

# COAA Best Practice COLLABORATIVE CONTRACTING Framework & Toolkit

May 6<sup>th</sup>, 2020



# May = Best Practices Conferences





# Learning + Networking



# 28<sup>th</sup> Best Practices Conference

## THANK YOU

These organizations have elected to keep their Best Practices sponsorships invested in COAA, despite the current uncertainties

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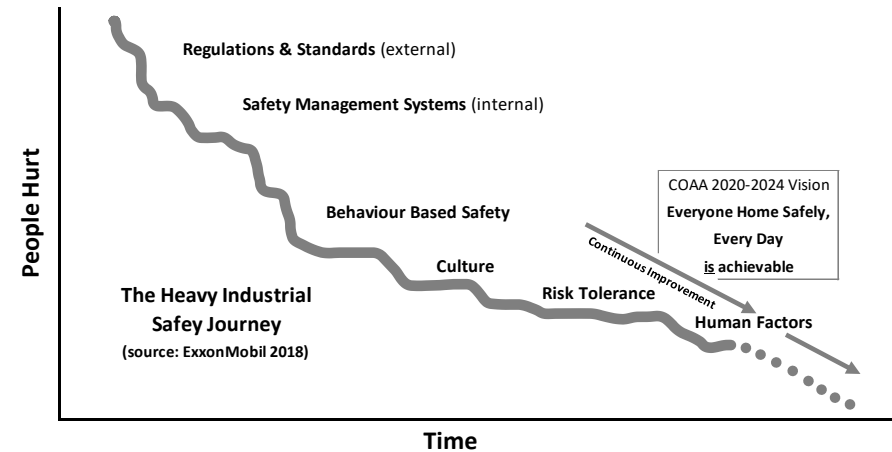


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# COAA Initiatives

- **Safety Strategy 2020-2024**
  - Human Factors
  - Focus on P<sub>SIF</sub> risks
- **COVID-19 Webinars**
- **Task Group – Managing COVID-19 Risks in the New Normal**
  - Healthy and productive construction & turnaround sites
  - Sharing of practices and tools – by summer
  - Consensus on “best principles” – by late fall





# Today's Weather

- Loss of Investor Confidence
- Negative Oil Price
- COVID-19
- ...and what's next?
- How do we Respond?



# How parties will (traditionally) respond:

- avoid risk by cancelling/delaying activities;
- seek to allocate risk to others (contingency, etc.);
- double-down on self-protection (contracts, etc.)
- compete (even harder) for resources/opportunities;

and....

## Win!?



# Even in “Normal Times” –Traditional Ways Do Not Work

- **CII: heavy industrial projects have a 5.4% success rate;**
- **McKinsey/PWC: 20 yr. history of poor productivity (1%) (2017)**
- **IPA: Productivity in N. Alberta is “especially poor” (2015)**
- **Egan Reports (UK) Re-thinking Construction: call to “replace competitive tendering with long term relationships” (1998);**
  - Updated in report: “Constructing Excellence” (UK) with an additional call for “collaborative procurement” (2007)

## Are we Winning Yet?





# Instead parties can choose to:

- **acknowledge their interconnectedness;**
- **invest in relationships;**
- **share (information) with each-other;**
- **build trust;**
- **pool resources to deal with threats/find opportunity;**

