Today’s Agenda

BACKGROUND
- 2013-2019 SCM Optimization
- Collaborative Contracting_Why

DEFINITION
- Collaborative Contracting

TRUST AND CULTURE
- Building Healthy Models

WORKING SESSIONS
- Individual and Teamwork

SUMMARY
- Wendy Ell, JWN Energy/Daily Oil Bulletin
- Chris Mummery, TransCanada
- Sam Gagnon, OC Tanner
- Wendy Ell, JWN Energy/Daily Oil Bulletin
- Chris Mummery, TransCanada
- Lisa Moore, Cenovus
- Ignacio Monterrubio, TransCanada
- Manuel Dominguez, TransCanada
BACKGROUND:

2013-2019 SCM Optimization
JWN’S Purpose

INFORMING
PROFESSIONALS
to make better business decisions

CONNECTING
STAKEHOLDERS

ACCELERATING BUSINESS GROWTH
How We Work

MEDIA PLATFORMS

MARKET INTELLIGENCE TOOLS

ADVISORY PRACTICE AND EVENTS RESEARCH AND CHANGE MANAGEMENT
Yesterday’s Collaborative Contracting Workshop

MINDSET AND SKILLS NEEDED FOR COLLABORATIVE CONTRACTING

Ross Krill
Richard Venerus
Kevin Whelan
Kevin Nguyen

PRACTICAL CHANGES THAT NEED TO BE MADE

Frank de Luca
John Boudreau
Ken Chapman

PROCESS CHANGES: PERFORMANCE METRICS, RISK AND REWARD SHARING

Randy Perry
Craig Webber
Caitlin Lopez
Yesterday’s Breakout Sessions

**Align Suppliers to be Ready, Willing and Able for Collaboration**

**Building Trust by Using Constant Communications and Continuous Improvement**

**Innovatives Ways that Companies Can Derive Real Benefit from the Collaborative Model**

Understanding of the entire project lifecycle and the multiple interfaces along a project

Convincing other organizations or stakeholders about collaboration

How companies can add extra value via collaboration
COLLABORATIVE CONTRACTING: Why?
WHY?
ARE WE DOING THIS?
Figure 1.11 Alberta conventional oil and gas and oil sands capital expenditure

- **Oil sands**
- **Conventional oil and gas**

2016 values are estimated.
Globally, labor-productivity growth lags behind that of manufacturing and the total economy.

Global productivity growth trends:

Real gross value added per hour worked by persons engaged, 2005 $

Index: 100 = 1995

Compound annual growth rate, 1995–2014

<table>
<thead>
<tr>
<th>Hourly rate</th>
<th>1995</th>
<th>2005</th>
<th>2014</th>
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<td>$25</td>
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1. Based on a sample of 41 countries that generate 96% of global GDP.

SOURCE: OECD; WIOD; GGCD-10; World Bank; BEA; BLS; national statistical agencies of Turkey, Malaysia, and Singapore; Rosstat; McKinsey Global Institute analysis.
Potential global productivity improvement from implementation of best practices

Impact on productivity (%)

Cost savings (%)

1 The impact numbers have been scaled down from a best case project number to reflect current levels of adoption and applicability across projects, based on respondents to the MGI Construction Productivity Survey who responded “agree” or “strongly agree” to the questions around implementation of the solutions.

2 Range reflects expected difference in impact between emerging and developed markets.

SOURCE: McKinsey Global Institute analysis
Collaborative Contracting Model

Source: Howard Ashcraft, “Collaborative Project Delivery” Presentation – February 23, 2018
DEFINITION:
Collaborative Contracting
How Does COAA Define Collaborative Contracting?

Essentially, a method of contracting that focuses on collaboration and an alignment of interests between key contributors (e.g. owner, constructor, engineer, fabricator, etc.) to the successful outcome of the project.

The risks and rewards of a contractual arrangement are shared such that all contributors to the agreement are invented to achieve a common goal. These types of agreements require carefully developed trust between the contributors, as well as an integrated team that shares in goal setting, measurement against progress and decision making throughout.

