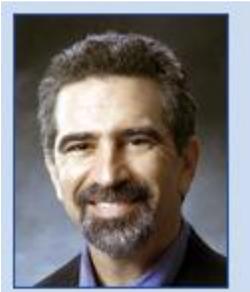




Labor Day skipped by last week as did the update. We have much news this week so I'll get right after it.

The Congress will feature a great line-up, heavy with owner presentations and opportunities. However, the best program may well be the Wednesday night Pioneer Awards Banquet. This year we're honoring Will Lichtig and Paul Reiser (both of Boldt) and Bill Seed (of UHS).



Will Lichtig

Will Lichtig is a self-described "brain buddy" with Greg Howell. He first met Greg on a case where Greg was to testify as an expert witness for Will's client. It was a fitting opening—both were working in traditional ways within the claims portion of the Construction Industry and both were frustrated with that tradition.

He and Greg are still very close. "We talk often, and often talk for an hour or more." The key is their shared curiosity. "We read widely about all kinds of topics that might influence how we see and solve problems," Will noted recently. That acts as an "accelerant" to the ideas they share. Will sees a great potential for LCI to "bring together people with very different backgrounds to identify, discuss, collaborate and solve problems." The solution is often very different than the expected result or the answer any one group would arrive at by themselves.

Will's seminal contribution to the Lean Construction Institute was the development of the Integrated Form of Agreement. The structure and contents of that agreement led to the development of Consensus Docs 300—Will and Joe Cleves of Cincinnati co-chair the Consensus Docs 300 revision committee. Will came to that agreement from two angles: he volunteered to develop it when a contract form that accommodated Integrated Project Delivery was becoming necessary. And he brought his experience from litigating numerous construction claims, defects and delays to the table. "One of the great lessons of being a trial lawyer is that you have to be a continual learner. Not only do you need to know the law, you need to understand the problem and the possible solutions." It's a great background for one trying to develop a contract model that includes continuous learning and improvement.

Will embraces the modifications that allow the IFOA to support projects rather than direct them. He understood that the initial project would have to be based on what project participants could swallow—and they had in some instances to take "sips" and not long draughts. "We knew it would be an evolutionary process." Some early skeptics claimed the IFOA was "aspirational." "That's not a criticism," says Will. "It's a compliment. Of course it has to be aspirational. Contracts are all about what you hope and trust people will do on projects." And it began to "close the gap" between where the industry was and where it wants to be.



Will now works at Boldt as Vice President of Business and Process Development. His goal is to align stakeholder interests: “How do we align the commercial system not to inhibit but to encourage the processes and outcomes we’re trying to achieve?” He has been working deeply in developing and learning from built-in quality plans. He is willing to structure experiments: “we are comfortable challenging assumptions.”

Will challenged the basic assumptions upon which contracts were structured: command and control, a focus on activities and the myth that parties can buy and sell risk. That has been changed in and by the IFOA and its progeny. And for those pioneering efforts—for allowing us a commercial structure within which to continually challenge assumptions on projects—we recognize Will Lichtig’s substantial contribution to the lean community’s efforts to transform the industry. Congratulations Will!



Bill Seed

Bill Seed came to Universal Health Services in February of 2007. At the time, all 100 projects under his Design and Construction purview were experiencing budget issues. In September of that year, he attended a conference in Palm Springs where a Sutter representative talked about their efforts using a lean approach to program and project development. It was only ½ an hour but it struck a responsive chord with Bill. As luck would have it, he sat next to the presenter at breakfast the next day.

“On the plane home, I read *The Toyota Way*. I was sold.” His largest pending project at the time was a new hospital in Texhoma, Texas. He called the project director and said “stop.” He tracked down Greg Howell and had him deliver a workshop with some of his more senior colleagues. He decided to use lean principles on Texhoma. When the project was finished in December, 2009, the team had saved \$10 million. UHS shared a portion of those savings with the team.

