

ice-sa NEC Forum

Including Jam Session 6

FREE

Thursday 11 July 2024
4 pm – 5:30 pm

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ONLINE

**Improving SA Infrastructure
using NEC Contracts as intended**

**CPD
Accredited**

NEC Jam Session 6

**Presented by Mile Sofijanic from
ECS Associates**

TOPIC:
**Alignment between
contracting parties;
Diversity and Inclusion**

10 NEC Jam Sessions Topics

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Session 1

Introduction to the NEC3 family of contracts; How it came about, what it tries to do and how it is used; Synopsis of each of the 12 contracts in the family.

Session 2

Procurement & contract strategies; Parties and role players; Getting the best out of the NEC contract - change of the culture.

Session 3

Introduction to the sections of Core Clauses & actions in ECC3,
Section 1 – General.

Session 4

Section 2 - *Contractor's* main responsibilities,
Section 3 – Time.

Session 5

Section 4 - Testing & Defects (Quality),
Risk Management.

Session 6

Alignment between contracting Parties,
Diversity and Inclusion.

Session 7

Section 5 - Payment, Cost and the Options,
Section 6 - Change management through compensation.

Session 8

Section 7 - Title,
Section 8 - Liabilities and insurance,
Section 9 - Termination,
Disputes and Adjudication.

Session 9

Pre-award documentation & Developing a contract.

Session 10

NEC3 and NEC4 – the differences.

Objectives of 10 NEC Jam Sessions

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- Delegates should leave with
 - an understanding of the NEC philosophy, its associated culture change and how it contributes to the effective management of a project;
 - a basic understanding of how to prepare, tender to, and administer the ECC3 (Engineering and Construction Contract)

Introduction to ECS ice-sa

Collaborative Project Strategies©

ECS Associates
Empowered Contract and Project Management Services



www.ecs.co.za

Facts and Values

A leading, fully-empowered organisation.
35% black woman owned. BBBEE Level1



3 decades of experience in South Africa and overseas

Delivery of international best practice professional contract and project management services from front end studies to implementation

Business solutions through a combination of expert knowledge and hands on experience

Drive clients' success through collaborative, mutually beneficial contract and business management practices

Collaborative Project Strategies©
Agile Project Delivery

Our Founder Andrew Baird was a key member of the drafting committee for NEC 1, 2 & 3

Our associate Peter Higgins is chairman of the drafting committee for NEC4

Network based business model – low overhead cost
(current staff 100+, network 1000+)

