

Newsletter – Q4 2020

Welcome from ECRI's CEO, Jon Nield

Over the past quarter we have been busy organising and delivering a host of webinars for our Sponsors and Partners. These have replaced the presentations we would traditionally put on at our bi-annual conferences. Wherever possible we have been running each webinar session twice to ensure global time zone coverage for all our Sponsors. This is a big ask of our presenters and I want to reiterate our thanks on behalf of the ECRI community for all the support being provided by our Partners and Secondary Stakeholders.



In addition to these Partner presentations, we hosted webinar presentations by three of our Sponsors: Zahi Ghantous of CCC talked on 'current construction risks from a contract's perspective', Dr Mayank Agarwal of Air Liquide presented on the challenges of 'embarking all project stakeholders for a proactive risk management', whilst John Lester of CISDI gave us an introductory overview to this newest of our Sponsors.

We also launched ECRI's online Education & Training Programme which was extremely well-attended and received by participants. We are currently half-way through the delivery of this 8-module programme, with the remaining 4-modules scheduled for October and November. With the support of legal firm Pinsent Masons, I'm pleased to say we will also be running the ECRI Master Class on Dispute Resolution during December.

In September we convened Special Interest Group meetings for Eastern and Western Hemispheres on the subject of Force Majeure event management, recognising the specific challenges the COVID-19 pandemic is placing on this aspect of contract management. Please see the feature article on this on Page 2.

Presentation materials and recordings of all webinars to-date are available in the Sponsors' area of the ECRI website (www.ecrionline.com).

Our programme of events for 4Q 2020 is equally packed – see the events calendar in this Newsletter.

ECRI remains your partner in supporting your risk management professionals in successfully managing the risk and uncertainty that permeate your industries. I look forward to continuing this journey with each of you.



Event News

ECRI to co-host second virtual workshop with WEF and Project 13 on Collaborative Infrastructure Delivery Initiative

Building on the first workshop held at the end of June, we will again co-host our next workshop with the World Economic Forum and the Project 13 Team on 22nd October. Having improved the endorsement of collaborative delivery models across the supply chain in construction during our first workshop, this second event will continue the process of accelerating adoption of these models across the infrastructure value chain and begin to onboard major project owners in the public sector in alternative procurement methods.

We will have the opportunity to hear from CEO-level senior executives representing **LA Metro, Infrastructure Canada** and the UK Government's **Infrastructure and Projects Authority**, who will be serving as panelists to address questions from our participants. This promises to be another key step in the process of building momentum behind this initiative along with the task of rebalancing the allocation of risks in the development and delivery of major infrastructure projects around the world.

ECRI to run Special Interest Group meetings on ESG Risk and Opportunity Management

At the end of October, ECRI will build on the webinar presentations on ESGs delivered by EcoVadis through Special Interest Group meetings among our Sponsors, with the aim of discussing risk issues, solutions and best practices. With ESG risk and opportunity management high on the agenda for the E&C industry and some high-profile cases in recent times where a failure to adequately manage these risks has resulted in adverse impacts, now is the time for the ECRI community to address this topic more fully.

Events Calendar

Oct
2020

Webinar: "When Mega Projects Become Giga Projects". **Joseph Brewer: 14th October / 15th October**

Webinar: "Joint Workshop #2 – Collaborative Infrastructure Delivery Initiative". **World Economic Forum/ECRI/Project 13: 22nd October**

Webinar: "ECRI Special Interest Group Meeting: Best Practices for ESG Risk & Opportunity Management": **29th October**

Nov.
2020

Webinar: "Hatch: Mega Project Risk Management". **Greg Ramsay, Global Director, Risk & Consulting, Hatch: 12th / 13th November**

Webinar: "McKinsey & Co: The New Norm in Construction". **David Rockhill, Partner, McKinsey & Co.: 19th November**

Dec.
2020

Webinar: "AON: The Insurer's Perspective on Innovation in the E&C Industry". **David Bowcott, Global Director – Growth, Innovation & Insight, AON: 3rd December (TBC)**

