

May 16th, 2019

Prague, Czech Republic
www.3C-global.com



Bernd Ehle

Efficient Risk Allocation and Cooperation is the Key!

16:00

Fair Relationships and Innovation

Efficient Risk Allocation and Cooperation

Panel Leader
Bernd Ehle, Switzerland



Conor Mooney, France
The Importance of Early Analysis of Risk, Knowledge of Efficient Risk Allocation and Right Choice of Delivery Method

Richard Krammer, Austria
Risk Management via Cooperation of Construction, Legal and Insurance Experts



Shy Jackson, UK
UK Fair Relationships and Collaboration Reports



Further Panelist
Sean Sullivan Gibbs, UK
Cooperation and Contracts



17:30

May 16th, 2019

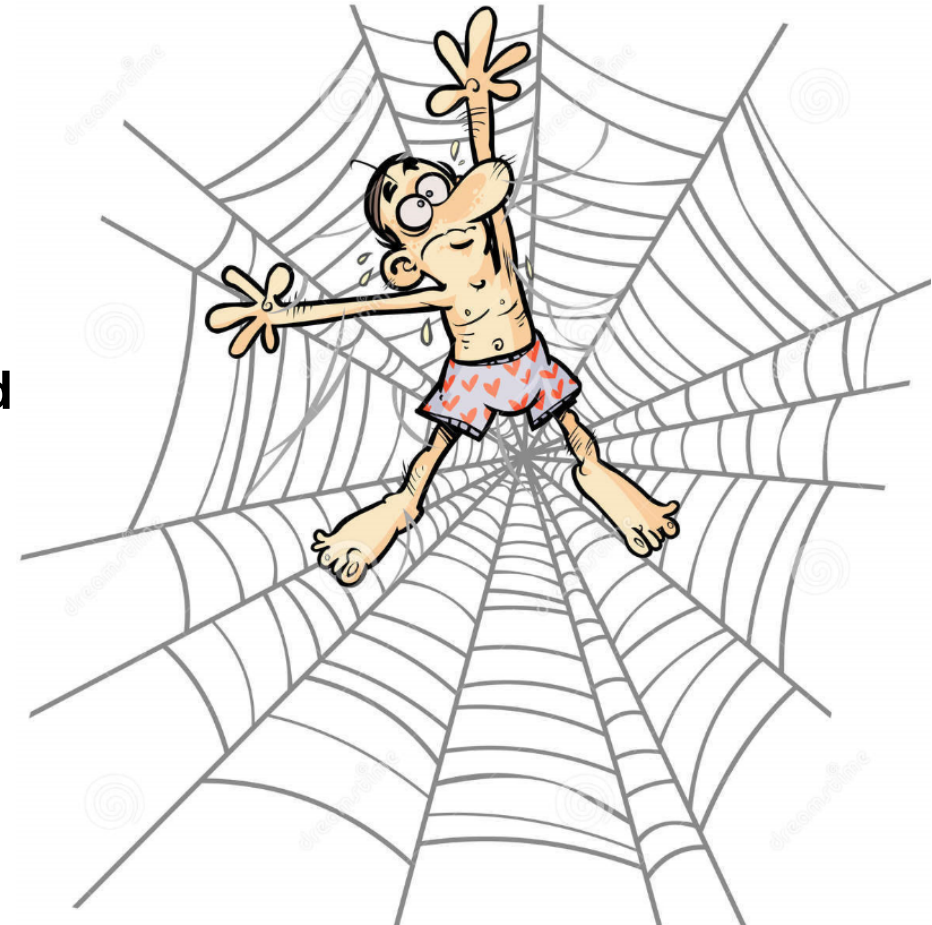
Prague, Czech Republic
www.3C-global.com



Conor Mooney

**The Importance of Early Analysis of Risk,
Knowledge of Efficient Risk Allocation and Right
Choice of Delivery Method**

Risk Allocation – A Complex and Interconnected web



Client Risk Appetite



Cost Certainty Requirements



Stakeholder Influence



A Unified Approach to Risk Allocation: Cascading and Alignment



May 16th, 2019

Prague, Czech Republic
www.3C-global.com



Richard Krammer

Risk Allocation and Insurances



Risk and Insurances

- **Risk and Insurance**

Two words closely connected. At least they should.