Integrity

Professionalism

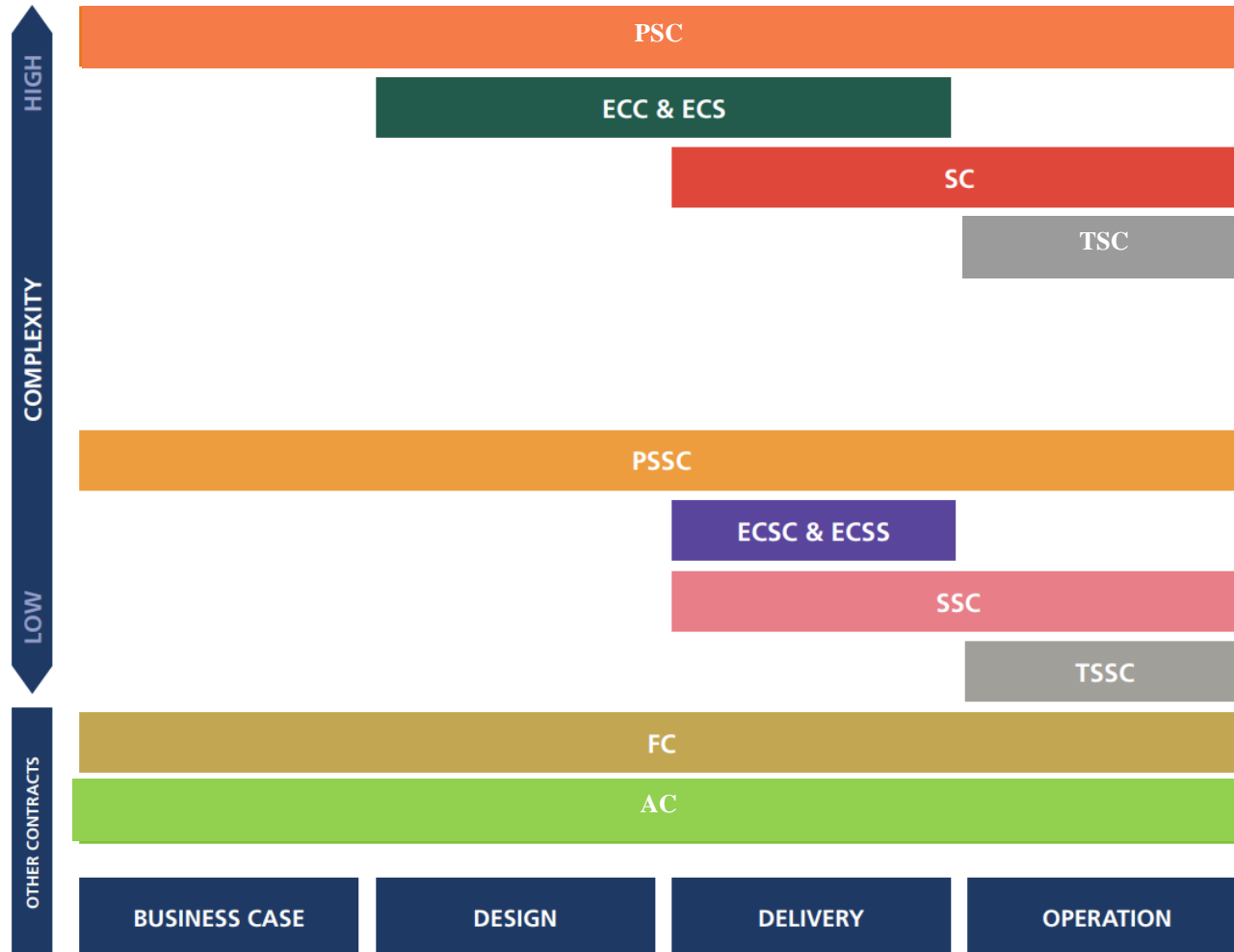
Collaboration

Courage

Reflection on the previous sessions

- Flexibility
- Clarity and simplicity
- Stimulus to good management
 - The most important objective; every procedure is designed to contribute to rather than detract from the effectiveness for all parties
 - foresight applied collaboratively mitigates problems and shrinks risk
 - clear division of function and responsibility helps accountability and motivates people

Contracts in NEC3 family ^{ice-sa}



Procurement Strategies

- How to split project in smaller components if required?
- Who does Engineering, Procurement and Construction?
- Who is managing interfaces?

Contract Strategies

- Allocation of risk and incentive
- Choosing the right Options through selection of Main and Secondary Options

Best practice: Use the NEC contract with no or minimum changes where required through Z clauses

NEC is the route to partnering

Moving industry culture



Traditional
Adversarialism

NEC



Mature
Partnering

- **Section 1 – General**

- | | |
|---|-------------------------|
| • Actions | Clause 10 (10.1) |
| • Identified and defined terms | Clause 11 |
| • Interpretation and the law | Clause 12 |
| • Communications | Clause 13 |
| • The <i>Project Manager</i> and the <i>Supervisor</i> | Clause 14 |
| • Adding to the Working Areas | Clause 15 |
| • Early warning | Clause 16 |
| • Ambiguities and inconsistencies | Clause 17 |
| • Illegal and impossible requirements | Clause 18 |
| • Prevention | Clause 19 |

- **Section 2 - Contractor's main responsibilities**
 - Providing the Works **Clause 20 (20.1)**
 - The Contractor's design **Clause 21**
 - Using the Contractor's design **Clause 22**
 - Design of Equipment **Clause 23**
 - People **Clause 24**
 - Working with the *Employer* and Others **Clause 25**
 - Subcontracting **Clause 26**
 - Other responsibilities **Clause 27**

- **Section 3 – Time**

- | | |
|--|-----------|
| • Starting, Completion and Key Dates | Clause 30 |
| • The programme | Clause 31 |
| • Revising the programme | Clause 32 |
| • Access to and use of the Site | Clause 33 |
| • Instruction to stop or not to start work | Clause 34 |
| • Take over | Clause 35 |
| • Acceleration | Clause 36 |

- **Section 4 – Testing and Defects**
 - **Tests and inspections** **Clause 40**
 - **Testing and inspection before delivery** **Clause 41**
 - **Searching for and notifying Defects** **Clause 42**
 - **Correcting Defects** **Clause 43**
 - **Accepting Defects** **Clause 44**
 - **Uncorrected Defects** **Clause 45**

Risk Management Options

Step 1 (Trigger!)