## Collaborate!



# Collaborative Contracting

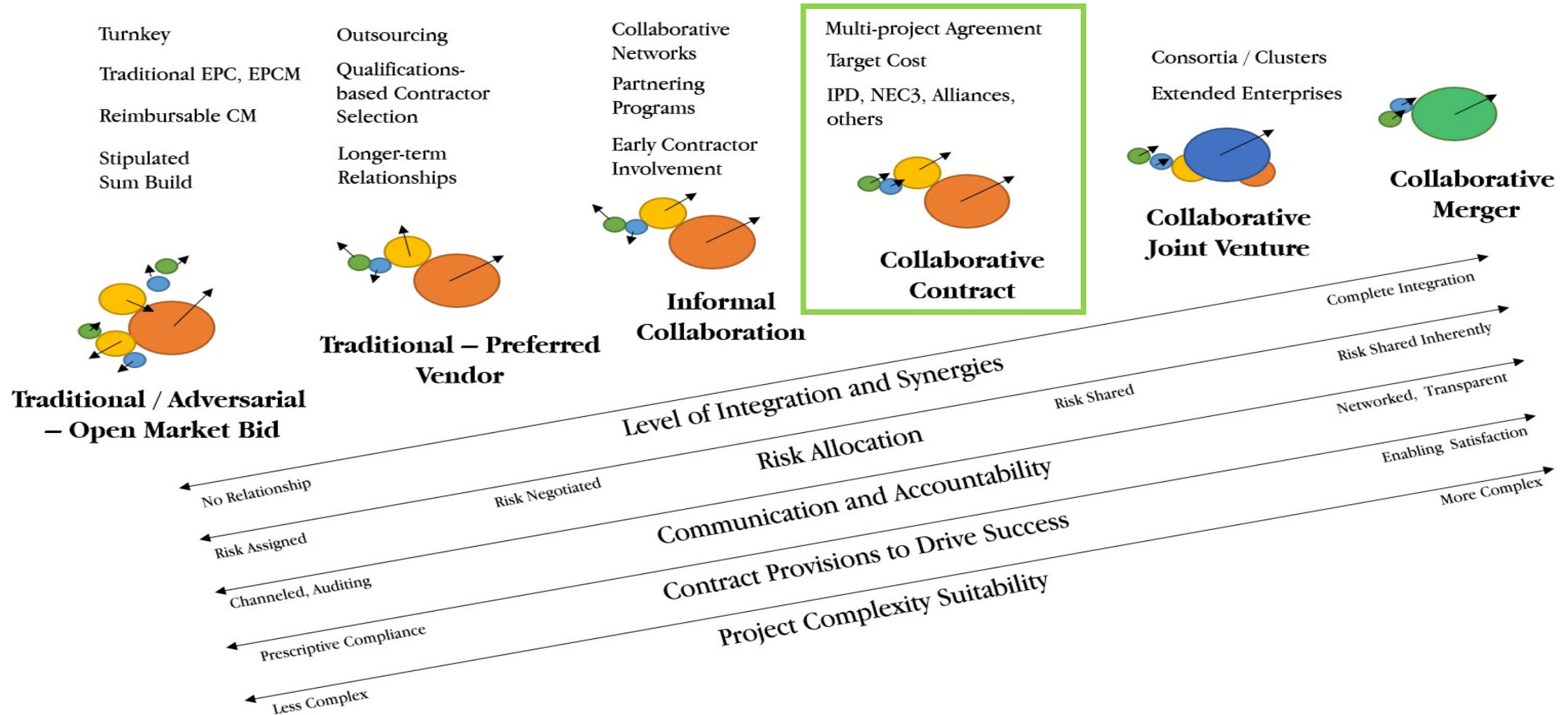
**DIFFERENT way of doing business**

## What is it?

- Establishes Shared Goals
- Aligns Interests
- Enables Collaboration
- Offers better Outcomes



# Collaborative Contracting – What is it?



# Collaborative Contracting – How is it *Different*? (from Traditional)

Key Attribute	Traditional	Collaborative
Definition of Success	Compliance (T&C's or Law)	Satisfaction with Outcome
Project Organization	Silo'ed/Segregated	Integrated
Decisions/Control/Power	Hierarchical	Distributed
Communication System	Channels	Network
Data/Information	Controlled/Hidden	Flows/Transparency
Risk	Assigned/Allocated	Shared/Balanced
Contract Provision	Prescriptive	Enabling
Experience	Competitive/Adversarial	Collaborative/Enjoyable



