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#### Dick Bayer President The ReAlignment Group Canada, Ltd.

Dick Bayer, former Executive Director of the Lean Construction Institute, has been a construction trial lawyer, adjunct professor (Environmental, Construction and Contract Law), a credentialed mediator and a partner in a Brownfields firm. He's been deeply engaged in construction project collaboration since 2003 and part of the lean community since 2008. He has participated with over 200 teams in North America in lean and IPD, having led the facilitation team for the \$7B California Prison Healthcare Receivership from 2008 to 2010. He has implemented Integrated Project Delivery on eight major Canadian projects and more than 40 other IPD programs in the States. In 2013, he received the inaugural Chairman's Award from LCI for establishing it "as a force for change and education in the design and construction industry" and led LCI when it was awarded the National Building Museum's Henry C. Turner Award for Innovation in Construction. He is currently living in Ottawa working as the IPD Advisor for the Centre Block Renovation and assisting on other projects in the country.





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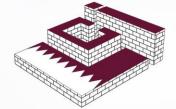
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### Introduction – Why IPD?



**Dick Bayer** President, The ReAlignment Group Canada, Ltd.





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David

Adamson



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### Current Paradigm

- Sell risk to another party
- Place risk in hands of the single party most capable of dealing with it
- Focus on activities
- Reporting, oversight
- Search for the guilty, punishment of the innocent

فنجرعه الضرع الغابضت

Tough contracts

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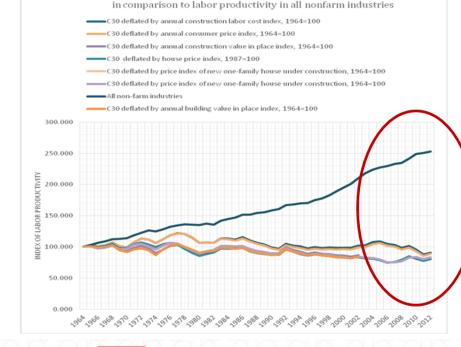
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Paul <u>Teicholz</u> article updated, March 14, 2013

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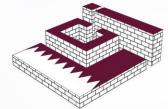
فيق للمقاولات

ALTAWFEED CONTRACTING

INSTANT TECHNOLOGY

Index of Construction Labor Productivity, 1964-2012

based on various deflators



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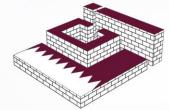
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## Is the Current Paradigm Working?

Bent Flyvbjerg: "'iron law of megaprojects': Over budget, over time, under benefits, over and over again" Figure 2 **Capital projects' budget performance** % of projects **Projects over budget** (%, by project type) 69% 64% 50% 49% 14% 0-10% 11-20% >20% New Facility Facility construction upgrade maintenance Level over budget

Source: A.T. Kearney Excellence in Capital Projects II study, 2012





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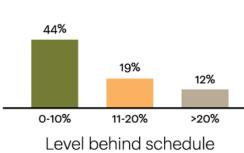
# Is the Current Paradigm Working?

### **Glenn Ballard:**

"Reliable work flow impacts the productivity of downstream players. That impact is more important than productivity of any single player. This completes the shift in focus from productivity and resource utilization to work flow as the instrumental cause for performance improvement, and the shift from the operation or crew to the project (or even multiple projects) as the ultimate object of improvement efforts.'

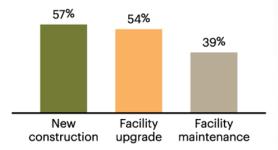
### Capital projects' schedule performance

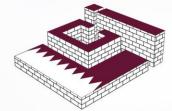
% of projects



Source: A.T. Kearney Excellence in Capital Projects II study, 2012







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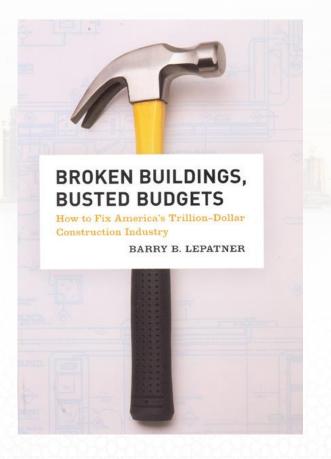


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## Is the Current Paradigm Working?

"32 percent of the total time spent at the typical U.S. construction site involves actual direct work. The other 68 percent is wasted on equipment transportation delays, travel within the site, late starts and early quits, personnel breaks, receiving instructions, and sundry other delays."