When successfully applied, many benefits can be realized including a reduction in non-value duplication, efficiencies of procedures and processes and more efficient results based on improved team dynamics. All key contributors must work together with high integrity and trust to ensure all decisions are in the best interest of the project outcomes.
To progress and present a Collaborative Contracting Framework ("CCF") that will improve heavy industrial construction project execution. The CCF will provide a practical/implementable structure to encourage greater collaboration, through contracting alignment, to achieve improved performance in safety, cost, quality and predictability. The combined desired outcome supports COAA’s objective to be twice as safe/twice as productive.
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<thead>
<tr>
<th>Deliverables</th>
<th>Status</th>
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<tr>
<td>Definition</td>
<td>Complete</td>
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<td>Framework</td>
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<td>Commercial Structures</td>
<td>Q3 2019</td>
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<td>Contracting and Sourcing Guidelines</td>
<td>Q3 2019</td>
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<td>Maturity Assessment</td>
<td>Q2 2019</td>
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<td>Risk Sharing &amp; Allocation</td>
<td>Q2 2019</td>
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<td>Project Complexity Assessment</td>
<td>Q3 2019</td>
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<tr>
<td>Implementation Guideline / Roadmap</td>
<td>Q3 2019</td>
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<tr>
<td>Training &amp; Development / Industry Adoption</td>
<td>Q4 2019</td>
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TRUST AND CULTURE:
Building Healthy Models
The Speed of Trust

Nothing is as fast as the speed of trust. Nothing is as fulfilling as a relationship of trust. Nothing is as inspiring as an offering of trust. Nothing is as profitable as the economics of trust. Nothing has more influence than a reputation of trust.

— Stephen Covey —

www.speedoftrust.com/#videos
Culture and Collaborative Contracting
O.C. Tanner

92 Year History
Fortune 100 Best Workplaces
131 clients in the Fortune 500
30 clients in the Fortune 100
13.5 million users in 150+ countries
1,100 multinational clients
Market share leader

97% CLIENT SATISFACTION RATE WITH AN AVERAGE CLIENT TENURE OF 15 YEARS
Culture Framework

- Leadership
- Purpose
- Opportunity
- Wellbeing
- Appreciation
- Success

GREAT CULTURE

O.C. TANNER INSTITUTE, 2017
1. Risk and rewards are shared
2. Common project focused goal
3. High trust environment
4. Integrated decision making
Effective Communication + Exemplary Behaviour = TRUST
Q.10

What are the biggest barriers to effective implementation of collaborative contracting?

a) Management attitudes
b) Project team attitudes
c) Project team “collaborative competencies”
d) Absence of best practices / success stories / role models
e) Contractual or SCM rigidity
Q.9

What would be the biggest benefit of resolving one or more of the burning issues?

a) increased general dialogue and understanding among project team
b) increased alignment of goals and objectives
c) increased understanding of project strategy, reduced silo thinking
d) common definitions and measures of “success”
e) increased innovation (based on project payback vs. silo subcontractor payback)
GREAT WORK MODEL

ASK THE RIGHT QUESTION

SEE FOR YOURSELF

TALK TO YOUR OUTER CIRCLE

IMPROVE THE MIX

DELIVER THE DIFFERENCE
Key Takeaways

• Ask the right questions to understand Shared Risk/Reward
• What can you add to the mix?
• Do both party’s have a collaborative mindset?
• Are there opportunities to recognize/reward small milestones ahead of project completion?
WORKING SESSIONS

Individual and Teamwork
Working Session: Instructions (PART A)

Write in each segment of the worksheet what you believe are the top five roadblocks and solutions that you feel could improve trust, communication, culture, and risk mitigation.

Assign a percentage (%) to weigh your responses.

Use the cheat sheet as reference.

Add your personal comments.

You have 10 minutes to complete this part.
Working Session: Instructions (PART B)

**Share** with your team, and observe similarities or major differences

**Discuss** at your table **the segment assigned**

**Capture** the comments of your table in the group section comments

**Assign** a speaker and prepare to share your thoughts with the rest of the audience

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**You have 20 minutes to complete this part**
Before the workshop ends:

- Write any other thoughts in the general comment section at the bottom.
- Leave the white page on the table or give it to the nearest facilitator, take the canary copy with you.

Each table will have 3 – 5 minutes to share their individual views on roadblocks and solutions with the full group.
WHAT ARE THE BARRIERS?

WHAT SUPPORTS ARE NEEDED?

Thank you.