Niall Reynolds, President of TACA International.

TACA was founded in 2001 to support the commercial management of large international capital intensive construction programs.

Niall originally qualified as a **Construction Economist**.

He went on to become, and still is, a **Chartered Quantity Surveyor**.

He is also an **Associate of the Chartered Institute of Arbitration**.

Member of the **UK Association of Cost Engineers**, and is

A member of the American branch of the **Dispute Resolution Board Foundation**.

Niall's assignments

Although based out of Phoenix, Arizona recent assignments have taken Niall to

- UK, Tunisia, Trinidad and Israel.

- Previously Niall has been a **Project Manager** in the City of **London** as well as the **General Manager** of a specialist sub contracting division of a **Scandinavian** multinational.

- Before setting up TACA he worked for 9 years with the **Intel** Corporation managing their projects in Europe, America and Asia. He was their first 'in-house' QS.

- Prior to that, he was a Contracts Administrator for Bovis on the Eurodisney project in **France** having formerly worked for 5 years in the **Kuwait**, Ministry of Electricity and Water – Contracting and Tendering department.

International Contract Administration

TORONTO

June 29 - July 2, 2008   at the Sheraton Centre

Niall M Reynolds

Dip.C.Econ., B.Sc.(Surv)., M.A., MRICS., A.C.I.Arb., M.A.Cost Eng..

AACE International's 52nd Annual Meeting
and ICEC's 6th World Congress
on Cost Engineering, Project Management, and Quantity Surveying

Vision Statement

A moment's thought could avoid months of frustration, even program delay

Goal and Objective

- Pro-action not reaction to the issues of contract administration

- Make Common sense – Common place

- These are not huge complex issues

Today's Situation on once off, technically complex, multi layered, cross cultural, international, construction programs

- Contract administration issues can complicate large programs – leading to
  - Frustration
  - Busy work
  - Loss of creditability
  - Interruptions
  - Diversion of scarce and expensive resources

What complicates Contract Administration

1. **Impact of Contracting Strategy**
2. Conflict of Corporate v Project needs re: Business Processes and Systems
3. Different levels of Management Information / Business Intelligence

Impact of Contracting Strategy
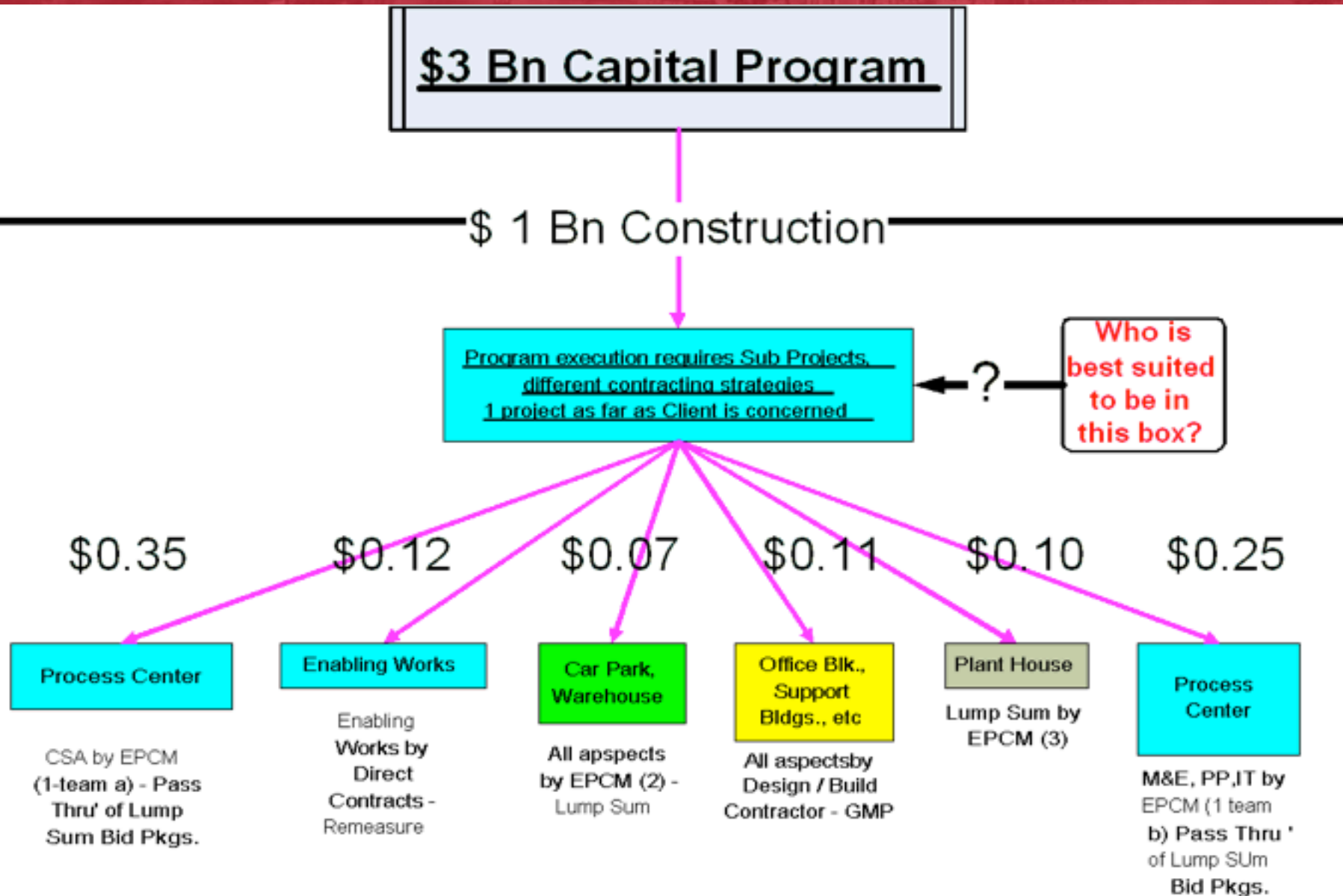
Some causes of these unnecessary complications