To that point, Bill’s story mirrors other owner’s experience. They try lean successfully on a project and then, with the press of business or the conspiring of market forces against them, they move back to more traditional processes. What makes Bill Seed a pioneer is that he pulled the throttle back and went “all in” with lean design and construction—specifically, integrated project delivery. “After Texhoma, we never looked back.”

While Bill had tried other project delivery methods in his career, he has found none that are collaborative. That doesn’t mean “as collaborative,” it means not collaborative at all. And that seems to be the key to Bill.

“The traditional system is broken. You cannot have 30 to 40 different goals caused by siloed contracts on a project. It just doesn’t work.”



He is currently managing 50 projects, all in an integrated fashion. To the criticism that IPD is only for large, complicated projects, he notes that he has 43 IPD projects that are under \$10 million each. "You can take this scale," he observed.

He uses a slightly modified Consensus Docs 300 agreement the parties at Texhoma originally used. Under that contract, participants are partners with the business case. "We have 3 gates of approval to make sure the project makes financial sense. Our partners in the process are paid time and materials but their profit is reserved until the project is fully funded. They have a continuing stake in making the project work." Ninety-five per cent of the proposed projects receive their funding.

Bill's interest in lean was spurred by a collaborative effort to build a facility in Florida for the Cleveland Clinic. In the early 2000's, that project was built for about \$1,300 a bed. Projects today cost upwards of \$2,500 per bed. Bill is challenging his teams to move that number down, with great success. "Our Temecula team will bring that facility in at closer to \$1,300 per bed."

His advice to other owners:

1. Don't spend all your time beating a team's fee down from 4% to 3%. Spend your time trying to identify and drive the 50% of waste on projects out of them.
2. Understand owner's value. Are we making the million decisions we have to make on healthcare projects based on preventing one party from suffering liability for a wrong decision or are we driving true owner value to the project?
3. Collaboration leads to innovation. The greatest incentives are setting targets and continually beating them. That's real satisfaction.

For his deep commitment to transforming the way UHS programs, designs, builds and commissions projects, and for the success of those efforts, LCI is proud to honor Bill Seed with a 2012 Pioneer Award. Congratulations Bill!

Paul Reiser is in Finland for the Lean in the Public Sector conference being sponsored there. We'll have a profile of Paul, our third Pioneer Award winner, next week.

September 11:

I was out on the KATY trail in Dallas on Sunday morning and saw literally thousands of runners honoring the victims of 9/11. There were husbands and wives and sons and daughters and very small children and people of all nationalities out on the trail. 9/11 continues to be a tragedy that unites us all, brings us together in our communities to remember the victims and stiffens our resolve to make sure it never happens again. It has inspired the 9/11 Memorial at Ground Zero and the rebuilding of a World Trade Center complex.

Building and rebuilding is quintessentially what our community is about. I think it is appropriate to take a moment on Tuesday and remember that horrible day. It was a day, as I told my son (then a sophomore at Villanova in Philadelphia who had several friends who lost relatives in the conflagration), that will change everything going forward. It certainly changed many things. It



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sparked wars, and air traffic and security regulations. It spawned an entire department within the government. It created suspicion and fear and profiling at many levels. But what it didn't change, what it in fact strengthened, was our ability to pull together as a people. In this contentious election year, we should never forget our surpassing ability to pull together in a crisis. It is the essence of collaboration. And it is certainly time that the country learned the lesson we teach about that—collaborate, really collaborate.

Congress:

We have finalized plans for training day, Tuesday, October 9. We will have two tracks. The first will include a 6 hour simulation managed by Alan Mossman and friends called Village-O. It is a Last Planner® simulation that should prove very educational. After that, on the same track, Ryan Suydam and his friends will present a two hour session called "Planning Poker" that will focus on the particular importance of reliable planning. The second track will be a traditional Introduction to Lean.

The tentative schedule should be posted this week on our website. As I said at the outset, it is a program designed to present and promote owner's uses of lean, their challenges and the options for resolution and adaptation. Please sign up early as we're approaching our hotel capacity.