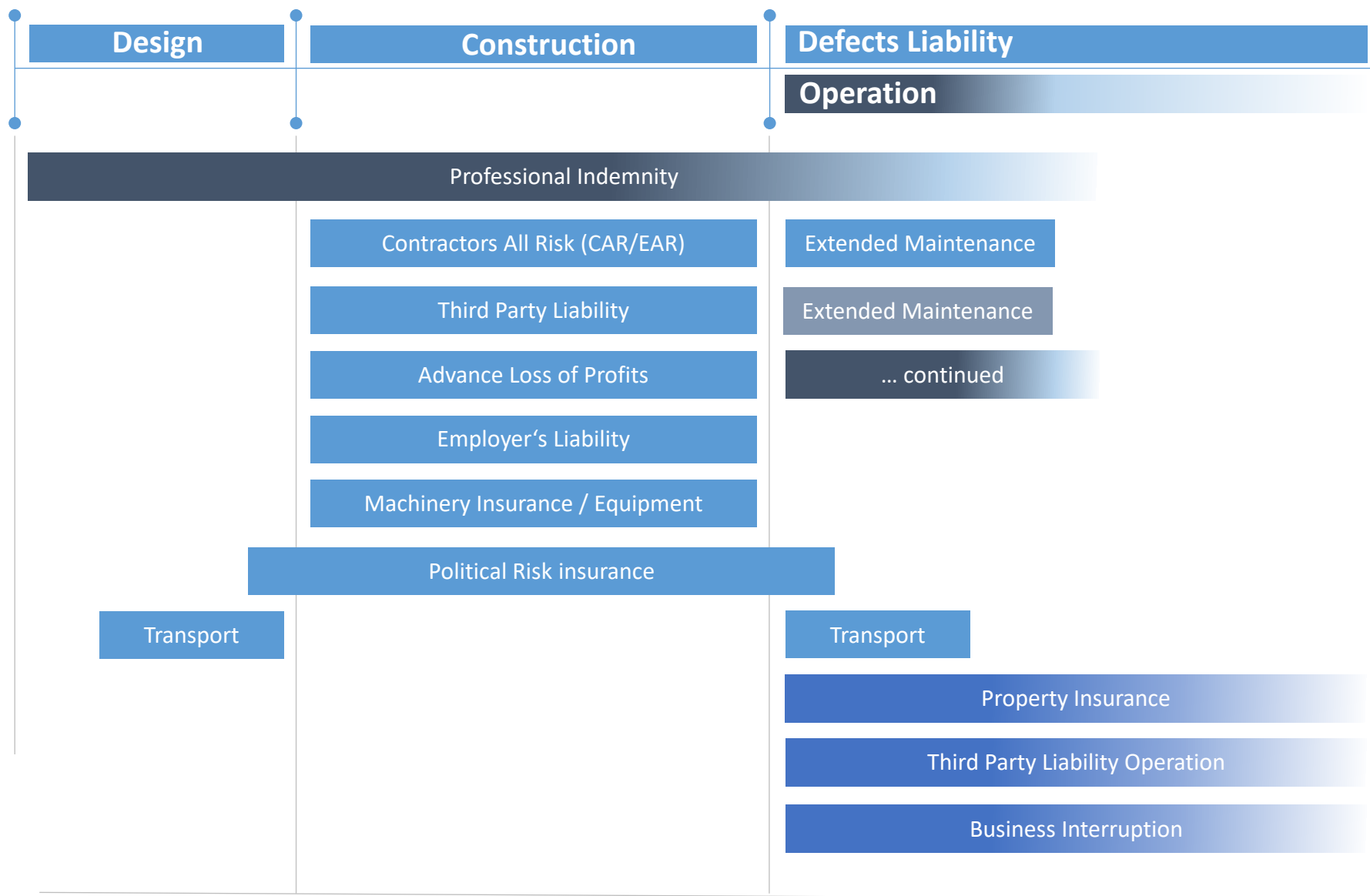
- **'Risk Management'**

The development of 'Risk Management' and where it leaves us.

- **Co-operation and early involvement.**

Everybody wants in early?

A sample setup



A matter of (procurement) strategy

- **OCIP vs CCIP**

Owner Controlled Insurance program vs. Contractor Controlled insurance program. Or: why is a liability risk different from a property risk.