1. Impact of Contracting Strategy

2. **Conflict of Corporate v Project needs re: Business Processes and Systems**

3. Different levels of Management Information / Business Intelligence
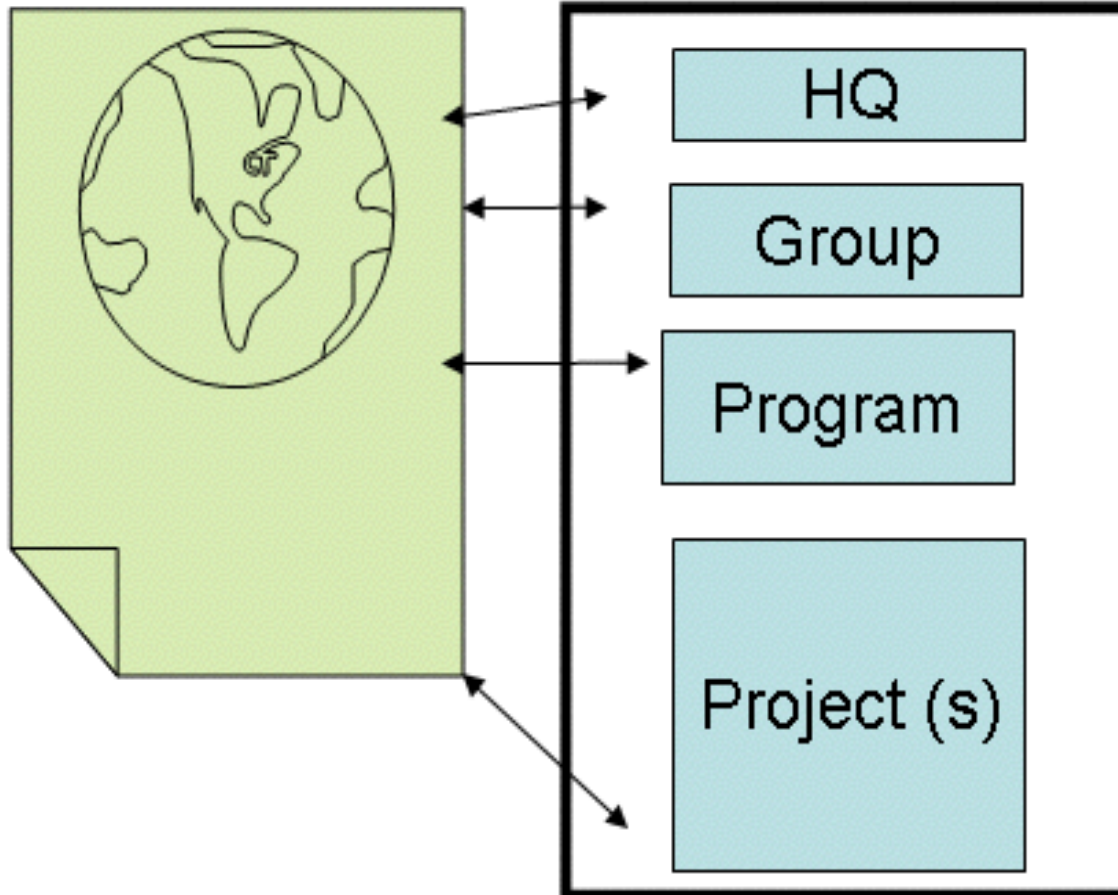
Lots of pulling

