

Added Value of Contract Management for Successful Projects

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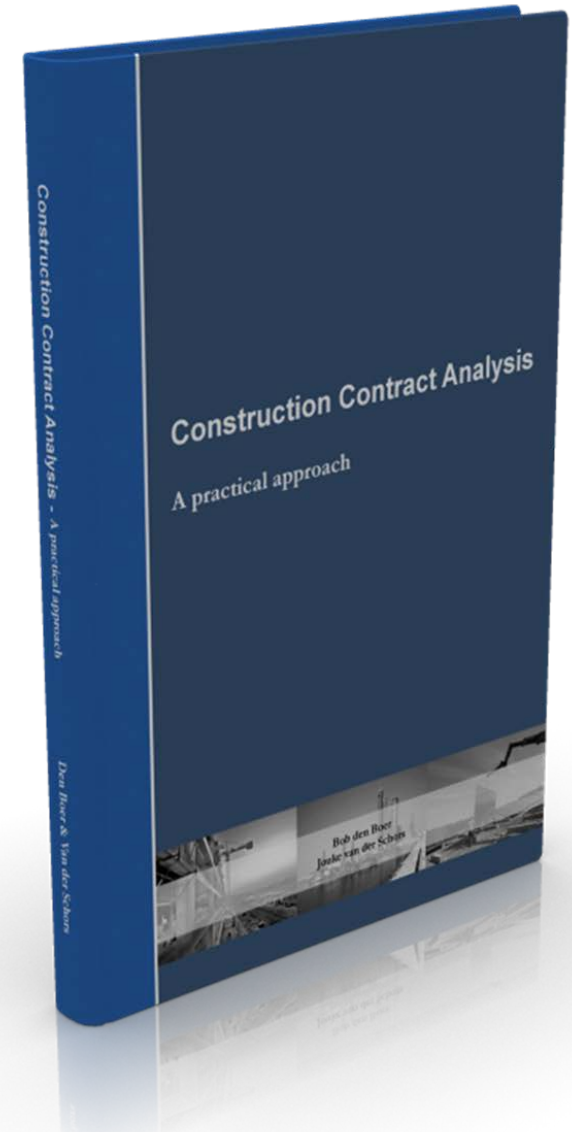
Vijverberg Management Consultants

Vijverberg is an independent project management company for complex construction projects.

Together with our clients we create successful project management teams.

Specialized in:

- Contract Management
- Planning & Risk Management
- Cost Control
- Claims & Expert Witness Reports



Who is a Contract Manager?

Who works on a project without a Contract Manager?

Who fulfils Contract Management tasks?

