to every Alberta heavy industrial project.

#### **4.7 Standardized Documents (Appendix X)**

Deliverables matrix..... And others

#### **4.8 Key Considerations and User Guide (Appendix X)**

The first section of this guide provides an overview and a level of detail on key issues to be considered and addressed by the project team when developing a Scope Of Work. The guideline follows the Scope of Work Template and provides guidelines of contents and critical information required. Many of these issues can help assist the team with the generation of criteria to evaluate the responsibility split and/ or areas of risk or where further definition should be considered

The multi-discipline approach coupled with the assessment of all the various criteria / key issues should increase the probability of an optimal Scope Of Work, that meets the project objectives and is aligned to the project and work site realities. It is proposed that in many instances, disagreements and claims on contracts could be reduced or eliminated by increased clarity and definition of the particular scope and its interfaces.

### **Section 5 – Implementation and Continuous Improvement**

The subcommittee feels the only value in any Best Practice is that:

1. It is actually used and implemented by industry
2. That industry feedback advises that in fact using the best practice helped projects arrive at better work definition and resulted in improved project outcomes, and;
3. That suggestions and recommendations for improvement are received and acted on, with the best practice updated and re-issued to industry.

To ensure implementation of this continuous improvement process and to measure the value that industry derives from the use of the best practice, the subcommittee is requesting the following:

For companies that actually use the best practice the sub-committee request that on completion of the project or particular scope that submissions be provided to the e-mail below on your assessment whether the Best Practice added value to your project, and any recommendations for improvement.

**TBA**

Feedback will be collected over a 1-2 year period, tabulated and key themes and findings reported back to a subsequent COAA Best Practices Conference. Following that update, the Best Practice will be revised and re-issued for use, addressing the feedback and recommendations received form industry.

DRAFT