Behaviours

Some causes of these unnecessary complications

1. Impact of Contracting Strategy
2. Conflict of Corporate v Project needs re: Business Processes and Systems
3. **Different levels of Management Information / Business Intelligence**

Today's real time environment
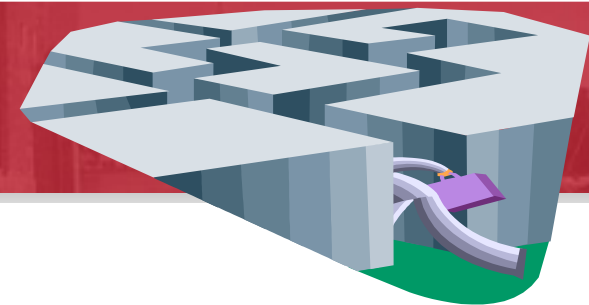
World Wide Reporting

Lots of potential for confusion

Work Breakdown Structure

Same Object

Card A
Card D
Card B
Card E
Card C

Job Cards
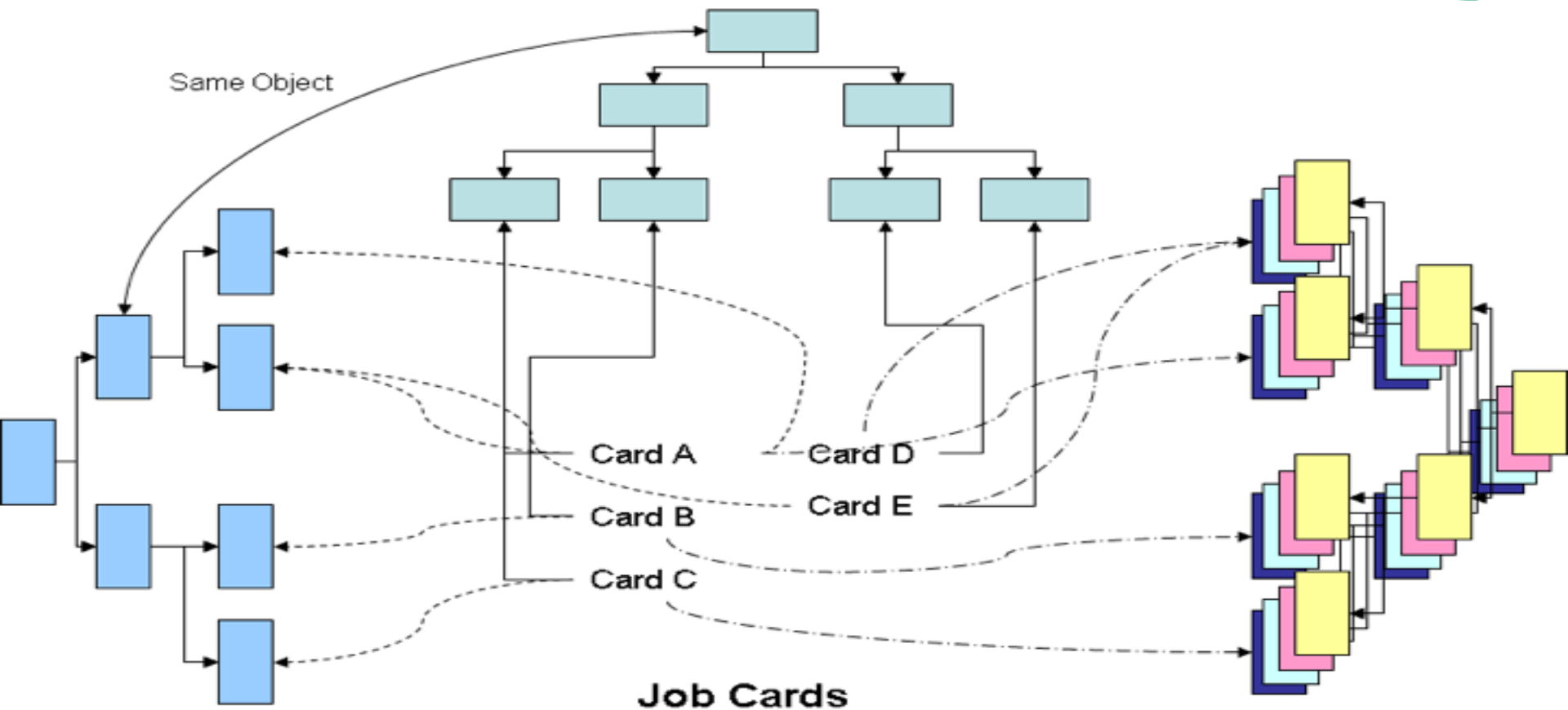
Cost Breakdown Structure

Alternative Breakdown Structures

As Contract Administration becomes more complicated so too does the Cost Management of multi layered, cross cultural, once-off construction programs
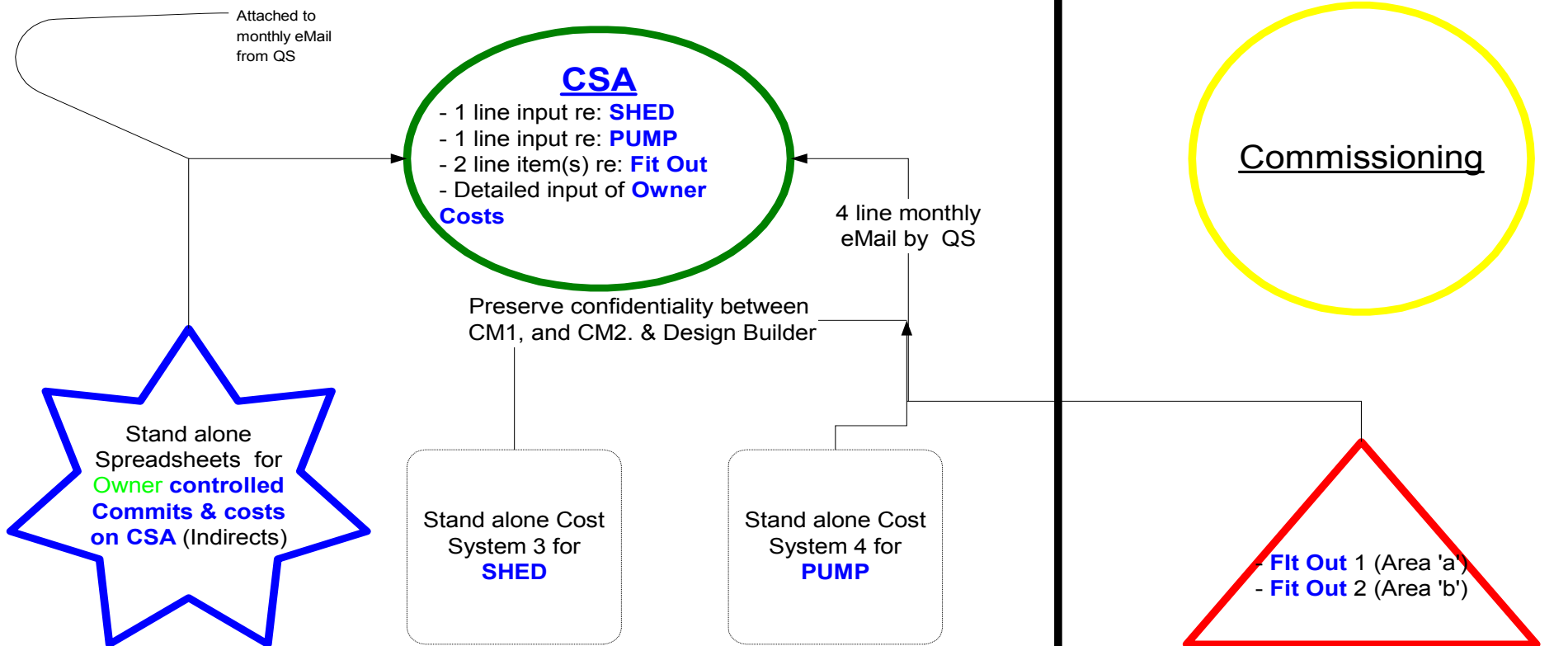
- Different types of Contracts between different entities
- Dissimilar levels of technology / complexity:
  - » Pipelines
  - » Offices
  - » Process Facility
- Diverse physical locations:
  - – age of the internet location should not matter.
    - However, Dial-up still considered 'hi-tech' in some parts of the world.
  - – Vitally important **people resources** at the different locations are properly trained
- Multi-Cultural impact
  - – Behaviours
  - – As many languages as meeting participants
- Systems:
  - – Use of enterprise wide business systems for Cost Management has been a mixed blessing.
    - Often not scalable and sometimes very inflexible.
    - On the positive side when they do work they increase the consistency (WBS) and drive regular updates. (month end close)

