



ESSENTIAL MARITIME MANAGEMENT TRAINING PROGRAMS Spring 2012

CONTRACT MANAGEMENT FOR SHIP CONSTRUCTION, REPAIR AND DESIGN

Seattle, WA — April 24-26, 2012 (Tues.-Thurs.)
Ottawa, Canada — July 17-19, 2012 (Tues.-Thurs.)

THE PORT ENGINEER'S AND OWNER'S REPRESENTATIVE COURSE

Norfolk, VA — May 29-31, 2012 (Tues.-Thurs.)

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*Consulting Naval Architects and
Marine Engineers, Project Managers*



Contract Management for Ship Construction, Repair and Design

3-Day Training Program

Day 1

Project Formation Utilizing Principles of Contract Management

- Unique contracting characteristics of the marine industry
- Principles of contract management applied to the marine industry
- Nine case studies on mis-management of ship repair, construction and design
- Analysis of the causes of mis-management
- Chronology of contracts from formation to close-out after the warranty ends
- Meetings and other pre-contract communications which affect contract workscope
- Defining all of the contract deliverables
- Pre-signing contract management, bid package formation, contract development
- Identification of owner's rep's functional responsibilities throughout performance
- Development of spread sheets to track all contract communications
- Shipyard's development of estimate and bid
- Identification of engineering, regulatory and classification-related responsibilities
- Contract signing, pricing review and schedule review
- Project kick-off meeting agenda items
- Advance development of mechanisms to avoid prolonged disputes

Day 2

Negotiating, Pricing and Scheduling

- Examples of successful and other changes
- How timing affects the cost of changes
- Identification of real change in workscope
- Change work as a substitute for basic work
- Risk assessment and risk syndication
- Engineering and procurement for changes
- Identification of all involved crafts
- Support services for change work
- Obtaining advance pricing commitments
- Limiting negotiation authority for changes
- Hazardous waste removal change orders
- Identifying the non-obvious scope of work
- Credits for canceled or replaced basic work
- Shipyard's vs. ship owner's estimates
- Choosing a negotiator or negotiating team
- Lead times and durations for change work
- Identifying schedule impacts of changes
- Determining delay entitlement for changes
- Competition for change work
- The shipyard's view on indirect costs
- Identifying overlooked billable personnel
- Estimating change's non-productive effects
- Reliance on OFE/GFE commitments
- Dealing with mandatory changes
- Time and material changes
- Identifying/neutralizing negotiating tactics
- Twelve negotiating techniques
- Use of THE CHECK LIST before making commitments

Day 3

Project Control Through Application of Principles and Proven Techniques

- Translating the contract into routine procedures and communications
- Identifying standards for inspection or rejection of workmanship
- Drawings and bills of material
- Classification and Coast Guard approvals
- Schedule development, monitoring and updating—selecting CPN or Gantt
- Delays—excusable, compensable, non-excused and concurrent
- Responding to failures by the other party to fulfill its obligations
- Owner's review of contractor's drawings
- Review of contractor equipment selections
- Owner-furnished information, equipment
- Management of owner's secondary contracts and yard's sub-contracts
- Early identification of potential disputes and their quick resolution
- Inspection deficiency reports—origination and follow-up
- Distributed change order authority
- Warranty and incomplete items
- Vessel delivery and re-delivery procedures
- Financial and insurance matters
- Monitoring contract deliverables lists
- Closing out the contract

Registration Form on Page 7

Team discounts available.

Seven or more participants in your organization? Call and ask about scheduling the program at your facility. **800 732-3476**

“ ‘Great eye-opener! Dr. Fisher’s experience really shows up as he guides you through the jungles of contract misunderstandings.’—D.C.R., Project Engineer, major US marine vendor

‘I especially benefited from the actual problems experienced between shipyards and owners. I also appreciated the in-depth discussions on contract language, contractor point-of-view, contractor management philosophies and negotiation/resolution techniques. Excellent presentation. Well done!’—D.S., Canadian Dept. of Nat’l Defense

‘The course will furnish the tools to allow you to manage your contracts with significant savings to your firm.’—L.U., Fleet Manager, service vessel

‘A must for anyone involved (even remotely) with contract management. Dr. Fisher explains the complex elements of contract management very eloquently by using real life examples.’—Z.H., Canadian Navy

‘Send your key production people also. It helps to get them on the team so more people outside of management understand the consequences of what they tell our customers.’—
Production Manager, major US shipyard ”

Lessons Learned—Not Theoretical

This program is a lessons-learned one, not some theoretical course on contract management. It bears a lot of “scar tissue” from marine contractual disasters. It is designed for: (a) project managers who handle day-to-day relations with the other party, (b) persons who form contracts, and (c) senior managers who monitor contract-related resources/cash flow.

Who Should Attend?