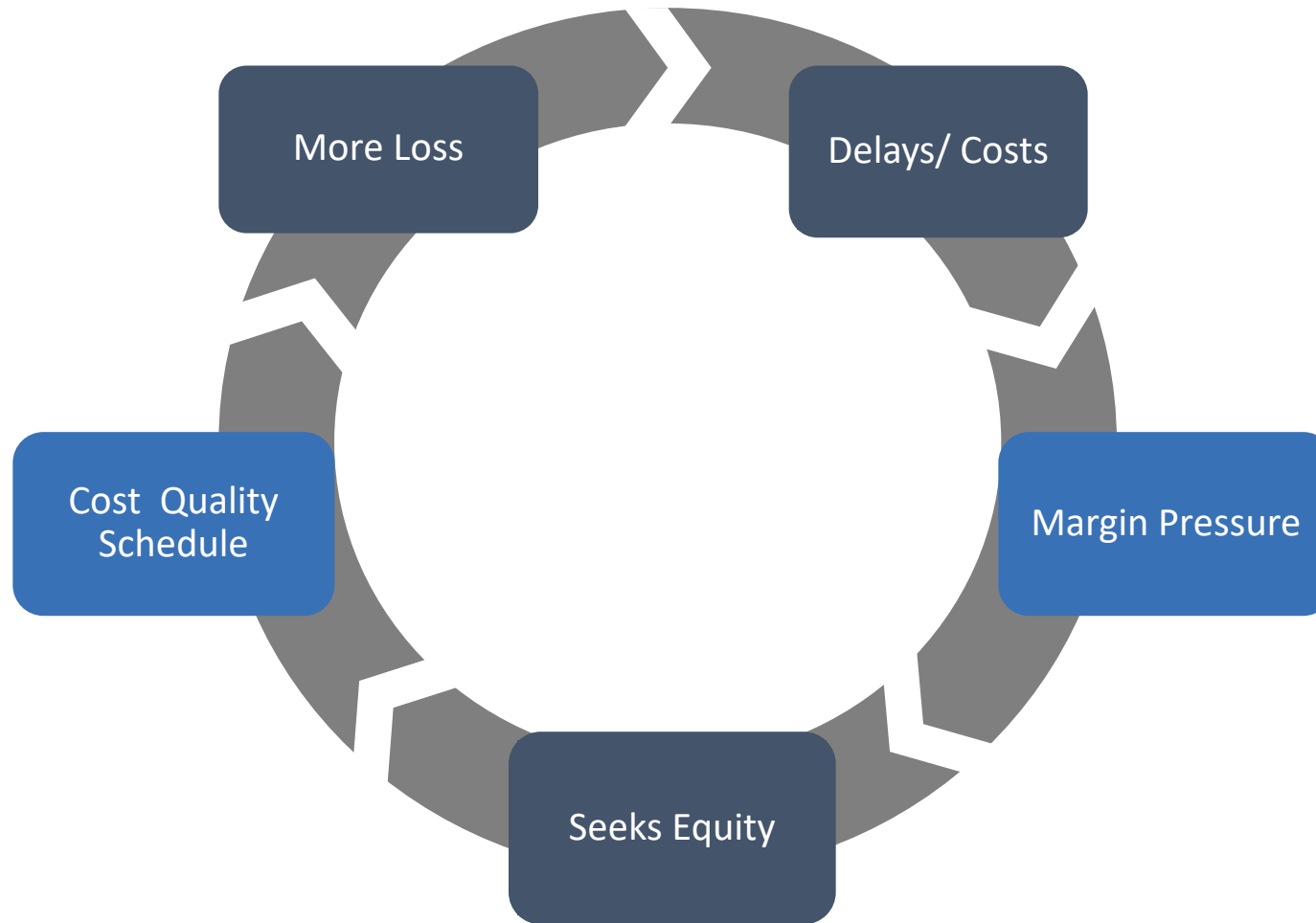
- **Lack in dovetailing**

Gaps in coverage, surplus in costs

- **Risk Allocation**

“I thought that laid with you”.

A matter of (procurement) strategy



Allocation and Cooperation

- **Relevance of insurance and timing**

Condition precedent vs last in line

- **Cooperation**

No fault, no blame – the liability interface

- **Tailor made**

Australian Government National Alliance Contracting Guidelines (09/2015)

Step 1: Appoint Risk Advisor

Step 2: Conduct initial risk analysis workshop

Step 3: Appoint Insurance Advisor

Step 4: Allocate risk within the alliance framework.

Step 5: Identify the insurance requirements.

May 16th, 2019

Prague, Czech Republic
www.3C-global.com



Shy Jackson

Collaboration: It's Now or Never



Pinsent Masons

Background

- **2016** – Innovation in the Supply Chain: Theory and Practice of innovation in construction
- **2016** – Collaborative Construction: More Myth than Reality?
- **2017** - Collaborative Construction 2: Now or never?



