

A3 TITLE: GROUP 1		
PROJECT TEAM:	START DATE:	FINISH DATE:

<b>I. PROBLEM / BACKGROUND</b>
<ul style="list-style-type: none"> <li>- Unprecedented increases in material costs</li> <li>- How do we mitigate risk?</li> <li>- Who bears the weight of escalation?</li> <li>- Holding a price for a longer period</li> <li>- Having enough funds at the time of material purchase.</li> <li>- Funding is not available to cover the huge material escalations (owner price is truly fixed &amp; finite; contractor &amp; subs can't absorb material increases after fixed price contract award)</li> <li>- Projects get stopped or not started</li> </ul>
<b>II. CURRENT CONDITIONS</b>
<ul style="list-style-type: none"> <li>- Larger increases in prices in short period of time</li> <li>- 40% increases</li> <li>- Unpredictable – cannot account for it – no historical data</li> <li>- Projects getting cancelled due to inaccurate budgeting</li> <li>- Symptoms: staff retention, no trust, strained relationships</li> <li>- Owners not getting what they originally wanted</li> </ul>
<b>III. PROJECT OBJECTIVE / GOAL</b>
<ul style="list-style-type: none"> <li>- Prevent material escalation from impacting projects</li> <li>- Negativity – to the point of cancelling</li> <li>- Measured by % of projects proceeding or being halted</li> <li>- Goal of completing the project within the approved budget</li> <li>- Smaller gap between the estimate and the final budget</li> </ul>
<b>IV. ROOT CAUSE / ANALYSIS</b>
<ul style="list-style-type: none"> <li>- Inaccurate budgets along the whole process (become inaccurate due to constant escalation)</li> <li>- Market escalation unpredictable, material supply issues, labour availability, undefined scope, scope refinement</li> <li>- Increases in resource costs, wars/conflict, supply chain, labour shortages</li> <li>- Reliance on global supplies</li> </ul>

<b>V. PROPOSED COUNTERMEASURES</b>
<ul style="list-style-type: none"> <li>- Look for other ways to source materials</li> <li>- How can we repurpose what we already have?</li> <li>- Look for ways to use alternative materials</li> <li>- Look at our approval processes in projects</li> <li>- Commit to better project planning</li> <li>- Education for decision makers</li> <li>- Policy changes that force more accurate cost estimating</li> </ul>
<b>VI. IMPLEMENTATION STRATEGY</b>
<ul style="list-style-type: none"> <li>- Owner brings partners together as soon as they have an idea that they want to do a project, and then have all partners work together to form what that looks like using the above “proposed counter measures”</li> <li>- Progressive Design Build is a possible methodology</li> <li>- IPD a possible methodology</li> <li>- Agility is huge</li> <li>- Early planning and more detailed planning</li> <li>- Split project into smaller pieces</li> <li>- Policy changes and implementation</li> </ul>
<b>VII. CHECK / FOLLOW-UP</b>
<ul style="list-style-type: none"> <li>- Are the owners getting what they wanted while all partners/parties are compensated fairly &amp; justly?</li> <li>- What is the % of projects going ahead or being halted?</li> </ul>