Example of Program System of Record

Project XXX

Cost Ssytem 1 on CM's Network

Cost System 2 on Owner Network

Attached to monthly eMail from QS

CSA
- 1 line input re: **SHED**
- 1 line input re: **PUMP**
- 2 line item(s) re: **Fit Out**
- Detailed input of **Owner Costs**

4 line monthly eMail by QS

Commissioning

Preserve confidentiality between CM1, and CM2. & Design Builder

Stand alone Spreadsheets for Owner **controlled Commits & costs on CSA** (Indirects)

Stand alone Cost System 3 for **SHED**

Stand alone Cost System 4 for **PUMP**

- **FIt Out** 1 (Area 'a')
- **Fit Out** 2 (Area 'b')

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Where did we come from

- Assumptions that are not valid On once off, technically complex, multi layered, cross cultural, international, construction programs
  - Contracting parties and individuals have a history of working together
  - Repeat business will influence behaviours
  - Project Manager can take care of this in his/her spare time
  - Team will form properly over time
  - Less technically complex
  - Get started we'll deal with the paperwork later
  - World moved at a slower pace – even construction
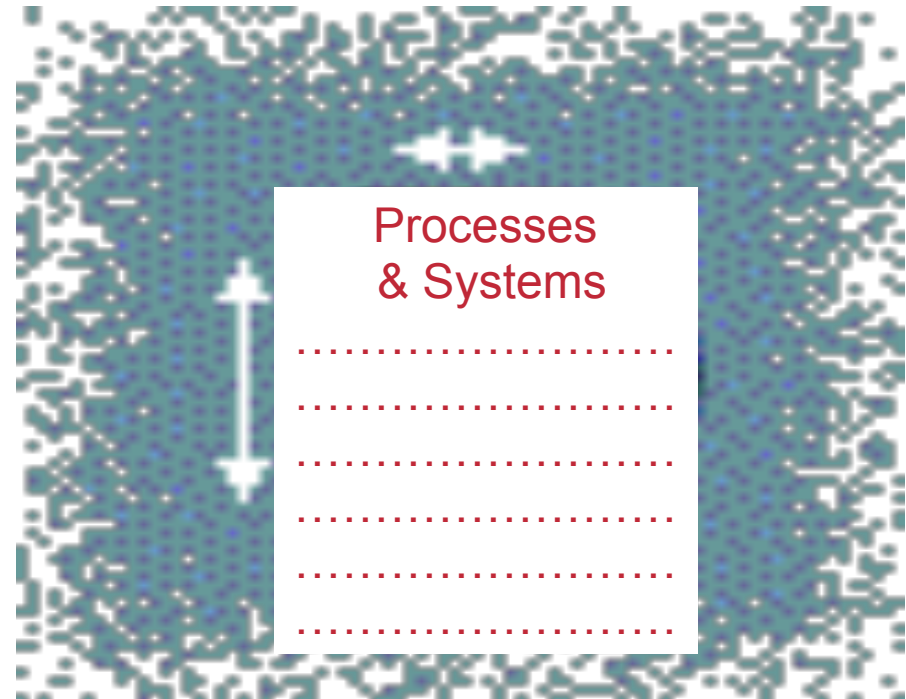
Today's environment

