



PRUNEVILLE
PROJECT
MANAGEMENT

Real life Management

3rd EPC Project & Contract Management for Energy Sector 2019 Amsterdam – 22nd – 24th May 2019

- What should be the behavior of the project manager regarding the customer ?
- Why do project execution teams have some difficulties to refer to the contract ?
- What are the key success factors to avoid margin erosion during project execution ?



27 year- experience in demanding environment to serve your business

13 years in a large group as:

- Project director of contracts
- R&D project manager
- Quality Director



2 years



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12 years in small groups as:

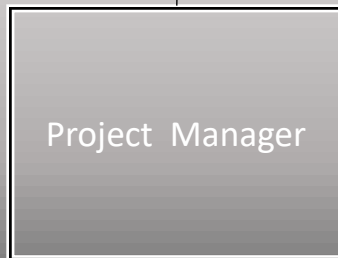
- Production manager
- Continuous improvement manager



PPM : 3 ways to support our customers during project execution

We are managing projects on a daily basis

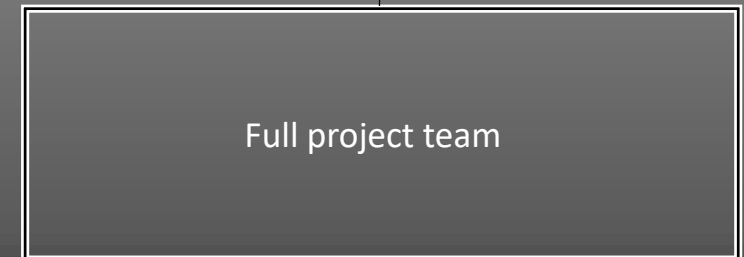
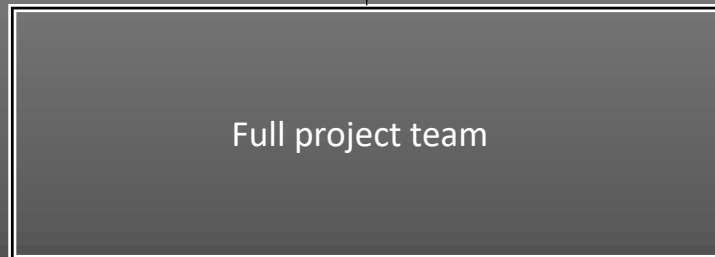
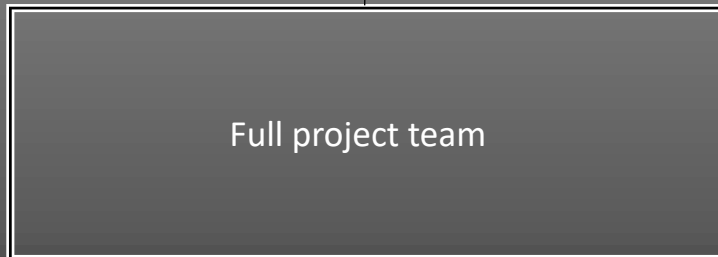
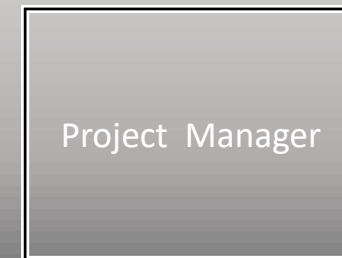
As project director



As project manager



As coach of project managers



Used to work in various environments

EPC, Automotive industry...



A: What should be the behavior of the project manager regarding the customer ?

- Our mindset
- Our communication

A: What should be the behavior of the project manager regarding the customer ?

Our mindset as supplier



A: Communication with customers

Real life example

“Unfortunately we are not able to change and correct the lay-out drawing and PID at this moment **due to capacity issues.**”

WHAT IS THE MESSAGE ?

OUR COMPANY IS NOT WELL ORGANIZED

“Sorry for the late reply, I’m too busy at the moment and have too much other orders to work on them.”

WHAT IS THE MESSAGE ?

I DO MY BEST BUT OUR COMPANY IS NOT WELL ORGANIZED

A: Communication with customers

Real life example

“During the project we had to reschedule the supply of the engineering documents due to reasons that can’t be **solely** contributed to Andritz. Amongst others: late approval of P&ID and motor data sheets. ”

WHAT IS THE MESSAGE ?

I DO MY BEST BUT OUR COMPANY IS NOT WELL ORGANIZED

“The blockage has multiple subsequent events which occurred one after another (**wrong initial starting settings**, excessive water spraying, blockage of overflow chute).

All this is part of hot commissioning and cannot always be avoided 100%, but with the lessons **learned the team now feels confident to start up the other lines.**

”

WHAT IS THE MESSAGE ?

WE MADE SOME MISTAKES, WE HAVE LEARNT, IT SHOULD WORK NOW (LETS TRY)1


BOTH PARTIES ARE AT THE **SAME LEVEL** AND WE ARE WORKING WITH THE **SAME CONTRACT**.

Customer



Supplier

BUT IF YOU ARE WEAK THE CUSTOMER WILL FEEL FREE TO ASK EXCESSIVE REQUESTS, MAKE WRONG STATEMENTS AND CLAIM.



B : Why do project execution teams have some difficulties to refer to the contract ?

B : Why do project execution teams have some difficulties to refer to the contract ? Is there somebody who agrees with the following sentences ?

