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Doing more with less: A roadmap to capital efficiency

Mike Rhodes and Lee Nichols, *Hydrocarbon Processing*

As part of the preparation for its 49th Annual ECC Conference, September 5–9, 2017, in Boca Raton, Florida, the Engineering and Construction Contracting Association (ECC) held a sponsor-only working session Wednesday night in Houston, Texas.

Industry veterans representing an equal balance of owners, contractors, suppliers and academics gathered to share their expertise in the engineering and construction management segment, and to ensure that the Annual PerspECtives Conference content and sessions remain original and relevant. To overcome ever-increasing pressure to *do more with less*, collaboration and innovation are vital to ensure that safety, productivity and quality objectives are met.

ECC Executive Board Member Steve Wardle, Project Director for Chevron Phillips, moderated the working session and facilitated lively and productive breakout discussions. “We see persistent, common issues that relate to the success and/or failure of project execution,” Mr. Wardle said. “We think that our theme of doing more with less is a challenge that all stake holders are going to have to meet.”

He presented a list of the top 16 issues brainstormed by the ECC board and third-party advisory organizations, and the attendees were split into smaller groups and encouraged to discuss the list and select their top two or three to help build session discussions at the conference. The list included, but is not limited to:

1. Owner decision-making inconsistent with base premise and business model
2. Lack of qualified construction leadership
3. Unrealistic estimates and schedules based on backwards-looking metrics
4. Shortage of skilled owner staff

5. Shortage of skilled contractor staff
6. Project size and complexity require skills and resources beyond what is available
7. Excessive and ineffective metrics and reporting
8. Inappropriate risk sharing between owners and contractors
9. Contract strategy leading to adverse owner/contractor behaviors
10. Transactional owner/contractor relationships
11. Shortage of construction crafts/trades
12. Owner “gold-plating” of designs (standards)
13. Poor construction execution
14. Ineffective owner/contractor planning
15. Unclear owner/contractor accountability
16. Identifying and managing additional project risks.

As each group presented its thoughts, a common theme emerged: most of the issues are interrelated/interdependent, and lead to (or are caused by) each other.

A spokesman for one of the groups indicated that their consensus was that none of the issues could truly be crossed off the list. “One of the things we honed in on was the shortage of skilled owners staff (#4),” he said, adding a humorous comment that they were not just a table of contractors. “We were discussing the capital projects group: Is that group viewed as a highly-desirable position, or is it viewed as a necessary evil? Have you faced more significant layoffs than the contractor community due to the downturn? Do you have an aging workforce? With that in mind, there were subsets of that issue. A lack of owner skill-set leads to poor decision-making and



ECC Executive Board Member Steve Wardle (standing) guided industry experts as they explored methodologies for doing more with less.

the inability to deal with large, complex projects.”

The group identified inappropriate risk sharing (#8) as another key issue, which also opened up another subset of problems. “Poor risk sharing can lead to an adverse relationship (#9), a transactional relationship between owner and contractor (#10), gold-plating (#12) and unclear accountability (#15),” the group spokesman asserted.

One of the more interesting themes was that the industry must do a better job of utilizing technologies to improve production and processing. Data indicates that a steady increase in cost and schedule overruns is mirrored by a steady decline in productivity, prompting one attendee to joke that the industry is, “Doing *less* with *more*.”

After further discussion, and the addition of issues that were not on the original list, Mr. Wardle narrowed the list to four main points:

- Owner/operator capabilities
- Contractual risk and relationships
- Project planning and execution
- Unrealistic estimates and schedules.

These subjects and the comments of the audience were carefully catalogued and will be used to improve future discussions at the 2017 Annual ECC Con-

ference. “We will continue to share the buildout and development of this conference session,” Mr. Wardle said. “We should take these thoughts back to our organizations and continue to discuss and work on these persistent, core issues facing our industry and projects.”

The meeting concluded with two short presentations and thoughts from Harvey Vigneault, Senior VP of Onshore/Offshore North America for TechnipFMC; and Ron Corn, Senior VP of Projects & Supply Chain for Chevron Phillips.

“One of the key things that no one really discussed as being ‘wrong’ was the high percentage of projects that miss schedule and budget expectations,” Mr. Vigneault said. “Never mind doing more with less—we’ve been failing at doing what we say we will. Missing a project’s expectations begins with knowing what those expectations are. Having unrealistic plans seemed to be a common theme here. There is huge pressure today to deliver to expectations, to drive down costs for any project, and to do whatever it takes to win those projects.”

Mr. Corn added, “Whenever you want change, you have to make a case for change. To achieve success, we must remain open to what we can do differently. While we made great progress today in

identifying the obstacles and challenges we face, what we really have to do is identify the solutions and how we can impact those.”

Following the working session, ECC held a networking event for its Future Leaders program, which recognizes and fosters budding leadership to establish thought-leaders and industry pioneers. ECC is working to build avenues for greater understanding, knowledge growth and career advancement for all who participate.

For more information about ECC, and the upcoming 2017 Annual ECC Conference, visit <http://www.ecc-conference.org/>

ECC PROVIDES FRESH PERSPECTIVES ON BEST PRACTICES

ECC is an association of leaders in the engineering and construction management world who are interested in fostering a powerful platform for career growth through the free exchange of ideas, the discovery of new perspectives and the long-term success of the industry through networking, innovation and outreach.

For almost 50 years, ECC has provided unique opportunities for industry pioneers and innovators to collaborate in a forum free from the daily demands and politics of business—the Annual ECC Conference. At the 2017 Annual ECC Conference, prominent leaders from every aspect of the industry will provide fresh perspectives on best practices, technology implementation, global economics and geopolitics, shaping the future of construction and engineering.

The ECC Executive Board represents top industry executives and pioneers who lead the ECC in its mission to promote thought leadership among owners, contractors and suppliers in the global engineering and construction industry. Thanks to their leadership, ECC has continued to grow in community participation and conference attendance, becoming an increasingly vital network of the industry.



The breakout sessions achieved their goal of refining the list of issues faced by engineering and construction management.

For additional information, please contact your *Hydrocarbon Processing* representative.

Catherine Watkins
Publisher
+1 (713) 520-4421
Catherine.Watkins@GulfPub.com

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