

Major Capital Projects Require a Heightened Level of Contractor Compliance Management

Execution of major capital projects requires a significant financial commitment and complex contractual agreements with numerous suppliers. However, organizations routinely do not adequately mobilize the resources required to ensure all contractual obligations are administered and all commercial terms are realized.

Commercial performance of suppliers is typically not monitored in real time against all contractual obligations. Project resources are often primarily focused on meeting schedule – while limited in capacity to analyze spend data due to existing role expectations, workload and organizational turnover. Contract Compliance and Administration expertise are essential roles for effective project execution and cost containment.

Process and Resource Plan

Revenew's process includes activating Contract Compliance and Administration expertise in close coordination with existing project execution roles. Key suppliers are identified and contract due diligence is performed with knowledgeable client stakeholders, enabling effective identification of key performance indicators (KPI's) for immediate performance monitoring.

An in-depth review of all contractual commercial terms is completed, and line item billing data of both payers and suppliers is reconciled and analyzed. All components of each invoice line item are reviewed and compared with commercial terms.

We closely interact with client and suppliers – on-site at key locations – to identify exceptions and implement corrective actions. Typical staffing includes Contract Compliance and Administration specialists in alignment with the scope of the suppliers/spend and the project timeline.

Return on Investment

- Demonstrated recoveries of over \$3 million in first year for major projects
- Erroneous supplier spends recovered both retrospectively and in real time
- Low-risk engagement with minimal budget and resource requirements
- Reduced risk and containment of future costs
- Improved supplier relationships and performance for ongoing and future work

Over \$3 million in recoveries and over 500% return on cost in just one year as a result of engagement with one major capital project.

1 Case Study

Renew Contract Compliance and Administration expertise was added to a project near the midway point of a major capital project that included design and construction of a large power plant. Budgetary and timeline targets had been exceeded significantly prior to our involvement. In close coordination with our client's project team, over 20 key suppliers were identified for performance monitoring with the goal of identifying cost recovery and containment opportunities for immediate corrective action.

Our plan included a project manager and compliance experts interacting regularly with client stakeholders and key suppliers – both on-site and remotely – throughout the remainder of the project. Recovery opportunities and corrective actions were identified on a real-time basis – primarily associated with cost-based pricing validation, personnel classification and labor cost build-up, payroll tax reconciliations, incorrect mark-up and margin and third-party charges.

We improved our client's ability to ensure contract terms were met and facilitated reporting, settlement and payment collection with each supplier. Renew's process also included regular reporting to senior leaders and finance, with tracking of total spend, recoveries and return on investment improved long term. Ultimately, our client achieved significant cost recovery and containment results – quickly and at a significant return on costs – with no impact on the project schedule.

Results

- Over \$3 million in recoveries achieved in one year
- Over 500% return on cost
- Over 20 suppliers closely engaged and monitored, resulting in improved relationships and commercial performance for the remainder of the project
- Nearly 1% of reviewed spend was recovered, and additional process improvements implemented with each supplier engaged

Renew's Performance Improvement services produce hard-dollar results for our clients — specific, tangible and often quite substantial. Please contact us today at 281-276-4500 or info@renew.com to learn more. **You have everything to gain.**