INTERNATIONAL
CONSTRUCTION
CONTRACTS
CONFERENCE

Background

- Latest developments:
 - Framework Alliancing Agreement – FAC-1
 - NEC Alliancing Contract
 - Project 13 – www.p13.org.uk

“Organisations from all levels of the supply chain agree that the infrastructure sector’s current operating model is broken. Too often projects are delivered over budget, past deadline and below par.

ICE has launched Project 13 in order to change this. This is a new business model – based on an enterprise not on traditional transactional arrangements – that will boost certainty and productivity in delivery, improve whole life outcomes and support a more sustainable, innovative, highly skilled industry.”



Main Themes of Collaborative Construction

- Effective Team working
- Industry leadership
- Contractual structures and changing risk profiles
- Supply chain involvement
- BIM and procurement



Effective Team Working

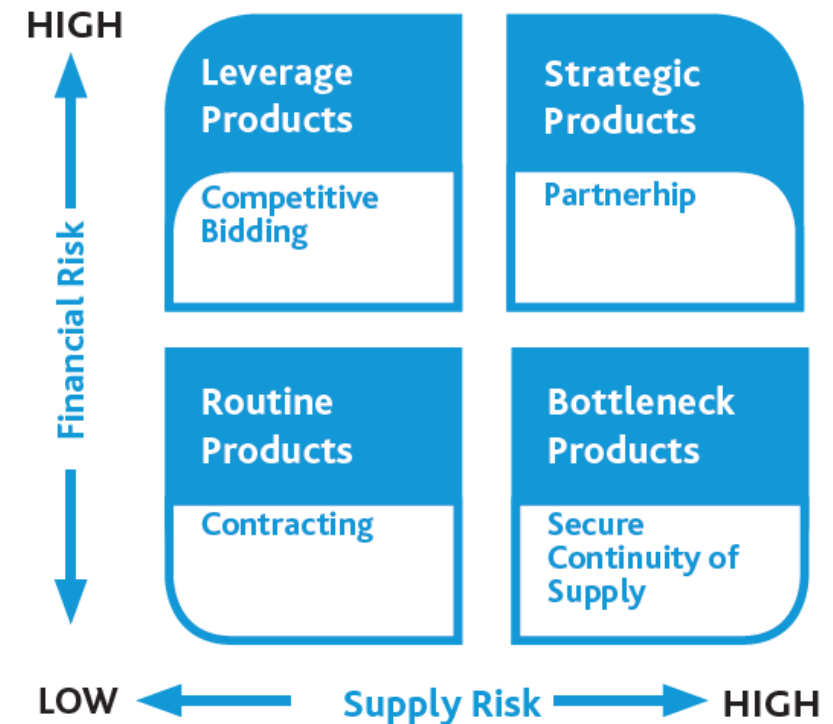
- Getting beyond the traditional distrust
- Google's Project Aristotle – Psychological safety, Dependability, structure and clarity, meaning of work and impact of work
- What makes an effective team?
 - Aligned vision
 - Time to build a team
 - Clear roles and responsibilities
 - Good communications



Contractual structures and changing risk profiles

- An equitable sharing of risks, fair incentivisation and greater certainty of profit
- Better definition of value
- A truly independent professional engineer/project manager
- When is collaboration most needed and when is it not suitable?

Figure 1: Collaborative Models



Supply chain involvement

- The changing role of the supply chain
- Profits, payments and incentives
- Early engagement and transparent risk management
- ISO 44001:2017 - Collaborative business relationship management systems
- The demand chain - who is the real client?