- “The contract is an administrative document that I don’t want to use when I deal with my customers.”
- “Emails, letters are going back and forth when we use the contract but at the end there is no benefit, this is just a waste of time.”
- “If we refer to the contract it will generate automatically a negative impact on the customer satisfaction”



Statement from a VP
execution in 2018

V : Why do project execution teams have some difficulties to refer to the contract ?
How is a contract also called ?

AGREEMENT



B : Why do project execution teams have some difficulties to refer to the **AGREEMENT** ?

- Most of project teams are not used to read the contract
- Most of project teams don't know what are the key topics to focus on (what are the contractual documents, scope of work, order of precedence of the documents, delivery time, liquidated damages, payment terms, ...)

REAL LIFE


- Project team thought they were one month late and it was not the case
- Project team supplied some handrails that was not in the scope of work
- Project team didn't read the frame agreement so didn't know that customer couldn't claim any loss of production as they did.
- Project team thought that the customer account was in arrears but they didn't comply with the payment term.

B : Why do project execution teams have some difficulties to refer to the **AGREEMENT** ?

- Lots of project teams do not trust that the contract signed can be used to protect the company interests and can increase margin.

REAL LIFE

- The delivery date indicated in the PO had no link with the quotation attached to the contract.
- The PO amount was related to another incoterm, not the one indicated in the proposal.
- Performance guarantee written in the quotation attached to the PO even if the internal supplier didn't commit.

A large circular graphic on the left side of the slide features silhouettes of construction workers on a building site. The workers are positioned on a structure with numerous vertical rebar rods protruding upwards. The background is a dramatic sky at sunset or sunrise, with warm orange and yellow light breaking through blue and grey clouds. The overall scene conveys a sense of active construction and project execution.

C: What are the key success factors to avoid margin erosion during project execution ?

C: What are the key success factors to avoid margin erosion during project execution ?

- A) Sign a contract:
 - according to the contractual guidelines of the company
 - after review of all requirements
 - based on a realistic schedule
 - after identification of potential claims
 - based on a detailed budget checked by project execution team

REAL LIFE
3 weeks obtained during project execution thanks to a comment written in the contractual schedule

- B) Deliver only what we have committed to deliver (Just enough).
- C) Analyze carefully what the customer writes, this is a chess game (be suspicious).
- D) Analyze price and schedule impact for any change. Nothing is free.



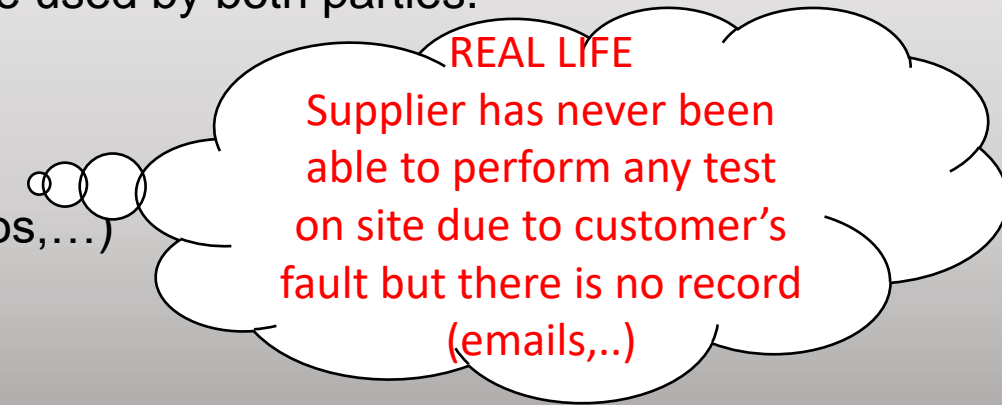
C: What are the key success factors to avoid margin erosion during project execution ?

- E) Write carefully to the customer in order to anticipate any claim.

E-mails, minutes of meetings, reports are evidences that can be used by both parties.

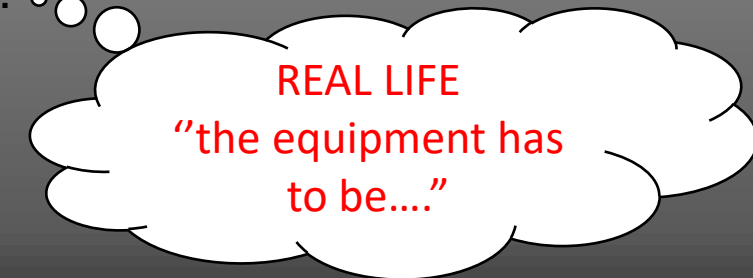
Never recognize a mistake in writing.

- F) Create evidences each time it's possible (emails, reports, photos,...)



- G) Prepare a counterclaim file since contract signature.

- H) Identify all opportunities to make more money. When a customer disagree with our position (with the contract), this is not an issue, this is an opportunity to make more money.



C: What are the key success factors to avoid margin erosion during project execution ?

- I) Be professional (no more, no less) to obtain customer satisfaction. ○

- J) Make commitments and reach commitments. ○ ○ ○

- K) The point of contact of the customer is not only the project manager so all the team must know the stakes.

- L) The management of the company must be coherent at any time. ○ ○ ○

REAL LIFE

REAL LIFE

The project managers sometimes
commit without any commitment from
the different departments

REAL LIFE

Customer call the CEO because he
received a variation order. The CEO
didn't fully support the variation order...

Customer



Supplier

Thank you for this chess game,
I am looking forward to playing again with you in the future...
... new purchase order

QUESTIONS & ANSWERS



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