- International vs local industry norms
- Same Capital Program - different business practice(s) different contracting strategy(ies)
- Language difficulties within Project Teams and the workforce – Contract Documents
- Cultural differences that impact behavioural relationships
- Currency fluctuations in the world market
- Time zone and physical distance
- Infrastructure differences (e.g. broadband, electricity, roads, etc)

Recommendation

- Recognise
  - the need to address contract administration at program inception
  - that there can be more than one strategy if planned properly
- Early identification of individuals responsible for developing / implementing the appropriate contract administration processes
- When the processes have been indentified and agreed
  - staff the programs accordingly
  - provide the necessary training in both
    - business processes
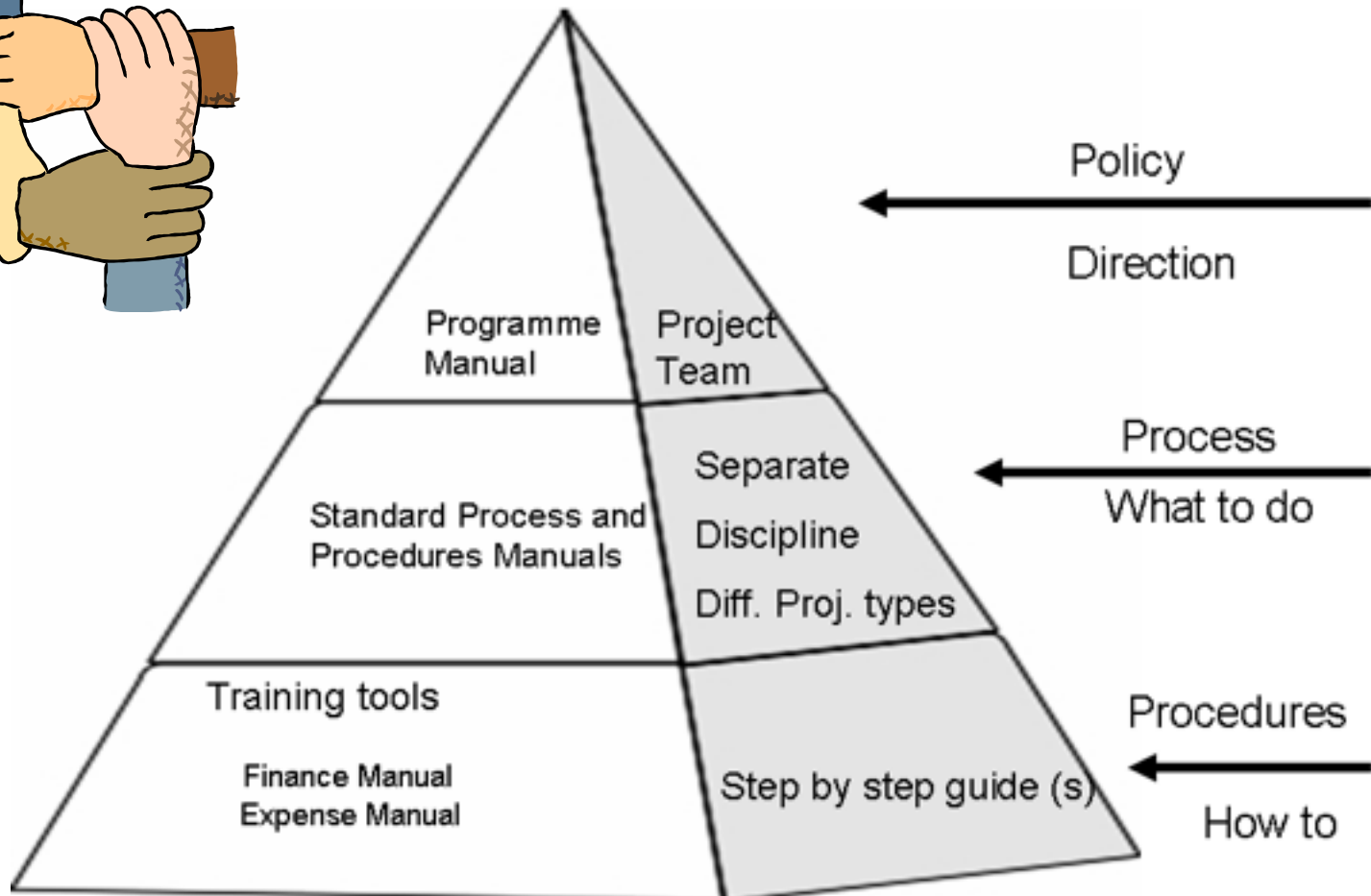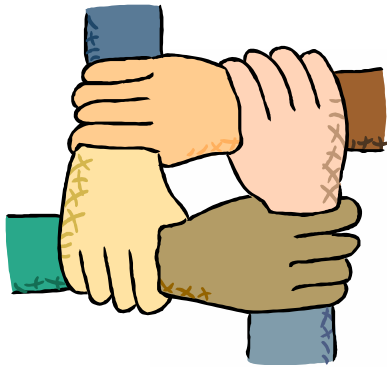   - business systems

