

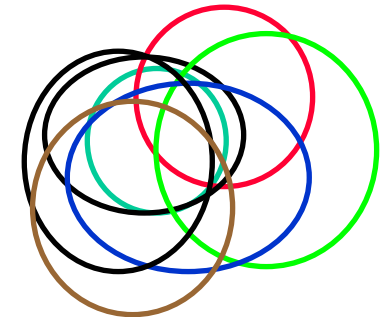
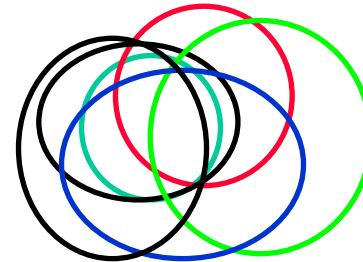
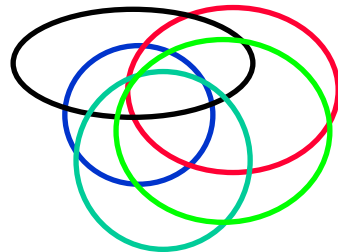
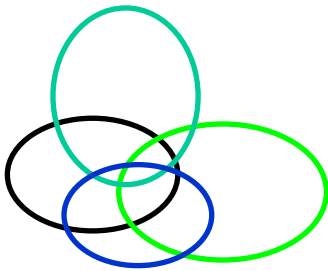
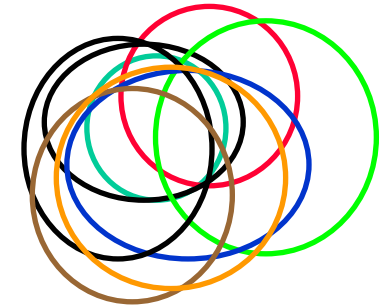
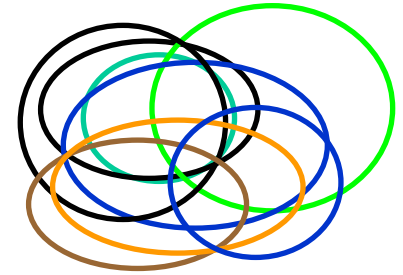
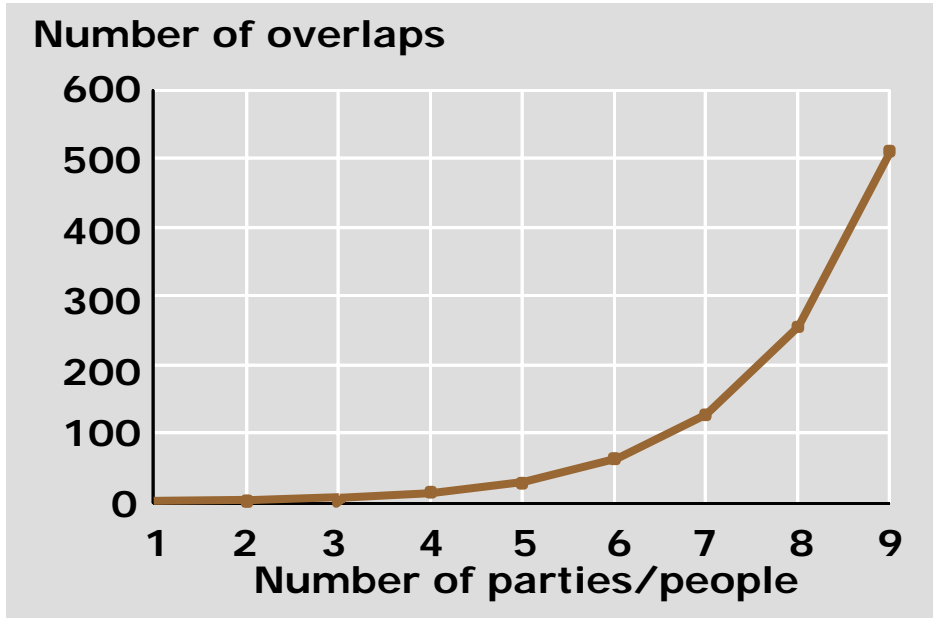
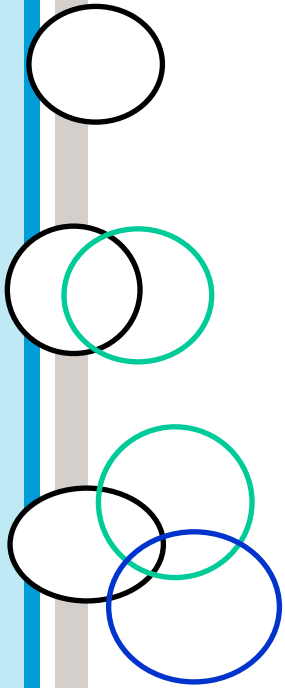


# Relationship Issues and Difficulties in Dealing with IOC/NOC Client JV's

**Gary Fischer**  
**ECRI America's Client & Industry Outreach**  
**Meeting, Houston, USA**

**5<sup>th</sup> November 2009**

# Complexity grows exponentially with the number of relationships



# Top Five Issues that Frustrate JV's

- Contractors assure the NOC they can do something that the IOC said wouldn't work...disrupting the JV's alignment
- Contractors work to influence the JV's contracting strategy to their advantage
- In cases where the contractor is also a joint venture, contractor's participants cannot agree on execution strategies, or continuously blame each other for failing to achieve performance milestones
- Contractors fall out of favor on another project in the country resulting in a host government or NOC backlash against the JV's project
- Contractors that game the system with unrealistic cost or schedule to win the bid, then work to recoup their losses with claims



# Top Five Issues that Frustrate Contractors

- JV assigns risk to the Contractor which it cannot influence or manage
- IOC or NOC designates a local subcontractor for a key portion of the work without due consideration of implications to the Contractor
- IOC and NOC have different business drivers, wanting different things out of the project, and do not resolve these issues prior to engaging the Contractor
- JV is not effective in managing government entities needed to support the project
- JV allows “Non-Qualified” bidders to participate in the bid resulting in unrealistic pricing which does not allow bidders to recoup bid costs

