



ESSENTIAL INSIGHTS

Contracting & Risk

Collaboration for Project Success

Implementing collaboration through project delivery requires all parties to move to a 'we' mindset, rather than an 'I' mindset addressing risks collectively.

Collaborative contracting enables contract parties to work together to achieve a common objective. For engineering and project professionals more familiar with traditional contracts, an adjustment of mindset is likely necessary when moving to collaborative contracting. It is necessary to hold a shared belief in a joint project outcome, rather than an individual interest.

A good way to achieve this is to ensure that contract incentives are aligned to client outcomes, and gain/pain-share is adequately apportioned to motivate both parties. Where parties can win and lose together, behaviours are more easily, and genuinely aligned, and success can be shared.

Encouraging a 'spirit of mutual trust and co-operation', as NEC does in its foundational clause ensures that client and supplier are working together to ensure better project outcomes.



Collaboration for Project Success

Changing cultures, changing mindsets

Shifting the way projects are procured and delivered to be more collaborative requires a shared commitment from industry holistically and the leaders of individual projects.

Faced with a choice of whether to 'do it as we always have', or to try to do better, individuals must choose a better approach.

Organisations need to permit and encourage their project leaders to push for change. However, it is ultimately in the hands of individuals to want to achieve more.

Transparency and honesty are necessary for the proactive and collaborative management of risks.

Uniquely, NEC Contracts have been developed by practitioners to stimulate active management of the project, a 'no-surprises' approach to communication and a commitment to work together to solve problems before they occur.

Square Kilometre Array Observatory

NEC Contracts were selected to deliver the world's largest radio telescope observatory in 2021. The observatory is the result of a long-term collaboration between 16 countries and includes sites in South Africa and Australia. It is due to start operating in 2029.

SKAO head of procurement Ian Hastings says NEC4 was chosen as it aligned with SKAO's culture and values, which include a strong focus on collaboration:

'The NEC4 suite lends itself extremely well to an international mega-science project, providing grounded flexible contracting solutions based on commercial fairness and a process-driven approach. They are also already being used in South Africa and Australia.'

Reflecting best practice

The NEC4 standard contract forms are updated by experts to ensure they reflect best practice and industry trends.

There are significant resources available to support those transitioning to standardised NEC4 contracts and following implementation.

This *Essential Insight* was produced in collaboration between Consult Australia and NEC Contracts.

For more information on the work of Consult Australia on contracts, risk and procurement, visit the [Centre for Contracting & Risk](#), phone +61 2 8252 6700, or contact info@consultaustalia.com.au

For more information on NEC Contracts, including training and copies of the contracts, visit necontract.com or contact info@necontract.com