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### Fixing our Risk Strategy

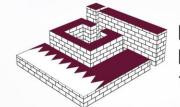
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Sell risk to another party

- Jointly manage risk
- Risk goes to the single party most capable of dealing with it
- Focus on activities
- Reporting, oversight
- Search for the guilty, punishment of the innocent
- Estimating and Predicting on assumptions
- Tough contracts

- The risk jointly managed because money and losses are jointly shared
- Focus on workflow
- Focus on eliminating non-value items
- Everyone swims or sinks together, motivated to work out issues
- Joining knowledgeable resources, designing the production as we design the outcome (fewer assumptions, different focus)
- Contracts are terrible at controlling or dictating behaviour





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### What about a more Relational Model?

Correlation of lean intensity to outcomes (% likelihood on best projects)



IPD is a relational contract that brings all parties on board early to drive assumptions out of process and bring reliability to the project. Its operating system is a lean operating system





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### What about a more Relational Model?

The IPD contract clears the way for a lean operating system. It gets rid of the obstructions to teaming and collaboration.





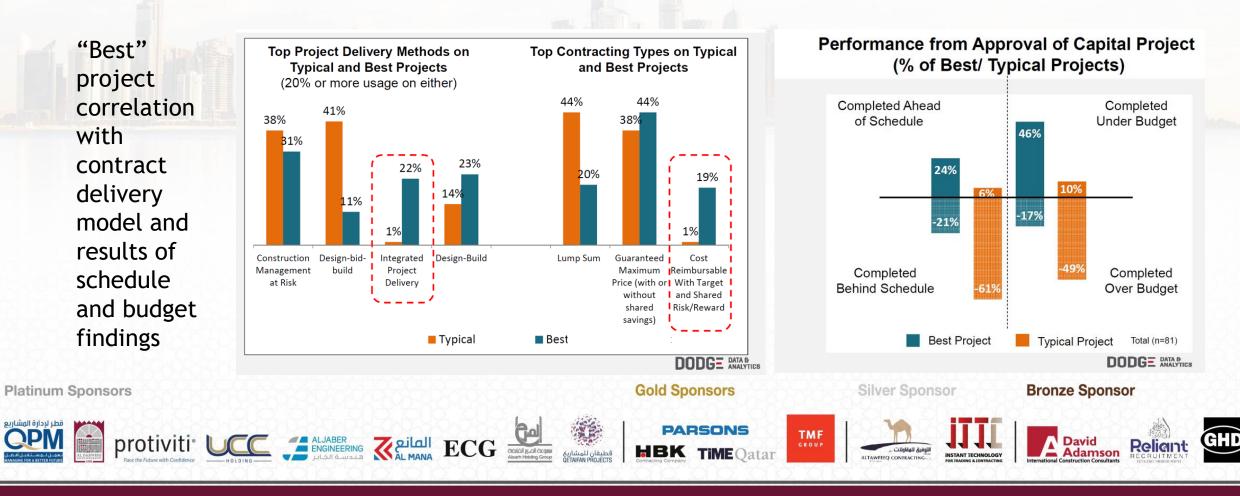
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## More relational models deliver better results





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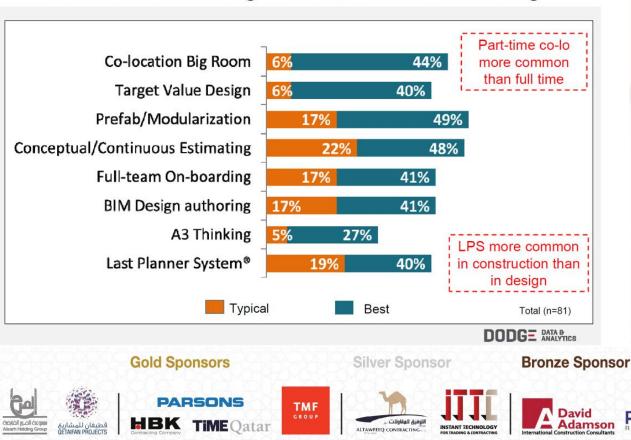
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What makes these projects more reliable and less risky?

Better results are confirmed by the research on what approaches work best

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### Methods with Most Degree of Difference Between Usage



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# Today will be all about how we use these more collaborative models, and specifically Integrated Project Delivery, to drive value for projects in Qatar and the broader Gulf Region

