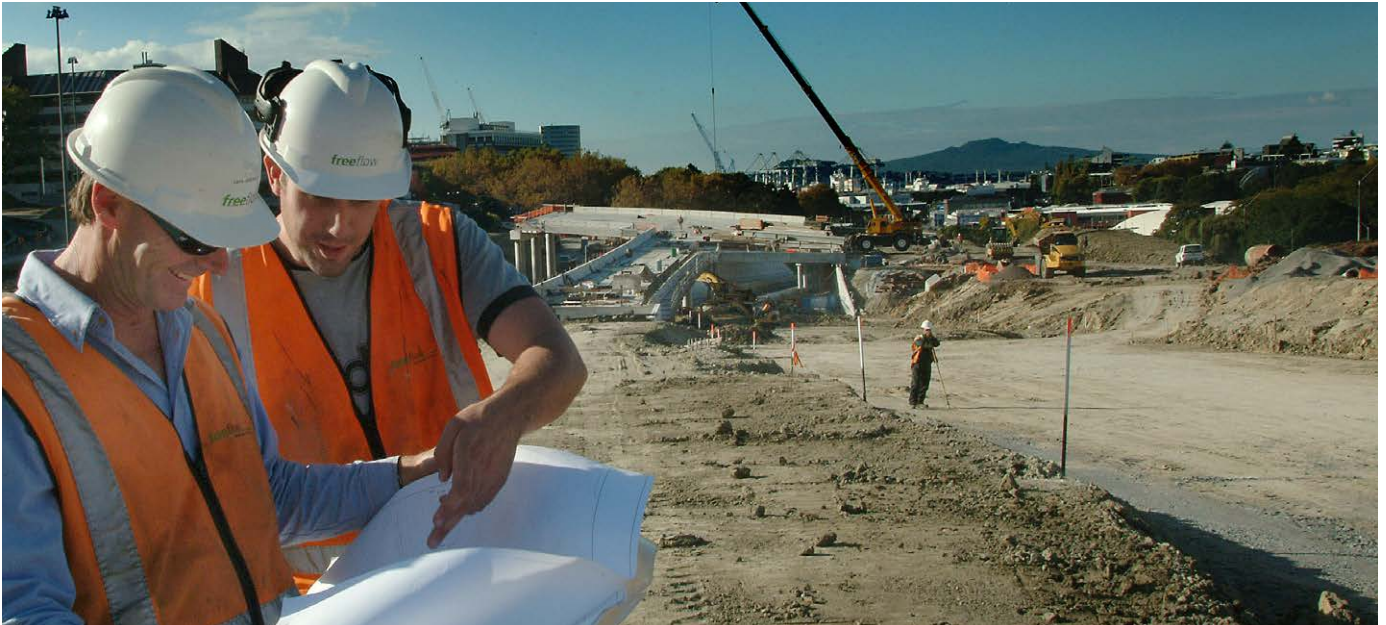


CMR Update

Issue 09 April 2015



THREE YEARS IN REVIEW

In the past three years 41South have completed a total of:

- 25 Contract Management Reviews
- 47 Lessons Learnt Reviews
- 5 Special Purpose Reviews

Reviews have considered a wide variety of contract types, sizes and topics. This has generated a large database of lessons learnt (652), contract non conformances (268) and contract observations (441). We have recently conducted a “Review of Reviews” to identify common themes and key improvement opportunities.

This newsletter contains a summary of review findings and proposed improvements.

It should be noted that these findings are a consolidated view from all review types including Contract Management Reviews, Lessons Learnt Reviews, Post Implementation Reviews and Special Purpose Reviews.

Review to Improvement

The NZ Transport Agency is committed to continuous improvement and learning from our experiences. As such it is essential that we consider these findings and how best to embed improvements into our business and the wider industry.

We are currently developing our review processes to ensure consistency of approach and a focus on Improvement.

Please refer to Newsletter 10 which outlines some of the steps we are taking to ensure improvement recommendations are being acted upon and their effectiveness monitored.