**Are you all doing the
same...**

Framework

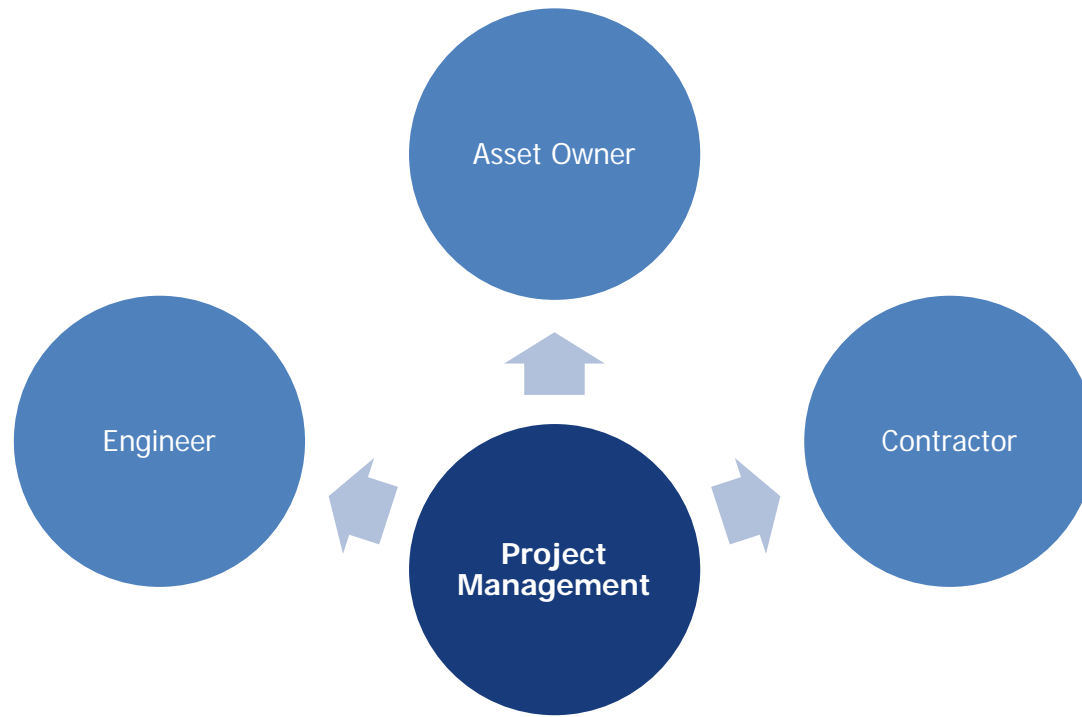
- Large Capital Projects
- Successful Projects
- Project Phases
- Project Teams

Contract Management

- View on Contracts
- Contracts Management
- Practical Implementation in Execution



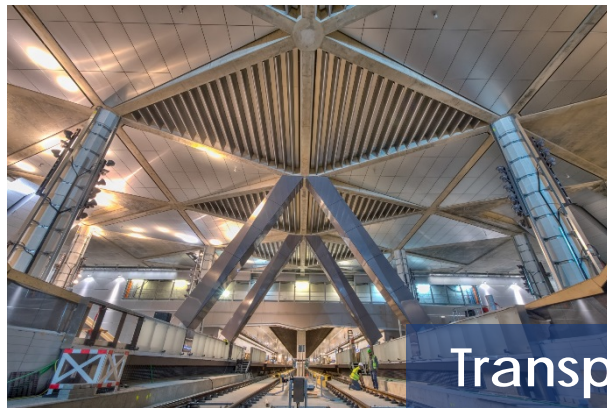
Framework



Where do we meet as chain partners?