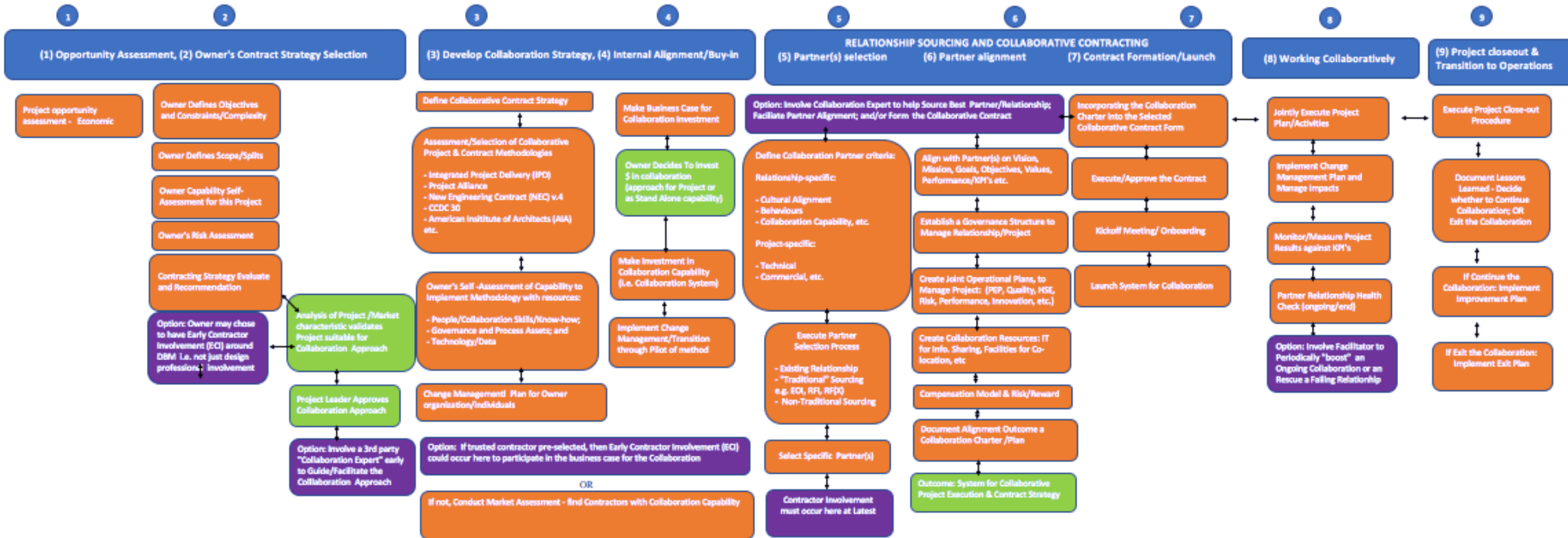
# Stories from Your Peers

**Gerry Scott (Suncor)**

**Ryan Jolly (TC Energy)**



# Collaborative Contracting – What is it? (Process)



**Where Do I Find it?:**  
<https://www.coaa.ab.ca/library/>

# Key Deliverables in this Framework:

- A Definition for Collaborative Contracting
- Identification of the critical elements to achieve Collaborative Contracting
- Guiding principles to contracting structures, compensation and incentive models
- Collaboration maturity assessment
- Toolkit for various project stages that enables greater collaboration
- Risk sharing model and framework for risk allocation
- Project complexity model as it relates to collaboration
- An implementation guideline/road map to achieve greater Collaborative Contracting
- Recommendations for training and development to encourage industry adoption

## Where Do I Find it?:

<https://www.coaa.ab.ca/library/>



# Collaborative Contracting

## Better Project Outcomes

### Why Use/Try it?

- Better Safety
- Schedule Performance/Compliance
- Cost Certainty
- Scope Accuracy/Reduced Change
- Quality Compliance
- Innovation





