



Dinner Meeting Presentation, 16th May 2018, Wednesday, 6:00 PM

LOCATION:

**NEW YORK BOARD ROOM, STANTEC BUILDING, 10160,
112 Street Edmonton Alberta, T5K 2L6**

TOPIC: MANAGING SUPPLIER RISK ON FIRM FIXED PRICE CONTRACTS WITH INTEGRATED DESIGN

ABSTRACT:

It is common practice in facility construction for Oil and Gas to outsource design scope for engineered equipment packages to suppliers who are experts in that field of practice.

This makes good sense and adds value to the project since the owner's extended engineering and construction team could not possibly carry expertise in all process areas required for a new facility. However, the procurement and contract management processes used by the buyer are fundamentally at odds with the stated intention to integrate the supplier's design into the overall project. This secondary risk has been discussed in great detail in RISK.1574, an AACE International Technical Paper and this presentation focuses on the supplier risk at bid stage in more detail and presents solutions to mitigate total risk to the project.

Objectives

By the end of this session, participants will be able to

1. Identify the risks in assigning design to suppliers using lump sum contracting
2. Understand how the owner still assumes risk despite the lump sum contract
3. Find ways to reduce overall risks to the project
4. Discuss the future of construction from a collaborative point of view

Session outline

1. Examine the challenges presented to the supplier at time on lump sum bids for equipment packages that include integrated design scope.
2. Explore the primary and secondary risks to the project when utilizing this contracting strategy.
3. Suggest mitigation strategies that could benefit the buyer and the seller.
4. Discuss alternate contracting methodologies that could mitigate risk for both the supplier and the buyer.

Author: Bill Walkhouse CCP PMP

Bill Walkhouse was born and raised on Canadian Forces Bases across Canada and settled in Edmonton in 1978, graduating from NAIT as a Materials Engineering Technologist in 1987. Bill's early career was focused on the Specialty Materials business culminated in a Project Manager role looking after product development and process improvement projects. A stronger focus in project management led to training with NAIT and certification with PMI as PMP in 2008 and a career change into construction. Bill achieved his Certified Cost Professional accreditation with AACE in 2015 and has been a Chapter member since that time. Bill is also the Past President of the local PMI Chapter. Bill lives on the West End with his wife and son and is currently working as a management consultation to industry.

Registration & Networking - 6:00 PM
Dinner - 6:15 PM
Presentation - 6:45 PM
Closing Remarks - 8:30 PM

Students - \$10.00
AACE Members - \$15.00
Non-members - \$25.00

Please click [here](#) for online Registration; Only 50 seats, Registration Closes 6 PM 15th May 2018.

For more information about AACE Edmonton Section, check out <http://aacedmonton.org/>
Online registration is REQUIRED as there would be no onsite registration.