To book a space for any of the above webinar events, please email susan.mahon@ecrionline.org

September – Special Interest Group (SIG) on Force Majeure

ECRI welcomed its expert panel, comprising **Dr Mayank Agarwal (Air Liquide)**, **Michale Laliberté (SNC Lavalin)**, **Jose Valen Fernandez (Acciona)**, and **Chris Murphy (CCC)**, who provided the Sponsor participants with industry guidance and experience from the trenches on Force Majeure during the COVID-19 era and a platform for the group to discuss best practices in Force Majeure risk management.

Events of FM:

The SIGs discussed current issues around the circumstances giving rise to contractual events of Force Majeure and noted that prior FM events have not had the global, full supply chain, enterprise, and sustained impact observed with COVID-19.

Recent FM Enforcement Issues discussed included:

- Time but not cost relief available.
- E&C required to proceed while owner stands down.
- COVID-19 is now somewhat viewed as “foreseeable” for new contracts and bids and ongoing projects.
- Governmental requests and directives can fall short of Change in Law and its corresponding relief.

Best Practices for Resolving Events of FM focused on:

- Communication with clients remains key.
- Proving delay must be linked to the critical path and be a “but for” result of COVID-19 effects – lateness does not equal delay. This needs to be balanced against the risk of depleting “float” as a condition to making a claim.
- Focus on Project. Adherence to contract but engaging in a fair and project-focused manner will create opportunities with clients to address issues, costs, and risk allocation in a reasonable way.
- Train Project Teams to manage the contract and project and respond to the client in a consistent and reasonable manner given COVID-19 challenges and new normal.
- Rethink budgeting. Some clients are open to the development of risk “buckets” for shared, accepted, and transferred risks.

How to Better Plan for Events of FM Highlighted:

- Companies are developing internal templates and scripts to help teams address and negotiate the extremeness and longevity of COVID-19 impacts.
- FIDIC 2017 Edition no longer recognises the term “Force Majeure”, rather “Exceptional Events” which may promote a better understanding and more common ground for dealing with such issues with clients.
- Longstanding E&C advice of avoiding “wrong client, wrong location and wrong team” remains relevant in seeking new projects and bids.
- Continue to seek transparency and risk sharing with the client and make clear those items and risk issues that are definitively excluded to protect against the “known unknowns”.

Sponsor News & Articles

Greg Ramsay,

**Global Director,
Risk & Consultancy
Hatch**



Experience shows us that Mega Projects (capex >\$5bn) present a number of Project and Risk Management challenges to participants, as compared with capital projects of lower value. Planned and predictable results do not fit the established norms for capital projects, with some 98% of Mega Projects incurring cost overruns or delays, with 80% overrunning budget by more than 30%.

In other words, what we have seen to-date is that Mega Projects can lead to mega losses.

In his forthcoming presentation “Mega Project Risk Management”, Greg Ramsay - Director, Risk and Consulting at Hatch and ECRI Board Director - explores the various factors at play, focusing on:

- FEL and Stage Gates
- Execution Risk Management
- Managing Residual Risk
- Execution Risk Analysis
- Response Planning & Early Warning Signs
- Quantitative Risk Analysis
- Project Distress Factors & Responses

all within the context of Mega Projects.

Greg's presentation is scheduled in our series of ECRI Webinars as follows:

Eastern Hemisphere

Date: 12th November 2020

Time: 8am UK time / 6pm Australia ECT

Western Hemisphere

Date: 12th November 2020

Time: 6pm USA ECT / 9am Australia ECT (13th November)

See Events Calendar and details for how to book a space.