# Collaborative Contracting

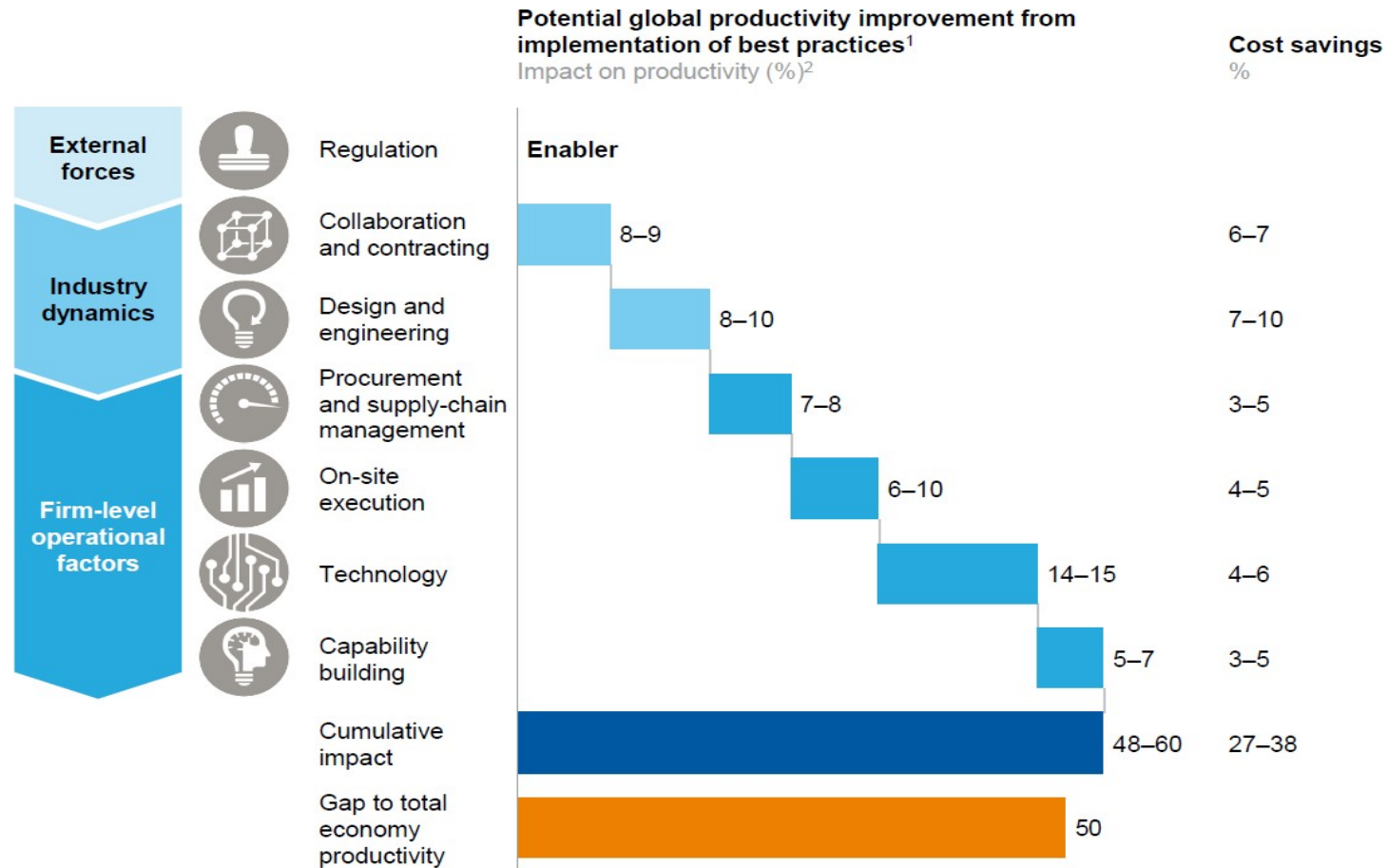
## Better Human Experience

### Why Use/Try it?

- Stakeholders are (more) Aligned
- Avoidance of Disputes/Claims
- Transparency/Improved Management
- Deeper/Better Relationships
- More Opportunity to Create Value