Power Plants



Transport



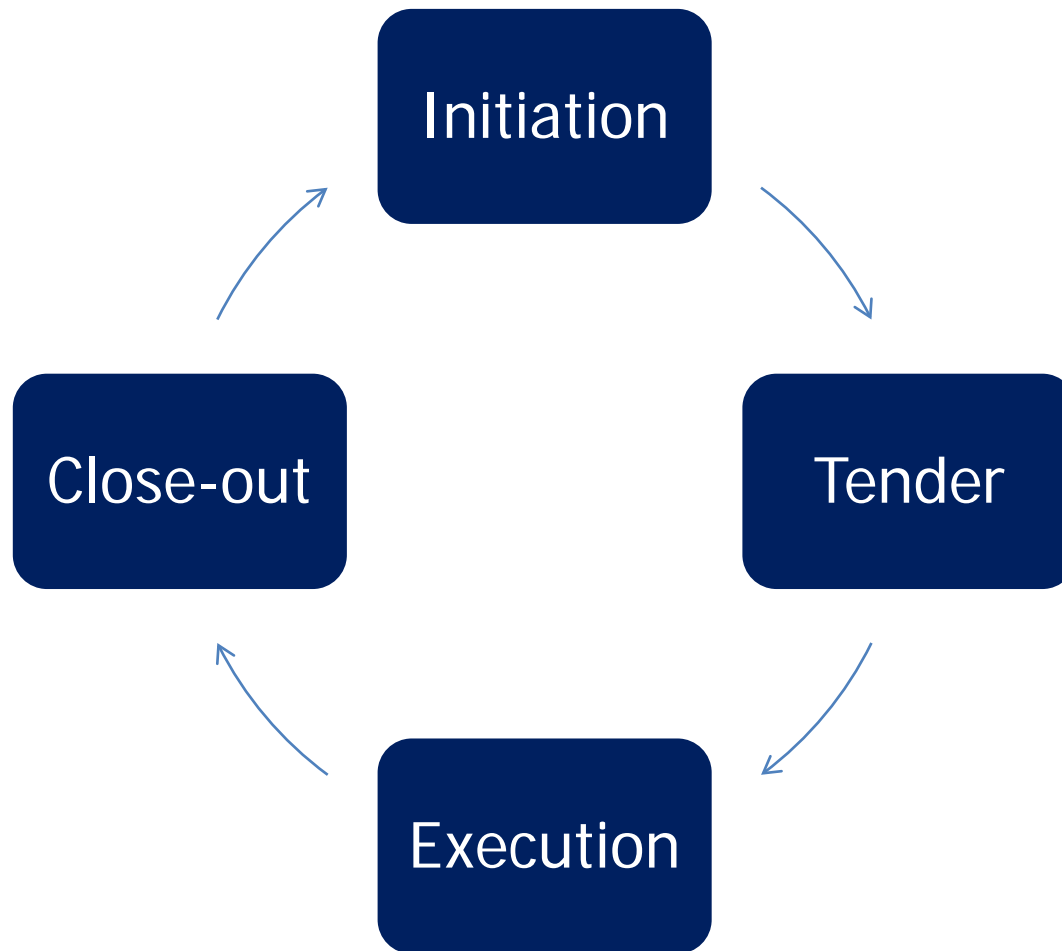
Office buildings

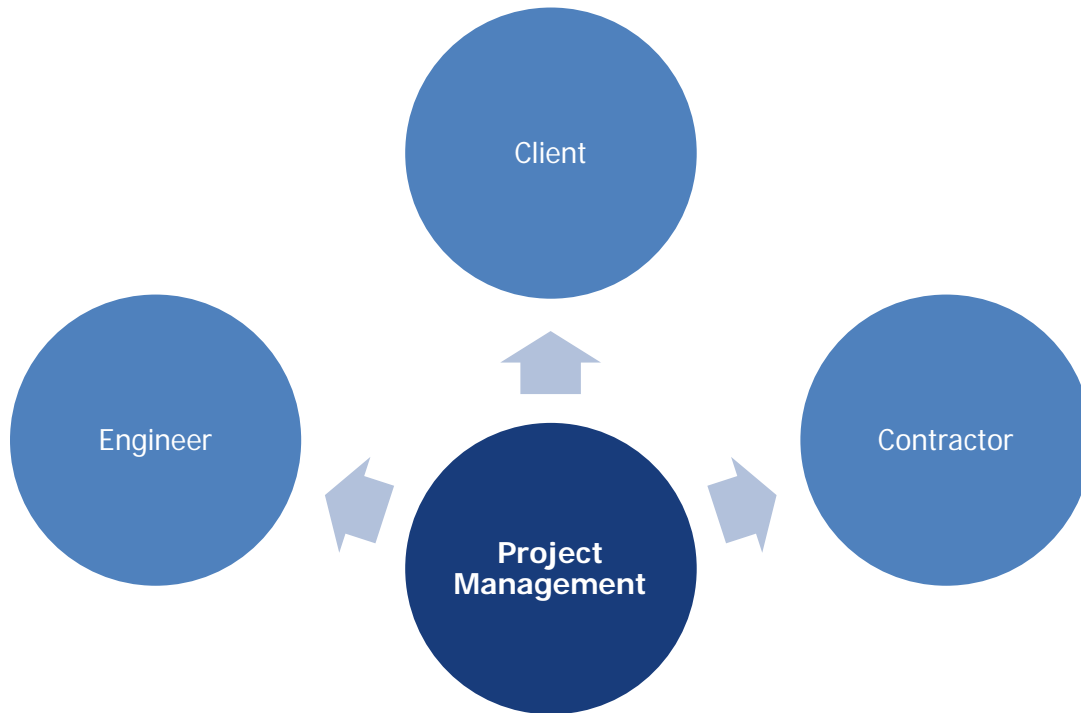
Characteristics:

