CONTRACTS: SUCCESS BY THE END

At the end of any contract, we should be able to shake hands, considering all issues solved. However, this is not common at many contracts. Precisely, the scope is not concluded, claims not solved are added to new ones, and quality deliver becomes really a problem.

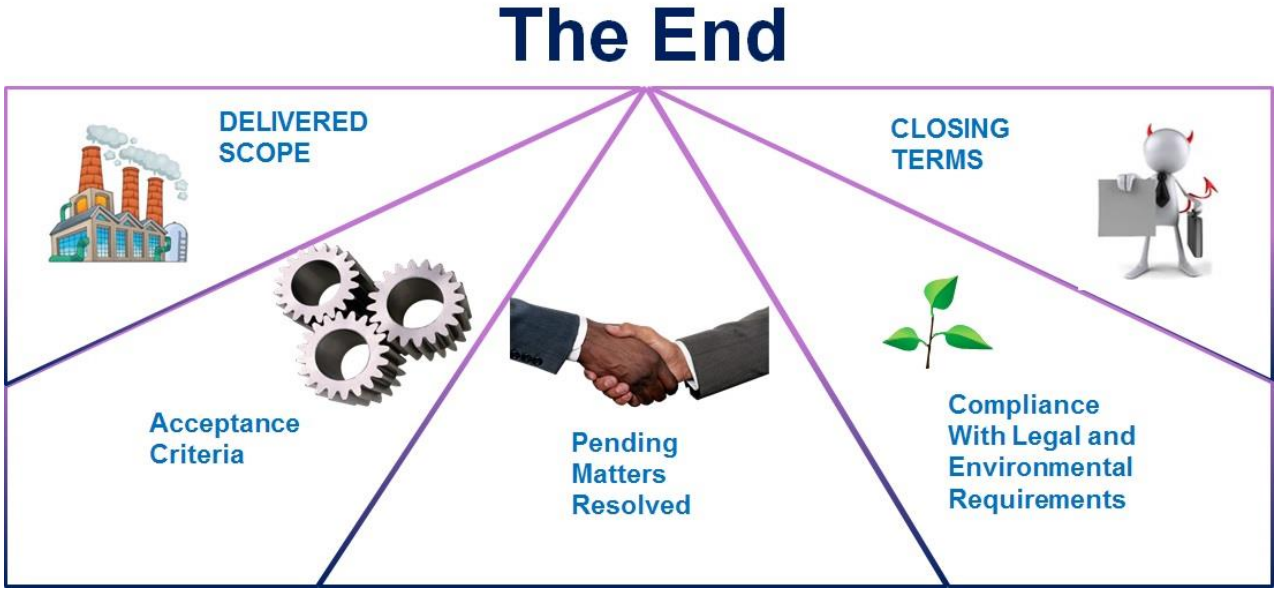


Fig. 1 – Best condition

Anyway, there are no perfect contract. Everything can happen throughout its execution. It would be strange to say that nothing will change in a contract, even if it´s perfect.

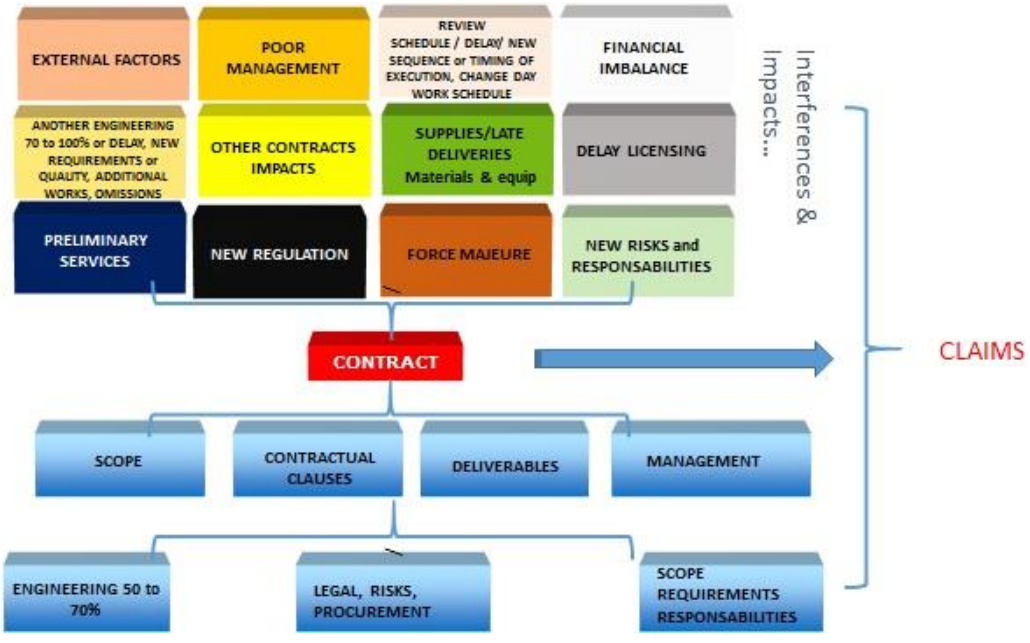


Fig 2 – Some Claims origin

The figure #2 shows in its lower part shows some details before contract be signed. The above part shows after contract signed, some common impacts that changes the results.

