



Managing Contractor Compliance for Major Capital Projects

Executive Summary

COST RECOVERY AND CONTAINMENT

- RECOVERED ERRONEOUS SUPPLIER SPEND BOTH RETROSPECTIVELY AND IN REAL TIME
- DEMONSTRATED RECOVERIES ARE OVER \$3 MILLION IN FIRST YEAR FOR MAJOR PROJECTS
- REDUCED RISK AND CONTAINMENT OF FUTURE COSTS AS A RESULT OF LEADING CLASS PERFORMANCE MONITORING

RETURN ON INVESTMENT

- DEMONSTRATED 500% RETURN ON COST BASED ON FIRST YEAR RECOVERIES
- MINIMAL BUDGET AND RESOURCE REQUIREMENTS - A LOW RISK ENGAGEMENT
- IMPROVED SUPPLIER RELATIONSHIPS AND PERFORMANCE FOR ONGOING AND FUTURE WORK

Execution of major capital projects requires a significant financial commitment and complex contractual agreements with numerous suppliers.

However, organizations routinely do not mobilize adequate resources required to ensure all contractual obligations are administered and all commercial terms are realized.

Commercial performance of suppliers is usually 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, work load, and organizational turnover.

Contract Compliance and Administration expertise are essential roles for effective project execution and cost containment.

Renew International provides the expertise and resourcing capability for unparalleled project execution – enabling project teams to deliver immediate cost recovery and containment results, risk reduction, and a significant return on investment.

Process and Resource Plan

Renew'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 payer and supplier is reconciled and analyzed.

All components of each invoice line item is reviewed and compared with commercial terms.

Renew's resources closely interact with client and suppliers on-site at key locations to identify exception issues and implement corrective actions. Typical staffing plan includes Contract Compliance and Administration expertise in alignment with scope of suppliers and spend, and project timeline.

Case Example

Revenew Contract Compliance and Administration expertise was added to a project organization near the mid-way point of a major capital project that included design and construction of a large power plant. Budgetary and timeline targets had been significantly exceeded prior to **Revenew's** involvement.

In close coordination with the 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.

The **Revenew** resourcing plan included a project manager and compliance expertise regularly interacting with two client stakeholders and key suppliers - both on-site and remotely - throughout the course of 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 3rd party charges.

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



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 SPEND REVIEWED WAS RECOVERED, WITH ADDITIONAL PROCESS IMPROVEMENTS IMPLEMENTED WITH EACH SUPPLIER ENGAGED
- IMPROVED CLIENT'S ABILITY TO ENSURE CONTRACT TERMS ARE MET, AND PROCESS FOR RECONCILING AMOUNTS BILLED
- FACILITATED REPORTING, SETTLEMENT AND PAYMENT COLLECTION WITH EACH SUPPLIER
- PROVIDED REGULAR REPORTING FOR COMMUNICATION TO SENIOR LEADERS AND FINANCE
- IMPROVED TRACKING OF TOTAL SPEND, RECOVERIES AND RETURN ON INVESTMENT

CONCLUSION

- WITH **REVENEW INTERNATIONAL'S** CONTRACT COMPLIANCE AND ADMINISTRATION EXPERTISE, THE CLIENT IMPROVES PROJECT EXECUTION BY INCREASING THE EFFICIENCY IN MONITORING SUPPLIERS' PERFORMANCE
- DEMONSTRATED RESULTS SHOW THAT **REVENEW** ENABLES PROJECT TEAMS TO ACHIEVE SIGNIFICANT COST RECOVERY AND CONTAINMENT RESULTS—QUICKLY— AT A SIGNIFICANT RETURN ON COSTS—AND NO IMPACT ON PROJECT SCHEDULE
- **REVENEW** PROVIDES A LOW RISK ENGAGEMENT THAT IMPROVES SUPPLIER RELATIONSHIPS, RECOVERS AND CONTAIN COSTS AS A RESULT OF LEADING CLASS PERFORMANCE MONITORING



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