- Project Managers (Yards and Owners)
- Contract Managers and Specialists
- Newbuilding Shipyards, Repair Yards
- Fleet Managers
- General Managers of Shipyards
- Financial Managers (Yards & Owners)
- Ship Conversion Specialists
- Naval Architects, Marine Surveyors
- Federal, State and Provincial Agencies
- Ferry Operators (Public and Private)
- Naval Shipyards
- Owner’s Representatives
- On-Site Representatives
- Major Equipment Vendors
- Marine Superintendents
- Consultants, Attorneys

Your Instructor

Dr. Kenneth Fisher is recognized worldwide as the leading authority on the development and management of complex contracts and specifications for ship construction, conversion, repair and design. He is author of the 2004 RINA publication, *Shipbuilding Specifications: Best Practice Guidelines*, and of the 2003 SNAME publication, *Shipbuilding Contracts and Specifications*. As an arbitrator, expert witness, consultant and instructor for more than 33+ years, he brings clarity and organization to an otherwise-complex set of management requirements unique to the maritime industry.



The Port Engineer's and Owner's Representative's Course

3-Day Training Program

Day 1

Preparation of Specifications-Ship Repair, Conversion and Construction

- Defining the scope of work
- Identifying the required type specification
- Shipyard schedule and updates for workscope
- Support services provided by the contractor
- Environmentally-related services
- Contractor's engineering responsibilities
- Contractor's design responsibilities
- Identification of interferences
- Review of contractor's sketches and drawings
- Third-party approvals and inspections
- Use of "optional" and "conditional" items
- Most-probable vs most-definite workscope
- Identification of entire workscope for items
- Use of vendor's representatives
- Shipyard estimates of hours and materials
- Technical documentation requirements
- Common problems with specifications
- Content/form of owner furnished equipment
- Delivery of owner-furnished equipment
- Integration of owner-furnished equipment
- Condition reports for open and inspect items
- Orders to proceed from condition reports
- Identifying necessary tests and trials
- System and compartment close-outs
- Identifying hazardous materials on the ship
- Work performed by the crew and vendors
- Contractor's equipment selections
- Facilities and services for the owner's reps
- Bid or pre-negotiated rates for services

Day 2

Applying Principles of Contract Management to Daily Project Tasks

- Foundation for success is in the workscope definition
- Contractor's obligation to ship check
- Significance of pre-contract communications
- Cancellation of basic workscope items
- Responsibility to identify interferences
- Rules of precedence between documents
- When regulations have precedence
- Disposal of hazardous materials
- Agenda items for project's kick-off meeting
- Transfer of custody and control of the ship
- Identification of all the PE's responsibilities
- Advance development of spreadsheets
- Monitoring schedule commitments
- Engineering responsibilities, drawing approvals
- Managing classification and regulatory items
- Managing OFE commitments
- Programmed vs random inspections
- Documenting the shipyard's deficient work
- Standards for approvals and rejections
- Progress payments and approval of them
- Reacting to shipyard's failure to achieve commitments
- When the owner fails to fulfill contract commitments
- Avoiding litigation if disputes arise
- Dealing with force majeure and vendor delays
- Measuring your's and shipyard's performance
- Timely receipt of all the deliverables
- Withholding payments for incomplete work
- Credits for deleted work at vessel delivery
- Vessel delivery with agreed-upon disputes
- Managing warranty issues, retainage funds

Day 3

Shipyard Change Order Selection, Negotiation, Pricing and Scheduling

- Examples of successful and other changes
- How timing affects the cost of changes
- Identification of real change in workscope
- Change work as a substitute for basic work
- Dealing with contractor-suggested changes
- Avoiding constructive change orders
- Multi-level change order authorization
- Engineering and procurement for changes
- Identification of all involved crafts
- Support services necessary for change work
- Obtaining advance pricing commitments
- Limiting direct-billing crafts for changes
- Identifying the non-obvious scope of work
- Credits when changes replace basic work
- Credits for canceled basic work items
- Shipyard's vs ship owner's estimates
- Overhead costs in changes
- Putting advance limits on negotiations
- Choosing a negotiator or negotiating team
- Identifying and neutralizing negotiating tactics
- Lead times and durations for change work
- Identifying schedule impacts of changes
- Determining delay entitlement for changes
- Getting change work on a competitive basis
- The shipyard's perspective on indirect costs
- When to allow indirect effects in pricing
- Avoiding letting OFE/GFE commitments cause a change
- Identifying when a change is mandatory
- Using the changes clause to advantage
- Use of THE CHECK LIST before making commitments



“ ‘The course was well-tailored to the audience, very enlightening on actual contracts and specs as well as good management techniques, providing checklists for future reference.’—C.J.M., Project Manager, U.S. Navy

‘Every engineer, nav. arch., project manager or contract manager involved in a ship project, whether it be operations, repair, etc., should take this training since it is all very practical. I have learned a number of things that I will look to incorporate in future contracts.’—G.L.D., Canadian Coast Guard

‘Refreshing emphasis on writing the specs to promote a good relationship between yard and owner to achieve satisfactory repairs.’—L.A.M., Manager, coastal fleet

‘Dr. Fisher’s course emphasizes to [vessel] owners the results of poor contract specification development. If the most important thing is ‘read the contract,’ then the owner’s most important effort should be the development of the most clear and concise contract possible.’—L.C., Project Manager, Major U.S. ferry operator

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Here’s What Past Participants Had to Say...