# Collaborative Contracting – The “Why” (Industry Level)

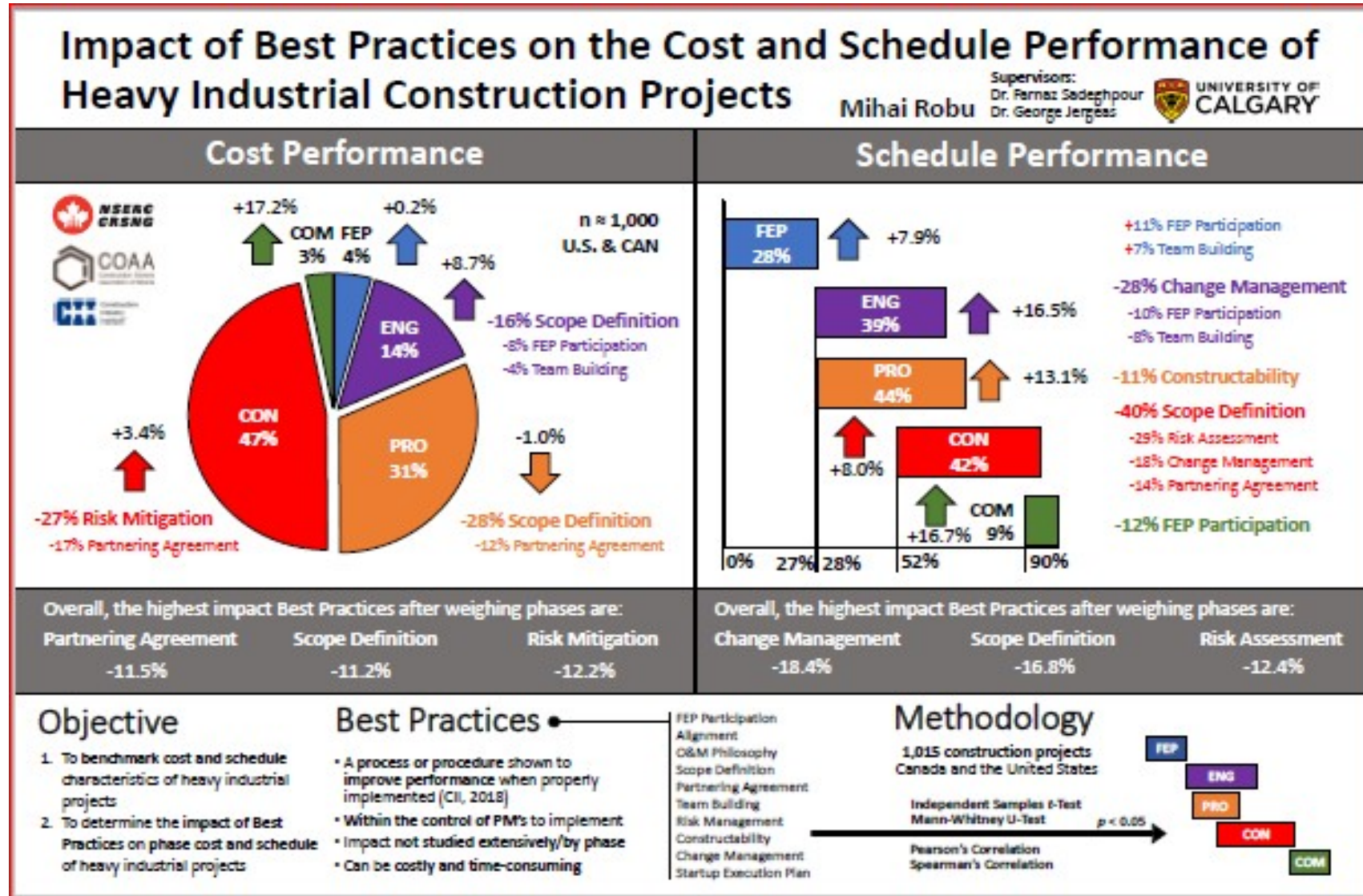


<sup>1</sup> The impact numbers have been scaled down from a best case project number to reflect current levels of adoption and applicability across projects, based on respondents to the MGI Construction Productivity Survey who responded “agree” or “strongly agree” to the questions around implementation of the solutions.

<sup>2</sup> Range reflects expected difference in impact between emerging and developed markets.

SOURCE: McKinsey Global Institute analysis

# Collaborative Contracting – The “Why” (Project Level)



# Stories from Your Peers

**Ryan Jolly (TC Energy)**

**Gerry Scott (Suncor)**





# Testimonials from Your Peers

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*"When we had concerns with relationships it was hard to talk about from a contractor to the owner, however this was encouraged and the trust was built, this allowed open talks about issues that once were brought up things were changed, so from a contractor stand point it was amazing to be heard and our gratitude needs to be expressed, this helped us be successful" - Contractor*

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*"Having a close relationship with your working team helps efficiently resolve problems as quick phone calls and numerous discussions become more "standard" than just sending emails." - Engineer*

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*"It helped more than anything. I feel as though you were letting down a family member more than a co-worker in many cases. It made you take ownership and be comfortable asking tough questions and giving tough answers/news." - Major Equipment Vendor*

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*"The basis for successful Collaborative Contracting starts with trust, fostering the relationship through open dialog allowing both parties to table solutions and concerns. The ability to break the barrier of the owner/contractor traditional contracting relationship through collaboration has reduced the overall TIC, improved quality and productivity and most importantly safety culture. The ability to treat the above ground flow lines at Firebag as a program verses project to project has allowed for strong retainage of craft and management, resulting in predictability and strong commitment to the team"*

*Chris Martineau  
President  
SITE Resources Group*

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*"It's as close to a client/contractor "team" as I have ever worked with. I describe it as fun. We laughed. A lot. The personalities of the team allowed for this and it made all the difference in the world. - Contractor*

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# Question & Answer

**Post-Webinar Follow Up:**  
**[richard@veneruspartners.com](mailto:richard@veneruspartners.com)**

# COAA Best Practice COLLABORATIVE CONTRACTING Framework & Toolkit

Collaborative Contracting – The “How” - Getting Together - May 19<sup>th</sup>, 2020  
Collaborative Contracting – The “How” - Staying Together - May 27<sup>th</sup>, 2020