Supply chain – Different models

Figure 2: Simple Procurement Model

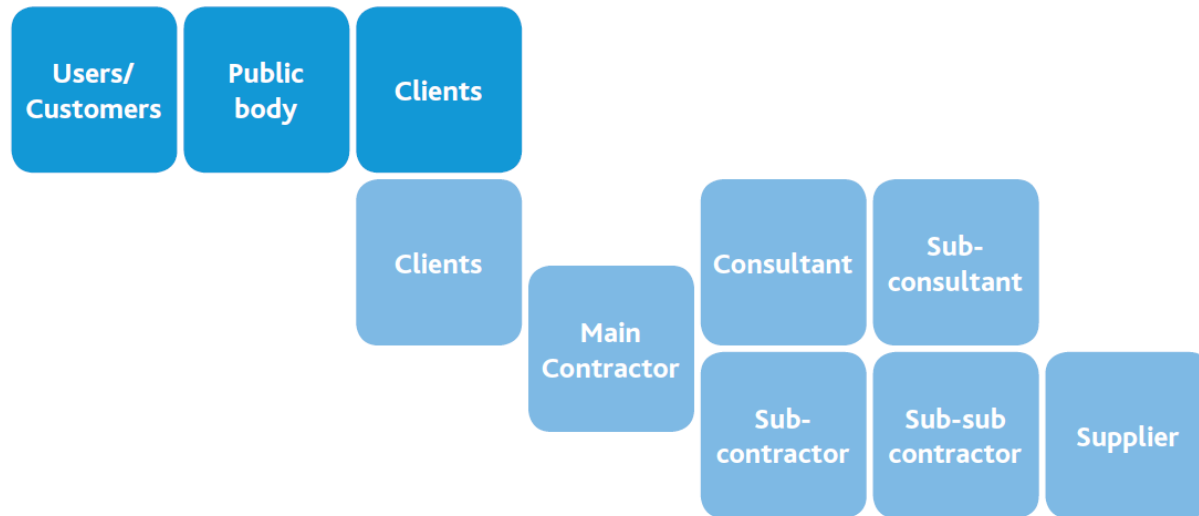
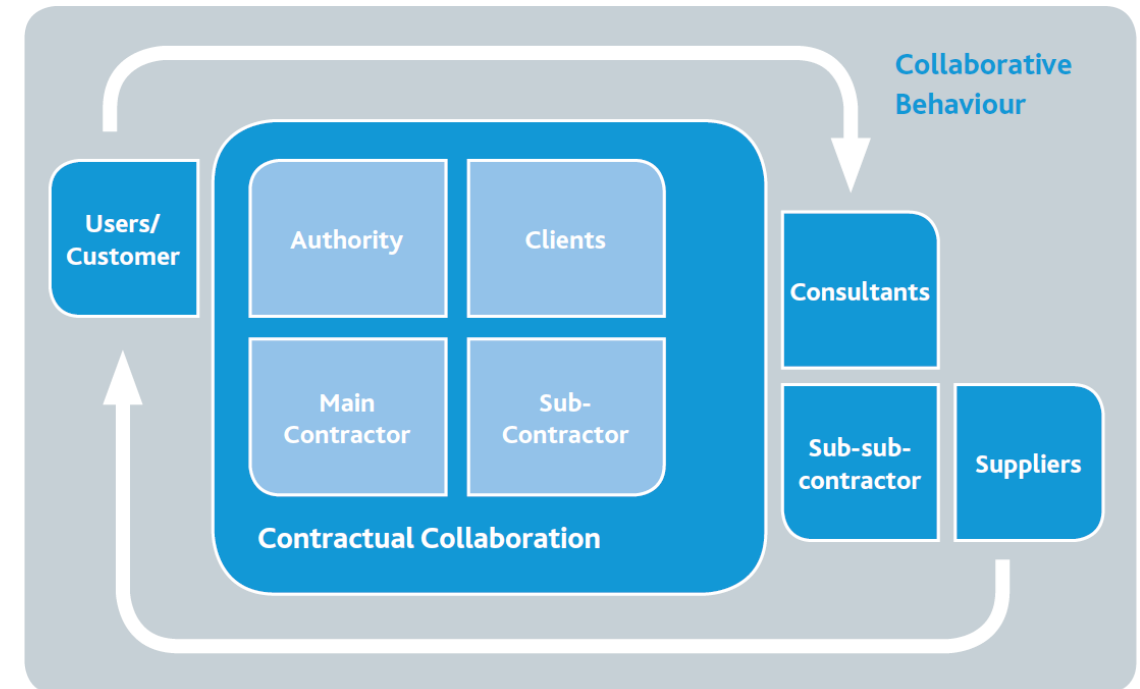


Figure 3: Collaborative Procurement Model



May 16th, 2019

Prague, Czech Republic
www.3C-global.com



Sean Sullivan Gibbs

Co-operation and Contracts



CO-OPERATION AND CONTRACTS

SEAN SULLIVAN GIBBS

**WHY DO YOU NEED A CONTRACT
TO CO-OPERATE ?**

UK



CCDC 30

Integrated Project Delivery Contract

2018

[Name of the Work]

Apply a CCDC 30 copyright and term. The application
of the real-time contract is the function of the party
proposing the use of this document that it be so
secure and intended form of CCDC 30 - 2018
except to the extent that any alterations, additions or
modifications are set forth in supplementary conditions.