Some of our Sponsors



Education & Training Calendar

Oct.
2020

Risk Course Webinar: Module #5: Key Risk Area – Inadequate Handling of Change: Change Management throughout the Project Life Cycle – **13th October (08.00hrs & 16.00hrs UK time)**

Risk Course Webinar: Module #6: Key Risk Area – Inadequate Handling of Change: Secondary Impact / Consequences of Change – **27th October (08.00hrs & 16.00hrs UK time)**

Nov.
2020

Risk Course Webinar: Module #7: Key Risk Area – Working with Others: Collaborative Working Arrangements in the E&C Industry – **10th November (08.00hrs & 16.00hrs UK time)**

Risk Course Webinar: Module #8: Enterprise Risk Management: Introduction to ERM – **17th November (08.00hrs & 16.00hrs UK time)**

Dec.
2020

Risk Course Webinar: Master Class – International Arbitration (Part 1). Delivered by Pinsent Masons – **8th December (08.00hrs & 17.00hrs UK time)**

Risk Course Webinar: Master Class – International Arbitration (Part 2). Delivered by Pinsent Masons – **15th December (08.00hrs & 17.00hrs UK time)**

For Sponsors to book a space for any of the above training courses, please email elaine.spiller@ecrionline.org

About ECRI

The Engineering & Construction Risk Institute (“ECRI”) is an independent, not for profit industry association of leading companies in the engineering and construction industry devoted to improving business conditions for project development & delivery organisations across the full range of industry sectors including Infrastructure Development & Delivery, Oil & Gas, Energy & Chemicals, Metals/Minerals & Mining, Environmental, and Power & Renewables both on a discrete project and broader programme basis.

ECRI’s core purpose revolves around “**raising the bar in risk management**” for the benefit of the industry as a whole and involves the participation of high-level individuals from Sponsoring companies who are committed to improving business conditions across the E&C industry.

Sponsorship Benefits

Our Sponsors universally report, a key benefit of joining ECRI, is the unique access to informal networking, discussion and benchmarking, and access to unique, relevant and timely content key to managing risk in the E&C industry. The opportunity to interact with top industry peers through ECRI’s meeting forums enables Sponsors to meaningfully share experiences, exchange ideas for best practices around risk management, and generate support for risk management professionals within their organisation.

The key benefits of Sponsorship include:

- On-line access to 80 **Best Practices and Guidelines** on improving risk management in project delivery.
- **Databank** of Sponsor and other industry specialist presentations and think-tank type ‘white-papers’.
- **Review** of individual Sponsors Risk Management processes, procedures and organisation for **benchmarking** purposes.
- Free access to unique **Education & Training Courses** and **Master Classes** at various global locations in person and via bite-sized webinar modules. This unique training enables participants to more ably and professionally identify, manage and implement sound risk awareness and management practices in the global E&C industry and covers Project Risk, Portfolio Risk, Programme Risk and Enterprise Risk.
- Bi-annual **Sponsor Meetings** featuring presentations of current issues by Sponsors and selected third parties.
- **Special Interest Group (SIG) Meetings** to facilitate small group, in-depth discussions on the most critical risk management issues.
- Weekly and bi-weekly **webinars** on industry ‘hot topics’.
- Quarterly **Board Meetings** for nominated Sponsor representative to help steer ECRI, its initiatives, and its value to our Sponsors.
- Frequent opportunities to engage with risk management experts from leading E&C companies both globally and locally.
- Quarterly **newsletter** offers Sponsors the opportunity to publish relevant news articles of interest and keep up to date with our upcoming events calendar and other current initiatives and industry developments.

During the current COVID crisis we are continuing with our programme of meetings and training courses on a virtual basis via webinars.

We hope you will share this newsletter with others in your organisation as you seek to elevate the bar, and visibility, of risk management in your business.

ECRI Board of Directors

Chair: Sara Peterson, Bechtel
John Kouchoukos, AECOM
Dr Mayank Agarwal, Air Liquide
Jan Bouten, Arcadis
Zahi Ghantous, CCC
Jon Nield, ECRI
Greg Ramsay, Hatch
Mark Bello, Jacobs
Tom Roell, Parsons
Borys Yarosh, SNC Lavalin

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Raising the Bar in Risk Management



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