- Complex engineering
- Multidisciplinary: Civil / Electrical / Automation / Piping & Plumbing
- Coordination between disciplines
- Large amounts of information
- Large number of people involved

Arent van Wassenauer states in his book (*A Practical Guide to Successful Construction Projects*) that to have successful construction project for every stakeholder, the project's objectives should include:

- To *"be completed without any personal injuries for all involved"*
- To *"be completed within the time required"*
- To *"be completed and operated within everyone's budget"*
- To *"meet the requirements of those who will be using and operating it"*
- To *"be built and operated without hindrance to the relevant neighbours"*
- To *"be built and operated without hassle. i.e. without disputes between the various stakeholders involved"*







Contract Management

We cannot predict the future!

But we do make contracts for construction projects
5 years ahead...

A contract is a fixed image of a collection of assumptions

There is one certainty, not all assumptions will materialize
as anticipated...

The essence of Contract Management is managing change



The engineering is final...
There is sufficient staff...
There are no bankruptcies...
The winters are mild...
Production is booked...
No budget cuts are required...

What is contract management?

Systematically and efficiently managing the process of contract drafting until execution of the project.

Keeping in mind a maximal operational and financial efficiency, reduction of risks and avoiding claims.

Key duties of a contract manager:

- Develop a contract strategy
- Draft contract documents
- Commercial management of technical variations
- Commercial management of planning variations
- Solving contractual issues



Where does Contract management end?

Notice of default	In gebreke stellen
Penalties	Boetes / LD's innen
Calling bonds	Bankgaranties vorderen
Notice of termination	Overeenkomst ontbinden
Litigation	Procederen

Contract manager coordinates and liaises with project manager and internal and/or external legal counsel.







International power project

- Vijverberg supported the sub-contractor
- Main contractor caused 2 year delay
- Sub-contractor continued working to avoid penalties
- Plant is operational
- Quality is approved by NoBo
- No agreed contract amendments
- No agreed Extension of Time
- No agreed change orders
- No agreed progress reports
- No clear statements in minutes of meeting
- No payments, penalties instead...



1. Progress Meetings

- Represent client commercially
- Make or verify Minutes of Meeting
- Lead contractual discussions



2. Monthly Progress Reports

- Compose reports
- Verify incoming reports
- Update dashboards



3. Formal Correspondence

- Write concept letters
- Verify internal with legal dept.
- Keep correspondence register
- Claims prevention



4. Scope Management

- Handling Change/Variation orders
- Check with contract
- Keep Change Register



Power project

- Vijverberg supported the Asset owner
- Contractor caused 1 year delay
- Plant is operational
- Quality is approved by NoBo
- Clear progress reports
- Clear minutes of meeting
- Clear letters on delaying events and positions
- Agreed contract amendments
- Agreement on settlement



5. Events / Deviation Management

- Event identification
- Verification contractual position
- Follow up and register
- Claims prevention

Events

Everything that occurs and of which you expect it has a consequence for time or cost should be included in a event register. It is desirable that the event register, as a internal management tool, is supported by everyone in the project team

Events end as event without consequences in the deviation register, variations register, or as a claim



6. Monitor Payment Obligations

- Facilitate timely payments
- Expedite performance certificates
- Expedite warranties and bonds

**Who has a similar
Contract Management
process on its project?**

Is there difference between Asset Owners and Contractors?

Who is interested in developing skills in Contract Management?

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