CANADIAN CONSTRUCTION DOCUMENTS COMMITTEE
CANADIAN CONSTRUCTION DOCUMENTS COMMITTEE
CANADIAN CONSTRUCTION DOCUMENTS COMMITTEE

CANADA

UK



UNITED KINGDOM – NEC 3 OLYMPIC 2012 DELIVERY PROGRAMME



Over five years, £7bn Spent delivering the platform to host the London 2012 Olympic Games



UNITED KINGDOM – NEC 3

OLYMPIC 2012 DELIVERY PROGRAMME



- **COMPLETED AHEAD OF PROGRAMME**
- **COMPLETED TO BUDGET**

UNITED KINGDOM – NEC 3 OLYMPIC 2012 DELIVERY PROGRAMME

- **SOPHISTICATED CLIENTS, CONTRACTORS,
CONSULTANTS**
- **ADEQUATE BUDGET**
- **REALISTIC PROGRAMME**

SOUTH AFRICA – NEC 3

KUSILE POWER STATION



- **BEHIND PROGRAMME**
- **OVER BUDGET**

SOUTH AFRICA – NEC 3

KUSILE POWER STATION

- **INADEQUATE BUDGET**
- **UNREALISTIC PROGRAMME**
- **LACK OF FAMILIARITY WITH CONTRACT**

SOUTH AFRICA – FIDIC RED / YELLOW BOOK

KUSILE POWER STATION



- **BEHIND PROGRAMME**
- **OVER BUDGET**

SOUTH AFRICA – FIDIC RED / YELLOW BOOK KUSILE POWER STATION

- **INADEQUATE BUDGET**
- **UNREALISTIC PROGRAMME**
- **LACK OF FAMILIARITY WITH CONTRACT**

SOUTH AFRICA – NEC 3

WITS UNIVERSITY



LOCATION:
Johannesburg, South Africa

VALUE:
Over 1.5 billion rand (£80 million)

CONTRACTS USED:
ECC, ECSC, SC, SSC

START-FINISH:
2008 – 2014

EMPLOYER:
University of the Witwatersrand

CONTRACTOR:
Murray and Dickson
Construction, Tyris Construction
and Tri-Star/Enza Construction
joint venture

PROJECT MANAGER:
Nigel Branken, Tau Moteane,
Trevor Mpatsi, Jack van Eck,
Mareitjie van Niekerk and Dirk
Vanden Eynde

**PORTFOLIO OF PROJECTS
WAS DELIVERED WITHIN
6% OF THE CONTROL BUDGET
OVER A PERIOD OF 6 YEARS**

UNITED KINGDOM – BESPOKE 2 A4 PAGES

2003 EVESHAM MARINA



- **COMPLETED AHEAD OF PROGRAMME**
- **COMPLETED TO BUDGET**

HI HANSCOMB INTERCONTINENTAL

www.hanscombintercontinental.com

GLOBAL CONSTRUCTION AND ENGINEERING EXPERT ADVISORY AND EXPERT WITNESS SERVICES

5 CHANCERY LANE, LONDON UK +44 (0)20 3287 8518 london@hanscombintercontinental.com

EAGLE TOWER, CHELTENHAM UK +44 (0)12 4258 2157 cheltenham@hanscombintercontinental.com

IFC, CENTRAL, HONG KONG +852 8198 1061 asia@hanscombintercontinental.com

SANDTON, JOHANNESBURG +27 12 743 6534 africa@hanscombintercontinental.com

SEAN SULLIVAN GIBBS
(DIRECTOR QUANTUM & DISPUTE RESOLUTION)

sean.gibbs@hanscombintercontinental.co.uk

+44 (0) 7722 643 8146

CONCLUSIONS

- Cascading and aligning the risk vision, mission, tools and tolerance throughout the project team creates a greater likelihood that risks can be allocated efficiently and dealt with effectively.
- Insurance is a tool and no blackbox. It should be used consciously where it adds value.
- Collaboration requires a fair commercial bargain and a collaborative mind set, not just a contract.
- You don't need a contract to co-operate; but it can assist.



INTERNATIONAL
CONSTRUCTION
CONTRACTS
CONFERENCE

May 16th, 2019

Prague, Czech Republic
www.3C-global.com



QUESTIONS AND ANSWERS

INTERNATIONAL

CONSTRUCTION

CONTRACTS

CONFERENCE

May 16th, 2019

Prague, Czech Republic
www.3C-global.com



**INTERNATIONAL
CONSTRUCTION
CONTRACTS
CONFERENCE**

Thank You for Your Attention!