White Paper 2021-10

How to Map a Project Contractual Strategy

Following up from our White Paper 2021-09 Why It Is Important to Distinguish Contracting Strategy and Commercial Approaches', we share in this White Paper an effective way to map a project contracting strategy. In particular, this technique allows to readily identify scope gaps while showing which interfaces need to be dealt with.

Importance of a thorough contracting strategy

A project contracting strategy – i.e. how the scope is split between entities and contractors, is an essential element of project maturity and project execution. Specific aspects include making sure the entire project execution scope is effectively covered by the strategy and identifying the key interfaces that will have to be managed by the project team

Too many projects start with a contracting strategy that is not comprehensive or underestimate the amount of coordination work that will have to be carried out by project management.

The contracting strategy mapping technique

We have found that the contracting strategy is not often represented in a way that provides an easy overview. We propose a fairly simple way of representing such a contracting strategy, which is a table showing horizontally the scope breakdown (as per the Product Breakdown Structure) and vertically the various project phases.

Here is a quite comprehensive example for a large project conducted by an owner:

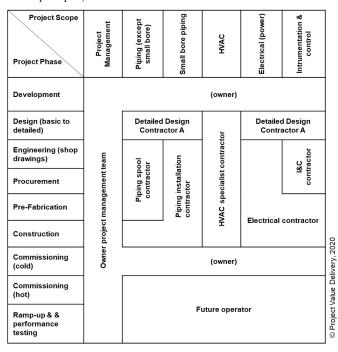
Project Scope Project Phase	Project Management	General worksite support	Balance of Plant (BOP)	Utilities	Product expedition	Process Unit A	Process Unit B		
Development	FEED Engineering House								
Engineering		EPCM contractor		EP technology provider	Eng. speciali st	provider	EPC contractor		
Procurement	(i)				rocurement Fabrication contractor	EP technology provider			
Fabrication	ctor (PM				Procurement & Fabrication contractor				
Construction	t contrac			Construction contractor			ctor &		
Commissioning (cold)	Owner support contractor (PMC)								
Commissioning (hot)									
Ramp-up & & performance testing	Owner - Operator supported by contracto supplier representatives								

Mapping the project contracting strategy is a very effective way to make visible the issues of that strategy.

This technique can of course also be applied by a contractor such as in this offshore construction example:

Project Scope Project Phase	Project Management	Pipeline	Offshore structures	Offshore topside part A	Offshore topside part B	Subsea processing			
Engineering			Specialist Engineering Contractor		topside	essing			
Procurement		Owner			Specialist EPC topside contractor	Subsea processing equipment supplier			
Fabrication		Piping coater	Fabricator		Specie	Subs			
Transportation	Main contractor								
Construction (Offshore installation)									
Pre- Commissioning									
Commissioning	Owner - Operator supported by contractor & supplier representatives								
Ramp-up & performance testing	Owner - Operator supported by contractor & supplier representatives								

Nothing prevents applying this technique in a finer detail for a subset of the project work breakdown structure. Here is an example for the electro-mechanical scope (piping, electrical, instrumentation, and HVAC) of a large complex project:



Conclusion

We find that mapping the project contracting strategy is a very effective way to make visible the issues of that strategy. It is a technique we often use in our consulting interventions and project reviews since weaknesses of the contracting strategy often become self-evident when the exercise is performed. Try it out on your project!

Read the Industrial Projects Practical Owner Guide
Available on all e-bookstores such as Amazon.com, amazon.co.uk and on Kindle

Latin Complex Projects Hook Series

Guide Pratique

du

Jaremie Averous

Our new book is out!



We Empower Organizations to be Reliably Successful in Executing Large, Complex projects.

Discover more on www.ProjectValueDelivery.com