	Description (theme/problem)	Actions to Consider
1	<p>Project mobilisation – take time to plan</p> <p>There is often considerable pressure to get projects started in a short period of time, reducing the planning period in favour of a visible start onsite. This approach can put unnecessary pressure on the delivery team (all parties).</p> <p>It's important to plan for an early construction finish not construction start.</p>	<ul style="list-style-type: none"> • Allow time to plan and mobilise resources. Allow appropriate time for mobilisation (10 days in NZS3910). • Share knowledge – risk, stakeholders, consents. • Develop and approve management plans before work commences. • Agree baseline programme. • Discuss and agree a clear method of work/Inspection and Test Plans (ITPs).
2	<p>Fast Track Projects</p> <p>Projects are often “fast tracked” due to a safety risk, political pressure or funding availability. This can result in a project being rushed and shortcuts taken.</p> <p>This often causes issues during the construction phase with significant cost / programme implications.</p>	<ul style="list-style-type: none"> • Develop a streamlined process to manage a fast track project (Project Management Manual). • Additional resources will be required. • Make additional risk allowance (\$ and programme). • Be realistic about what can be achieved. • Planning is even more important when you are rushing.
3	<p>Resourcing – people, people, people</p> <p>While it may be stating the obvious, having the right people involved in a project is central to its success. Remember it's all about the people.</p>	<ul style="list-style-type: none"> • Ensure resources are appropriate for the project (all parties). • Ensure you have appropriate resource experience and committed to the project. • Clearly define roles and responsibilities. • Ensure appropriate level of MSQA supervision throughout the contract. • Actively manage change. • Take early action if issues identified.
4	<p>Programme – active programme management</p> <p>A common finding at reviews is that a baseline programme was not agreed before work commenced and the programme was not actively used to manage work or report progress.</p>	<ul style="list-style-type: none"> • Agree the baseline programme before work is allowed to commence. • Agree Re-baseline programme for any extensions of time and/or a change in methodology. • Ensure programme changes are agreed as they arise. • Determine appropriate milestones (break down long-duration activities). • Develop risk-adjusted programme (RAP is a requirement under Z/44 for all projects >\$5M). • Consider constructability. • Monitor the programme and take action to manage change.



	Description (theme/problem)	Actions to Consider
5	<p>Quality Inspection and testing</p> <p>Inspection and testing is often poorly managed on site which can result in quality issues during construction and longer term.</p>	<ul style="list-style-type: none"> Identifying a comprehensive list of inspection and test plans (ITPs) early on and ensuring that these are developed before they need to be used. Ensuring the ITPs document any specific requirements of the contract. Identification of hold points for the Engineer/Designer and making sure these are signed off. Ensuring ITPs are signed off as construction progresses, and Ensuring a random verification and testing plan is in place.
6	<p>Risk management</p> <p>Minimum Standard Z/44 – Risk Management is now the default requirements document for NZTA HNO Asset Management and Improvement contracts.</p>	<p>Ensure PMs and suppliers are aware of the requirements of the minimum standard and how it should be applied.</p>
7	<p>Project Objectives / Desired Outcome</p> <p>Project Objectives and Desired Outcomes for a Project / Scope of work are often not well documented.</p> <p>There is often a significant gap between what the client wants and what the client has asked for in the Contract Documents.</p>	<ul style="list-style-type: none"> Guidance for developing project objectives. These should not be a generic list. Review to ensure consistency Regular review of objectives especially important at the start of a new phase Consider use of KPI's to support project objectives and encourage desired outcomes
8	<p>Financial forecasting</p> <p>In tight financial environments it is particularly important to ensure that the NZTA has no surprises.</p>	<ul style="list-style-type: none"> NZTA need to ensure that they identify and review the NZTA Managed Costs. Ensure that there is a common understanding on what the forecast should include eg variations priced but not agreed, uncertain quantities, risk items, second coat seal.
9	<p>Management of Variations</p> <p>Variations are often poorly managed and not resolved when identified. Work is often progressed but the financial and programme implications not agreed.</p> <p>This often results in a financial and EoT “wrap up” at the end of the project. This has financial forecasting, programme and Liquidated damage implications.</p> <p>Note – Actual and Contract Completion dates are the same on a surprising number of projects. This suggests extensions of time are being negotiated after the fact rather than as they arise.</p>	<ul style="list-style-type: none"> Agree Variations as they arise Consider time and \$ implications for all variations Must have a good baseline programme Follow Contract and 3910 process Note LD's should be applied on all projects and requires Regional Manager (check) sign off.





For more information

You can find further information about the Transport Agency review process on our website. <http://www.nzta.govt.nz/network/tenders-contracts/review.html> (or just type "cmr" into the search field).

We welcome your feedback or questions on the NZ Transport Agencies Review Programme or this newsletter. Please contact:

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