Choose Risk Management Approach

Consequence 1
Drivers/ Incentives

Consequence 2
Values

Consequence 3
Outcome

Avoid Risk

Traditional (Rigid) contract
High level liabilities
Lack of alignment
Do not lose money!
Manage the contract

Blame
Short-term focus
Confusion
Hierarchy
Bureaucracy

1. lose-lose
2. win-lose
3. lose-win
4. unlikely win-win

Manage Risk

Full alignment
Long term relationship focused
Shared risk and reward – no finger pointing
Development, learning and improvement
Manage the project

Commitment
Accountability
Integrity
Caring
Creativity / Resourcefulness
Performance

1. win-win
2. -
3. -
4. unlikely lose-lose

NEC Jam session 6

- Alignment between contracting Parties
- Diversity and Inclusion

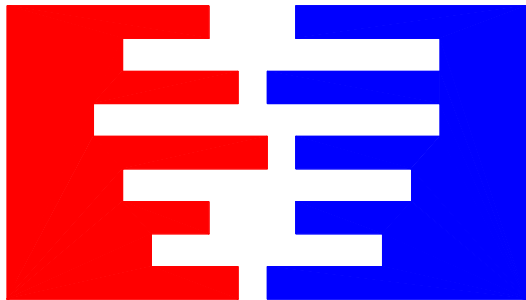
Alignment is a process of ensuring that all project activities, objectives, and resources of the contracting Parties and Others in a project are coordinated and directed towards achieving both common and individual goals and complete the project with mutually beneficial/ win-win outcome!!!

Alignment is essential in achieving objectives of clause 10:

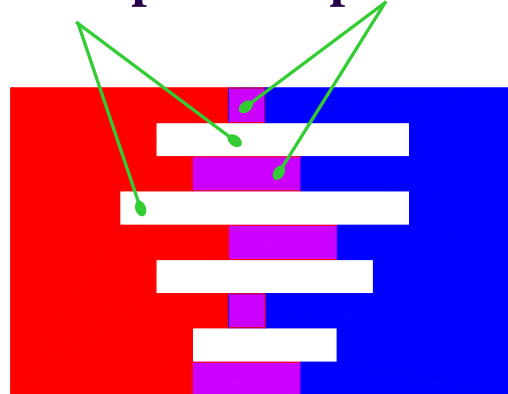
10. The *Employer*, the *Contractor*, the *Project Manager* and the *Supervisor* shall act as stated in this contract and in a spirit of mutual trust and co-operation.

Alignment between ice-sa the contracting Parties

Separate Capabilities



Gaps Duplication



Typical
Partnering Results
in Alignment



Employer

Contractor

Employer

Contractor

Partner

Partner

Alignment: the greatest opportunity for step - change improvement

“HV₂” Alignment

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A project involves more than just the contracting Parties!!!

Stakeholders, supply chain and employees must be aligned as well!

“H” – Horizontal Alignment

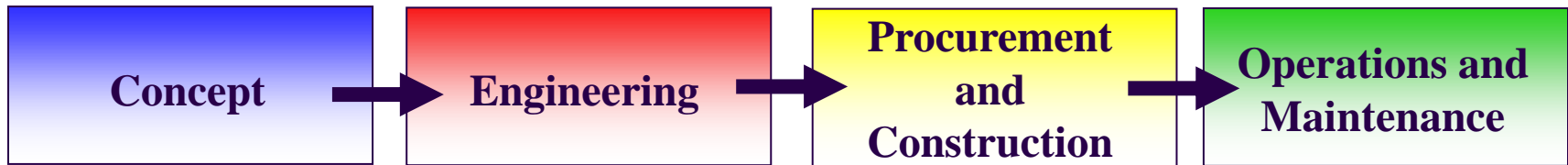
Between key project stakeholders

“V” – Vertical Alignment

1 - Supply Chain

2 - Internal Company Alignment

“Horizontal” Alignment ice-sa



Identify stakeholders and involve them as appropriate (Government, Communities, Owners...)

Agree Rules of Game (Project Implementation Plan, Labour Agreement etc.)