“ ‘Excellent training for port engineers with a few years of experience and less time in preparing specs.’— B.N., Major US government agency

‘I now have a better understanding of the inter-relationships between shipyards and their customers, and I am certain that any future dealings I have with shipyards will be more in my favor.’—H.P., major ferry operator

‘Highly valuable training based on lessons learned from a broad cross section of the maritime industry.’—M.P., Port Engineer, large US fleet

‘For every dollar spent on the course, you immediately get back ten-fold, most of all in self-satisfaction; you have done a better job for your company.’—L.R.H., Port Engineer, large US fleet

‘Excellent Course! I immediately put into practice what I learned and obtained better results.’— J.F., Port Engineer, US fleet operator

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Seven Signs of a Troubled Project



What are the key signs that a ship or offshore conversion or construction project is in trouble?

Check off all of the following that apply to your current or recent contract. Then determine the health of the contract is by using the scoring procedure in the next column.

- The contract work got off to a very slow start.
- Equipment ordering or detail design has fallen far behind schedule.
- Subcontracted work is being assigned late or falling behind schedule.
- The owner-furnished equipment/information is arriving late or incomplete.
- Numerous alleged changes have not been negotiated or agreed-upon.
- The contractor and/or owner is having cash liquidity problems.
- The owner continues to request substantial changes late in the project.

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The Health and Outlook of Your Project

Scoring: How many signs did you check as applicable to your current or recent contract?

ONE OR TWO: The contract is not really troubled, but the situation can deteriorate rapidly if both parties do not maintain good contract management practices.

THREE: The contract is beginning to experience potentially significant troubles. However the impact can be minimized by avoiding the need to address further requests for changes, resolving or canceling unauthorized changes, and pushing for open communications with the other party.

FOUR: The troubles are not just potential; they're quite real. Contract overruns of cost and schedule are almost certain, but can be minimized by application of proven contract management practices by both parties. Don't hesitate to bring in outside contract management support (not just project managers) to support your position. (In other words, contact Fisher Maritime.)

FIVE: Definitely call in the contract management experts, Fisher Maritime, first, to stabilize the rapidly deteriorating contractual relationships, second, to identify the means for rescuing the remainder of the project, and third, to start documentation for the potential post-delivery claims and counter-claims.

SIX: Call in the lawyers, too. There's a strong potential for one party or the other to allege contractual default. Legal counsel will help minimize that possibility or help you respond to it if it occurs.

SEVEN: *Dive for cover!* The contract is collapsing, and the project may never get completed under the current contract. Only the experts (Fisher Maritime) and lawyers will be able to sort out this catastrophe. Litigation or arbitration is likely if mediation fails.

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Be sure to indicate the course/location
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All Programs:
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See below for special discounts.

REGISTRATION FORM

SPRING 2012

PAYMENT IS DUE WITH REGISTRATION

Date _____

Name* _____

Title _____

Organization _____

Address _____

City _____ State _____ Zip _____

Tel. _____ Fax _____

REGISTRATION FEE \$1795.00 (US Dollars) No. of Registrants _____

Early Payment Discount \$ _____ Team Discount \$ _____

Total Registration Fee \$ _____

FORM OF PAYMENT

Check AMEX Visa Master Card

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Contract Management Course...Ottawa, Canada, July 17-19, 2012

Port Engineer's Course...Norfolk, VA, May 29-31, 2012

10% Team Discount

AND
Every fifth
registrant from
the same
organization attends

FREE

*Additional participants registering from the same organization eligible for a 10% team discount:

Name 2 _____ Title _____

Name 3 _____ Title _____

Name 4 _____ Title _____

Name 5 _____ Title _____

EARLY PAYMENT DISCOUNT: A \$85 discount applies if payment is received at least one month prior to first day of the program attended by the registrant(s).

TEAM FEE DISCOUNT: A \$180 discount per person applies when 2 or more persons from the same organization attend the same program, date and city. ON-SITE programs are cost-effective for 7 or more persons.

LOCATIONS: All programs are held at convenient hotel locations downtown or near the airport. Registrants will be advised of the specific venues.

FEE: The tuition and registration, \$US 1795.00 payable in advance, is shown above. This includes the cost of all workbooks, program materials and refreshments (luncheons not included).

CANCELLATIONS: All cancellations must be in the form of a written notice. Registrations cancelled at least 14 days before the first day of the program are subject to a \$75 cancellation fee. Registrations cancelled 7-13 days before the first day of the program are subject to a \$150 cancellation fee. Registrations cancelled 3-6 days before the first day of the program are subject to a \$300 cancellation fee.

Registrants who do not attend or who cancel less than 3 days before the program will receive copies of program materials but no refund. In the event of a cancellation of a program for any reason, our liability is limited to the return of the registration fee.

TRANSFERS/SUBSTITUTIONS: There is no charge for transfers or substitutions; however, the cancellation policy stated above applies equally.



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