Many Construction projects over the past few decades have become increasingly more complex. As a result, disputes have grown in the same way.

Caution: Issues, We should keep the eyes open to:

- **Early warning signs** of a dispute are clear.
- Follow the **history of the contract** from the beginning.
- **Decisions or lack of decisions** changes the result.

At Initial Stage (BID), do:

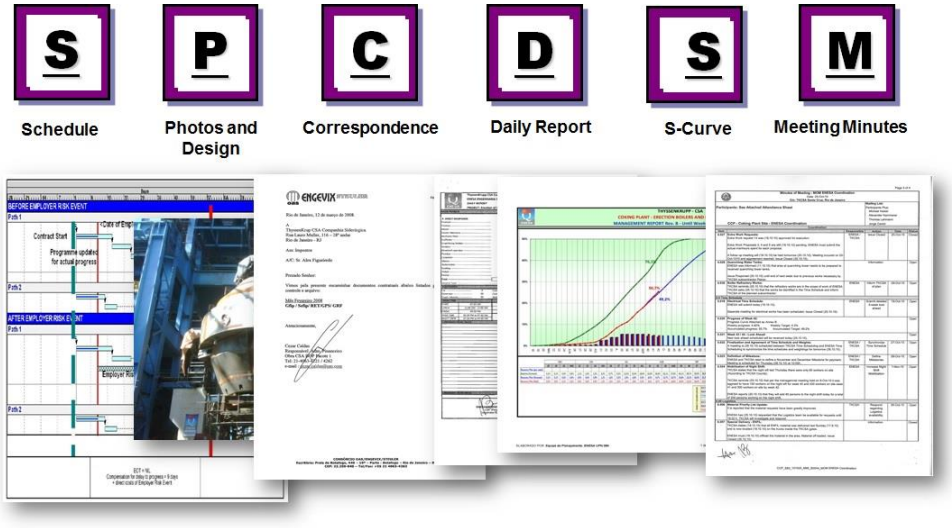
- Bid x project step information scope (check scope, validate type of contract by using analysis, use the better one).
- Excessive RFI could be problems at scope, check it, discuss internal.

  - ✓ Information requested and why
  - ✓ Contractor proposed response
  - ✓ Potential cost impact – "Yes" or "No" and potential estimate, if any
  - ✓ Potential time impact – "Yes" or "No" and potential days, if any
  - ✓ Change order required – "Yes" or "No"

- FEL deliverables, including VIP and constructability review. Check the maturity.
- Check Conflicts and inconsistencies in documents.
- Use the Quality control + checklist in all documents and drawings before bid/ tender.

- Check Omissions in documents.
- Validate procedures and guidance including change scope.
- Follow PSP and PS definitions.
- Follow assumptions and constraints.
- Include time of completion of the works.
- Include DRB or dispute clauses in contract.
- Compare costs to all estimate produced.
- Check in detail all subcontractor. Include rules for any future subcontractor change. Use the conditions of subcontract for construction.
- Transfer all information from this stage to the contract manager.
- Include a clear procedure for claims.

During the Contract Life, manage, control and act:



- Use a clear baseline + critical path + perfect schedule with details (avoid games and ghost)
- Open eyes at Early warnings signs (schedule deviation, labor reduction, low quality, poor productivity, others)
- Do the project records documents with chronology in a database.
- Extended Duration and delays. Work closely to any register.
- Use TIA (for other, check AACE 29R-03: Forensic Schedule Analysis). The time impact method will not be able to be used unless a proper programme has been prepared, accepted and updated.
- Control performance: schedule, costs and quality.
- Follow the "change management" procedure. Change Order should address costs and schedule, new baseline if necessary.
- Manage and control register in detail.
- Use weekly meetings as part of the management.
- Check late payments to sub-contractors and all taxes and duties.

Both parties should manage the contract, doing prompt action to identify issues and work together to craft an acceptable resolution based upon the terms and conditions of the contract.

If both parties focus on achieving contract success, then the likelihood of delivering the project on time and in budget substantially increases.

At the end of any contract, after check all, we should be able to shake hands, considering all issues solved.