Common approach to Health, Safety and Environment including Wellbeing

Scope of Work/ Works Information Definition and Management

Joint Master Planning

Common Risk Management

Value Engineering

Local Supply Chain where possible

Constructability and Maintainability Studies

Integrated system Completion and Handover

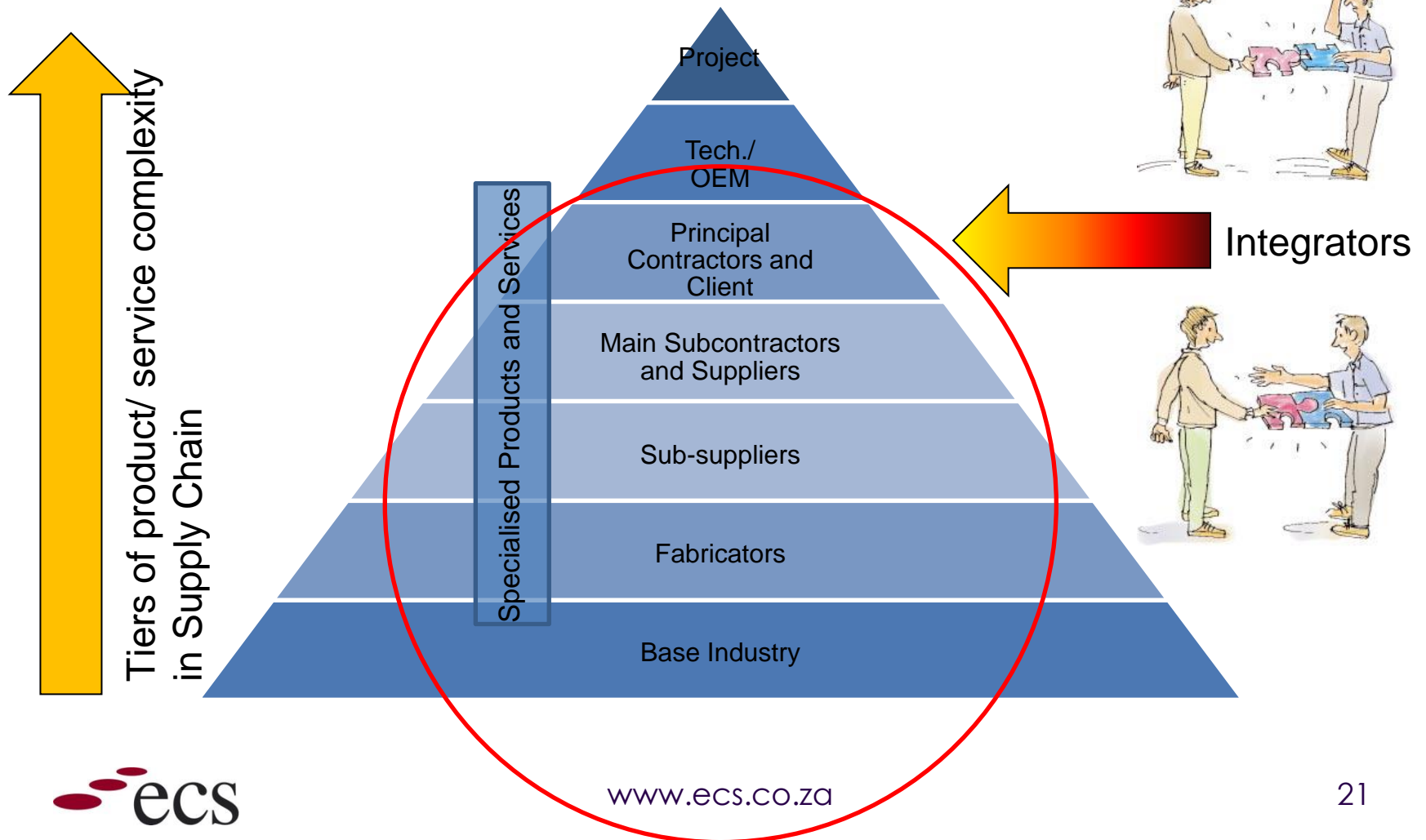
Coordinated Start-up

Etc.

