



THE IPA INSTITUTE  
ADVANCING PROJECT KNOWLEDGE

## Contracting in the Changing World of Projects A Seminar on Contracting Strategy

*Contracting strategy is an important element of any project execution plan. It is often a contentious area with strongly held beliefs about how contract plans can influence project outcomes. However, no one contracting strategy is right for all projects or project systems. As more work is outsourced by owners to contractors, contracting arrangements have become increasingly important elements of the capital project process.*

*IPA began its research into contracting issues over 15 years ago when we first recognized the trend toward outsourcing engineering activities. Our research has continued to identify the circumstances under which various contracting approaches are effective. IPA research has also found that misalignment of contracting strategy with project specifics adds 20 percent to cost and 18 percent to schedules relative to projects that select the most effective contract types.*

*This seminar, based on IPA's extensive understanding of contracting as it relates to capital effectiveness, provides a set of practices and tools that will allow participants to align contracting strategy, alliance agreements, and incentive arrangements. Furthermore, the seminar will provide an understanding of how the chosen contracting approach is linked to project business value.*

### Key Benefits

- ▶ **LEARN** strategies to manage the risks and difficult challenges of today's contractor market
- ▶ **UNDERSTAND** methods to avoid common contracting mistakes and problems in execution
- ▶ **BUILD** a productive owner-contractor relationship
- ▶ **IMPLEMENT** the best contracting strategy based on project-specific characteristics
- ▶ **APPLY** learnings from IPA's extensive research on actual projects to improve your ongoing and future projects
- ▶ **NETWORK** with other project professionals

### Course Format

The material in this seminar will be covered in 1.5 days. Each module will cover a specific topic, with material presented in a variety of ways. Important research findings will be presented through lectures, with supporting presentation material and readings. Case studies and examples form the basis of active class discussions. Participants will be able to translate materials and learnings into action items that they can implement to improve their capital project processes.

### Course Registration

The cost of this 1.5-day program is US\$1,500. To view additional registration details and learn about special discounts, please visit [www.IPAInstitute.com](http://www.IPAInstitute.com), or call 703-729-8300.

*This course is registered with the Project Management Institute (PMI). Attendees May claim 12 PDUs upon completion.*



### Target Audience

All who consider contracting an important element of success in capital effectiveness will benefit from this program. This program will benefit those involved in selecting and implementing contracting strategies and managers of individual projects who establish the contracting approach for their projects. It will also provide insight into contracting approaches for those who manage whole project systems and seek to establish system-wide approaches to contracting.

# Course Content

## Introduction

- Discuss the motivation of this course and why contracting is an important element of a successful project strategy
- IPA's measurement of project performance, methodology to quantify the effects of practices on project performance, predictability metrics, and competitiveness metrics

## Contracting and Outcomes

- The relationship between contracting strategy, project attributes, and project results
- Recent trends in contracting

## The Current Contracting Market

- Discuss risks in the current market, including the premiums paid to transfer risk to the contractor
- Illustrating how project savings can be realized by reducing project risks transferred to contractors through modifying terms and conditions

## Effective Resourcing

- Explain how owners can effectively outsource project execution
- Competencies that owners must maintain and those that can be supplied by contractors
- Strategies for addressing the current resource crisis

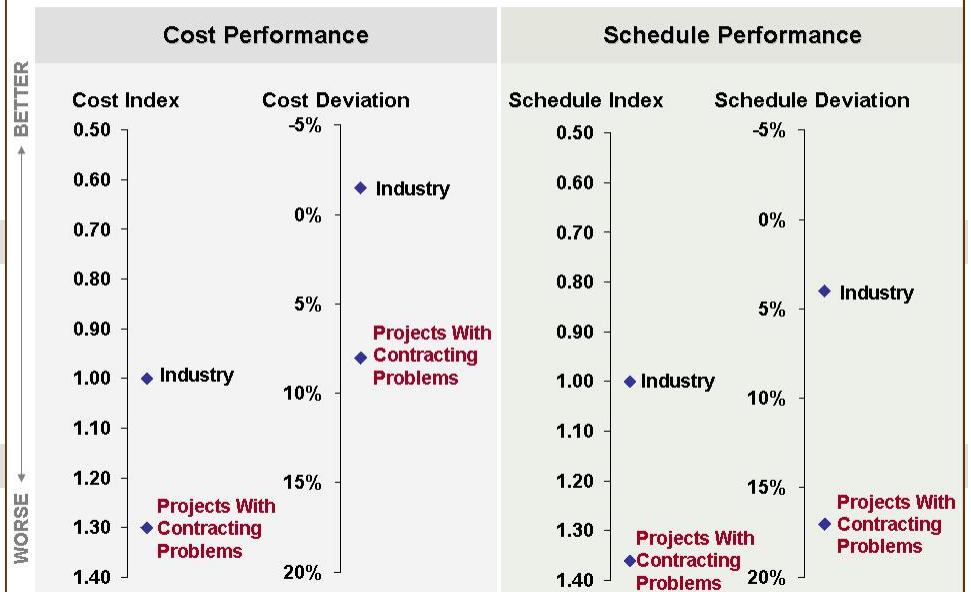
## Contractor Selection

- The effect of consolidation in the contracting market
- Key criteria and common mistakes regarding contractor selection

## Incentives

- Discuss the increasing use of incentives and their effects on project outcomes

## Outcomes for Projects With Contracting Mistakes



## Executing Contracts

- Execution issues, such as drivers of changes, claims, and costly contracting mistakes
- Strategies for avoiding common problems in execution
- Best Practices for project controls and the importance of owner involvement

## Contracting and The Stage-Gated Process

- The methodology used in selecting and implementing an appropriate contracting strategy
- How the use of a gated process drives better project outcomes

*"IPA is recognizing the current contractor situation and can help educate our upper management"*

- 2008 Contracting Course Attendee