



Blending Contract and Project Management to Achieve Cost Savings

International Cost Estimating & Analysis Association
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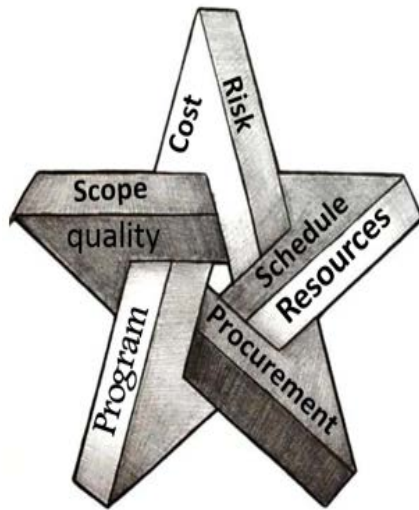


Blending Contract and Project Management to Achieve Cost Savings

Presented at the 2019 ICEAA Professional Development & Training Workshop - www.iceaaonline.com



Our Team:



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"The price of light is less than the cost of darkness."

Arthur C. Nielsen, Market Researcher & Founder of ACNielsen

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Agenda:

- ❖ Contract and Project Management Overview
- ❖ How the Two Work Together
- ❖ Value Proposition of Integration
- ❖ Expected Benefits and Their Measurement
- ❖ SME Interviews: Expectations and Challenges
- ❖ Cost Savings
- ❖ Lessons Learned
- ❖ Questions



Contract and Project Management Overview



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Contract Manager Role: manages contracts, deliverables, deadlines, and contract terms and conditions while ensuring customer satisfaction.

Combining your technical expertise with your contracting expertise will advance your organization's mission and vision

Project Manager Role: provides the team with the environment and support needed and trusts the team to get the work done. In summary, oversees project throughout their lifecycle.

"Coming together is a beginning. Keeping together is progress. Working together is success." -- Henry Ford

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How the Two Work Together...

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- ❖ Organizations that segregate Contract Management and Project Management activities are missing opportunities to ***accelerate organizational performance, drive down risk, and achieve cost savings.***
- ❖ These activities are not only interrelated and more importantly they are interdependent.



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How the Two Work Together

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Alignment of Contract and Project Life Cycles

Contract Management	Project Management
Negotiation/Renewal	Opportunity
Validation	Initiation
Execution	Planning
	Implementation
Performance Monitoring	Monitoring and Control
Closure	Closing

Integrated Team



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How the Two Work Together...

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How the “Two” work together... Or Not



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How the Two Work Together...

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- ❖ Focus on building requirements for effective project management and contract performance monitoring.
- ❖ Ensure proper planning and promoting proper integration of cost, schedule, and technical performance.
- ❖ Allocate risk sharing between the contract and project management, and tie contract payments to accomplishments.
- ❖ Establish a constructive relationship between the contract and project management, as well as other stakeholders.



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Value Proposition of Integration

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- ❖ The integration of contract and project management will most likely increase the probability that an organization's resources will be maximized.
- ❖ Differing contract and project life cycle expectations, including procedures, invites risks of project delays and varying compliance c



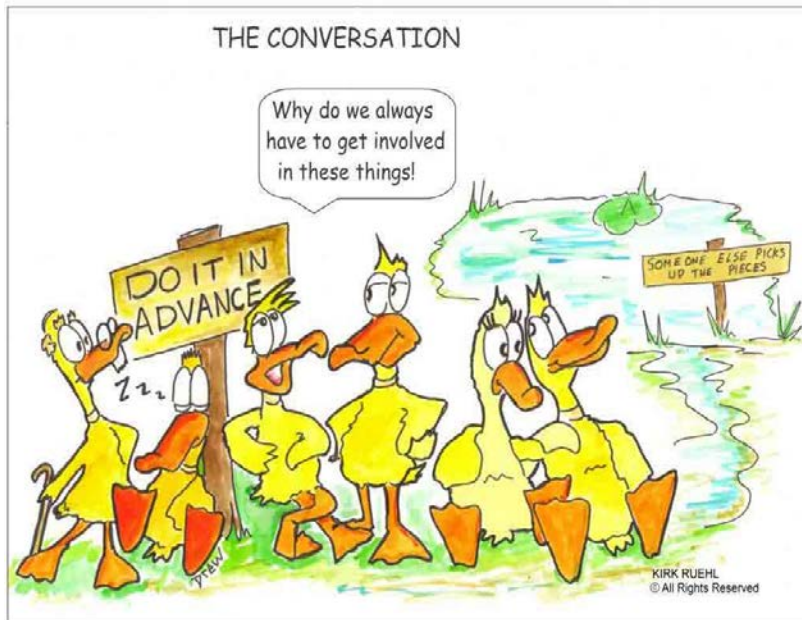
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Expected Benefits and Their Measurement

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Blending contract and project management requires attention during the earliest stages of the procurement process and not simply after the contract has been awarded.



- ❖ **Aligning expectations**
- ❖ **Effective blending starts at the beginning of each step in the process**
- ❖ **Communication and collaboration are key**

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SME Interviews

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SME Interviews: **Expectations**

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- ❖ **Contract and project managers are proficient**
- ❖ **Effective and efficient coordination and collaboration of contract and project managers, as well as with the other stakeholders**
- ❖ **Standard contract and project management guidelines, policies, and procedures are in place at the beginning of the project**
- ❖ **Stakeholders' analysis, understanding of project requirements, planning, and responsiveness**



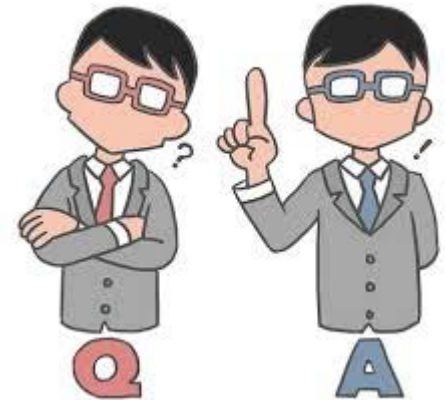
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SME Interviews: **Challenges**

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- ❖ Challenge to find an effective and efficient project manager with the right people skills and leadership attitude
- ❖ There is a prevalent notion that Contracting Officers are “untouchables”
- ❖ Disjointed relationship between project and contract management, as well as with the stakeholders
- ❖ Undefined project requirements and scope



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Cost Savings

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- ❖ **Enhances capability to employ cost savings strategies**
- ❖ **Eliminates costly project pitfalls and reduce the need for frequent contract modifications**
- ❖ **Promotes a medium for achieving project cost avoidance and/or cost savings**
- ❖ **Effective collaboration, timely decision, and successful project execution**



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Lessons Learned

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Planning the Deliverables

One of the major steps to any project planning process is the development of a project's Work Breakdown Structure (WBS)

Effective Team Collaboration

Buy-in, alignment, and transparent relationship are needed between stakeholders – Legal, Finance, Procurement, and Operations

Integrated Contract and Project Management

Allows organization the benefits of more effective project and contract performance and monitoring, more predictable outcomes, and more accurate resource allocation



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Thank you...

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