Vertical Alignment 1

Supply chain

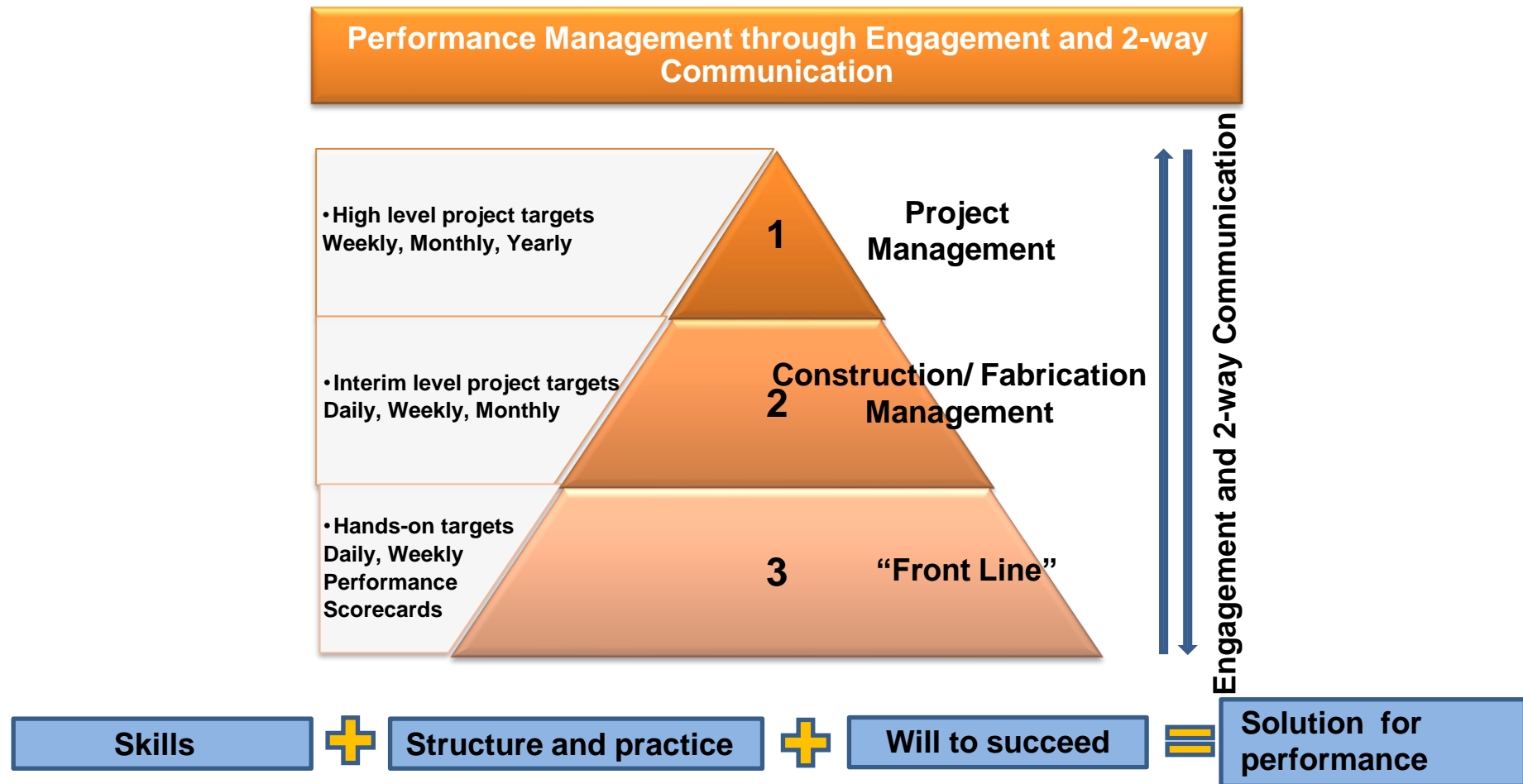
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Vertical Alignment 2

Company Level

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Diversity and Inclusion ice-sa in the Workplace