Recommendation….cont'd

- Important that Owner / Developers and Constructor / Consultants have business processes and systems that are

  1. Consistent
  2. Scalable
  3. Accessible
  4. Flexible
  5. Changeable

Processes & Systems

Harmony comes from knowing………

Process Pyramid

- Programme Manual | Project Team — Policy / Direction
- Standard Process and Procedures Manuals | Separate Discipline Diff. Proj. types — Process / What to do
- Training tools / Finance Manual / Expense Manual | Step by step guide (s) — Procedures / How to
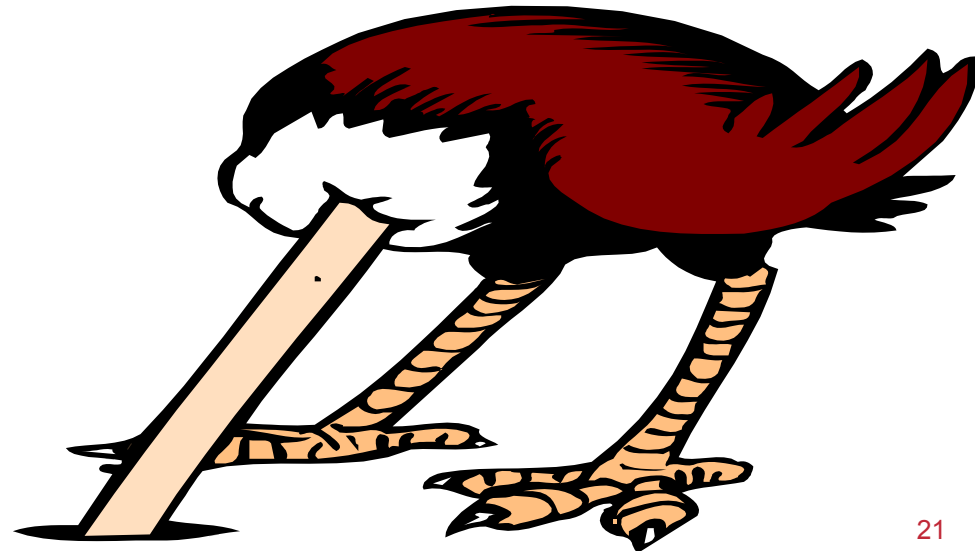
Conclusion

These are not huge complex issues

- Pro-action not reaction to the issues of contract administration

- Make Common sense – Common place

Niall Reynolds TACA International   www.tacaintl.com

Any questions / comments ?