

Preparing for the Relational Contracting Conference

As teams have begun to negotiate and deliver projects using the Integrated Form of Agreement (IFOA) for Lean Project Delivery, they have been forced to confront a number of issues. The agreement was designed to create the relationships necessary to deliver the project in a way that best serves the interests of all involved. It opens opportunities for reshaping how teams are formed, how its members organize and interact, how they are compensated, and how risk is shared across the project team. Each of these opportunities presents challenges to traditional notions of project delivery and basic ways the design and construction industry has come to define roles and responsibilities. Depending on the particular set of circumstances, teams have responded to these issues in different ways as they come to their agreement. The resulting IFOA is an artifact of their unique conversations.

During the course of the Relational Contracting Conference, we plan to structure the conversation to explore the following topics:

Team Formation

How were members selected? When? Who participated in the process? What aspects of your process would you use again? What would you change?

Team Education

How were the initial team members educated concerning the core tenets of lean project delivery? The terms of the contract? Behavioral expectations? How did the team work to build trust? How did the team address breakdowns or the need to rebuild trust?

Project Governance

How was the Core Group selected? How did it function? What were its strengths? Weaknesses? Did the composition change over time? How were new members integrated into the existing dynamic? How did the Core Group assess team performance/mood? How did it seek to promote continuous improvement?

How did the Core Group interrelate to the Senior Management Group? What role did the Senior Management Group play on the project?

What worked well? What would you do differently next time to improve?

Leadership: Does this agreement call for something different? What characteristics or qualities are important? What are impediments?

Concurrently designing process and product

The IFOA calls for the team to design or create various processes, rather than having them dictated prescriptively (e.g. target value design, communication plan). What challenges did this present? What new opportunities were explored? What constraints or potential roadblocks were uncovered in this effort? How

were those challenges met/resolved? What opportunities do you feel were missed? How would you propose to address this in the future? What traditional systems were abandoned or modified? How was that received?

Did the team specify areas to innovate? Set up experiments and document outcomes? How did it promote learning within the team? How did it promote sharing with the broader lean community? How did it integrate learning from other projects?

Business Model/Gain Sharing

Did the team explore changes to the basic business model of traditional delivery? What influence did the contract have on these topics? Were changes made? Why or why not? How did this impact the project? Did the team develop a method for collectively sharing in the profits/successes of the project?

Did the team develop an incentive plan? Who participated? Did it cross the traditional boundaries between designers and constructors? How was it structured? What was rewarded? Did it noticeably influence behaviors? How? Would you pursue an incentive plan in the future?

What learning from your experience would you carry forward? Given what you learned, would you be prepared to consider a model where the team's overall or pooled project profits were distributed to the participating companies in a set ratio? By some other method?

Did anything about the financial structure on the project inhibit maximizing the value creation/waste reduction on the project? Did anything encourage these?

Risk sharing/mitigation

Were risk issues openly discussed? Was the conversation different than on other projects? What did you learn in this process about project risk that you did not know before? How did the team innovate around risk reduction strategies? What new risk elimination or risk mitigation efforts did the team undertake?

How was the IPD contingency set? Was the amount negotiated? How was it used? Was it exhausted? Was a plan developed in advance how the team would handle dividing liability if the IPD Contingency was exhausted?

Did the project have a GMP? What impact did the GMP decision have on the project's view of risk? On price? How did it influence behaviors? What learning would you carry forward into future conversations around the GMP?

Were there liability caps negotiated in the contract? How were these amounts developed? What impact did this decision have on pricing? Behavior?

What issues, if any, were raised by your insurance carriers/advisors concerning the project? How did this influence your negotiation of the contract? How did it affect your planned or actual performance?

Other Areas of Learning

What else did you learn that would influence how you negotiate the next agreement?