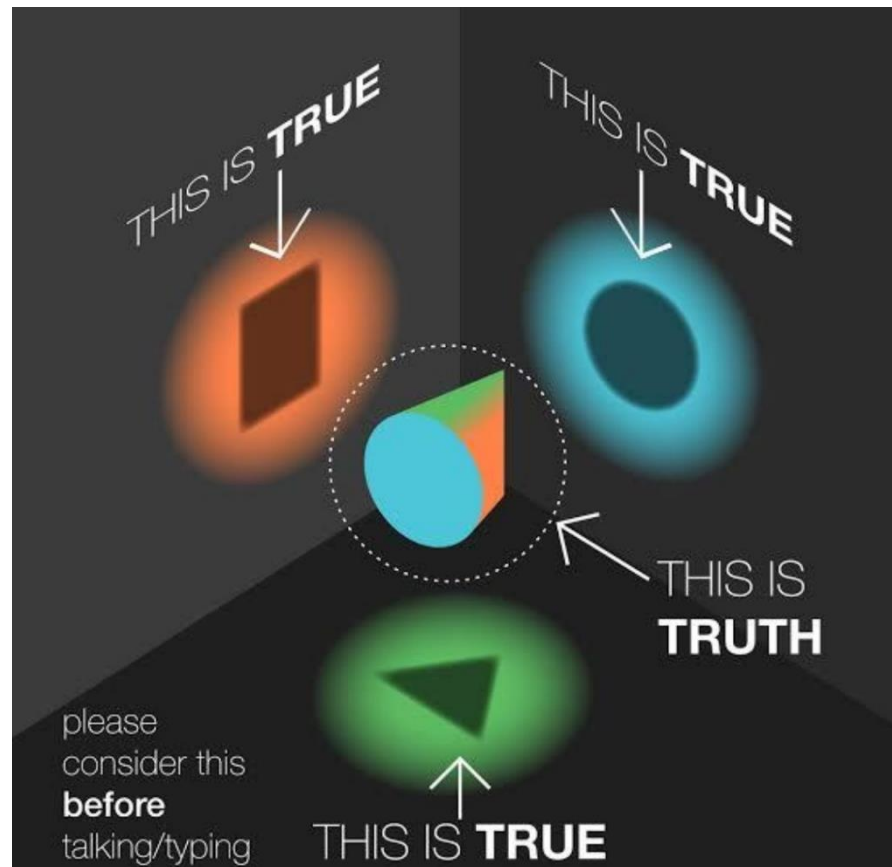
What is Diversity???



- Variety; the positive result of people in different racial, ethnic, and cultural backgrounds working together.
- The term DIVERSITY refers to the many factors that make people different.
- Diversity involves respecting people's differences. When diversity is supported, everyone is allowed to maintain his/her individuality.
- People are not forced to change how they live, speak, look, or think so as to be more like the majority.

What is the truth?

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- **Inclusion** involves bringing together and harnessing diverse forces and resources in a way that is beneficial. Inclusion puts the concept and practice of diversity into action by creating an environment of involvement, respect, and connection—where the richness of ideas, backgrounds and perspectives are harnessed to create business value and overall success.

When diversity and inclusion works... ice-sa

Diversity:
“the Mix”



Inclusion:
“Making
the Mix
Work”



When alignment, diversity ice-sa and inclusion works



Lessons Learned No.8 ice-sa



Ask anyone on the project if they know:

The name of the project and the Client/ Employer

A system that they are working on

Plant and Material that they are working on

What is daily, weekly and monthly objective?

What are Key Dates, Sectional Completion Dates and Completion Date?

Are they respected for what they do?

Are they engaged?

Are they involved in company's and project's communication?

Do they feel being valued?

Then ask yourself if you are satisfied with answers...

Everybody matters!!!

Collaborative Project Strategies© ice-sa

Projects are built by PEOPLE

 Structure and strategy	 Skills	 Will to succeed
Pre-award		
 Development of Procurement Strategy	 Alignment Process between Client and Contractor	 Team Talks
 Development of Contract Strategy	 Lessons Learned	 Development of collaborative working environment
 Project Phases - Gate approvals	 Upskilling, training and mentoring	 Changing Industry Culture
Post-award		
 Communication Procedure	 Value Engineering	 No finger pointing. Trust and respect in every situation
 Early warning Procedure	 Constructability Studies	 No "us" and "them" – Only "we"
 Compensation Event Procedure	 Whole Life Cost	 Common goals
 Definition Phase followed by Implementation	 Early Warning, Compensation Event, Time, Cost, Quality Mgmt. Safety etc.	 Having some fun!!!

The end of NEC Jam Session 6



Next NEC Jam Session

Session 7

- Section 5 - Payment, Cost and the Options,
- Section 6 - Change management through compensation

**Thank you for your
participation**

Feedback is welcome

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