



Nov 30th 2017

To my peers and colleagues in the Canadian energy and construction industries:

We are in a transformational time with both challenges and great opportunities ahead. Just under the surface of our existing processes lies great potential for collaborative innovations to not only save on costs, but improve safety and maximize the value we can create for our society. To tap into that potential we need to be open and trusting with meaningful dialogue and ultimately... decisive action.

This is the motivation for GO Productivity's Project Alignment and Delivery (PAAD) and I am formally inviting you and your firm to be a part of this action-based initiative. PAAD is a virtual organization of firms from all levels of the supply chain with a common goal: to be twice as safe and twice as productive by 2020 (compared to 2015.) To date we have attracted 10 Founding companies and 4 Associate companies with ranging representation from Owners, Engineering, Construction, Fabrication and Union Representatives. All of which have a commitment to action, improving their own performance on projects and help the other PAAD members by sharing and learning together.

We continue to look for leading companies that are ready, willing and able to play a role in this collaboration which provides results for our PAAD member companies.

We have demonstrated over the first 2.5 years of PAAD that collaboration between owners, EPCs and contractors/suppliers can provide savings into the \$Millions with even the simplest best practices. These initial findings suggest there is extremely significant potential to improve the value created in not only the capital projects but in small sustaining projects, turnaround projects and most especially operations and long-term relationships in a supply chain.

We stand at a turning point for our industry and we need you to join us in building the critical mass that will publicly demonstrate the commitment for change and the potential to really start to perform at our peak levels.

GO Productivity: Project Alignment and Delivery is the vehicle that will help drive us to the betterment of our industries, our workforce, and our province and country. Your support is the fuel that will advance us and begin the change on the right foot.

I would encourage you and your firm to get involved and help instill a new culture of collaboration in the energy and construction industries in Alberta and Canada. Continue reading for more information on what we have accomplished thus far and how you can get involved. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Mike MacSween
Chair, Project Alignment and Delivery
And Senior VP Projects – Suncor Energy

The Need for Improvement

Energy and construction projects in Alberta face unique challenges in project execution due to geography, climate, labour market characteristics, investment and other factors both internal and external to the industry and its players.

Too often these factors are used as excuses for poor project performance.

Industry needs to address these issues if we want to improve on our current situation. The only way to do that is to address the strategic issues in all areas by determining the key drivers, allocate responsibilities, and intentionally align activities across industry.

What is Project Alignment and Delivery?

Project Alignment and Delivery or PAAD is a virtual organization; a group of industry members coming together to discover, measure and address critical execution and productivity challenges.

What is the vision for Project Alignment and Delivery?

PAAD has a vision that the Alberta Energy Industry will be twice as safe and twice as productive by 2020 and internationally competitive. (An aligned vision with other sister organizations)

What is the strategy?

Project Alignment and Delivery will lead:

- Group of industry companies committed to action
- Demonstration Projects of innovative practices
- Develop tailor-made implementation strategies and content for innovative practices resulting in high performing projects and operations

How is this work different from other initiatives?

PAAD aims to bring together the various players and stakeholders to see real intentional and sustainable change in the industry. Its approach is focused not on developing best practices but more on finding projects to implement best practices on.

Does this project duplicate work that is already underway?

No. This work complements work underway by other organizations. PAAD co-founded a collaboration called **Alberta Project Improvement Network** which shares the same vision. The members are GO Productivity, Construction Owners Association of Alberta, Supply Chain Management Association of Alberta and JWN Energy a Glacier Media company.

PAAD has sponsored the generation of academic reports and literature studies that reference and collaborate with other academic initiatives underway.

Who is GO Productivity?

GO Productivity is a not-for-profit organization based in Edmonton, AB but serves Canada-wide as a consulting service for small-medium enterprises focusing on Growth and Optimization. While working with smaller organizations, GO Productivity discovered the need to facilitate industry-wide improvement in order to support each individual company on a supply chain.

GO Productivity facilitates PAAD with part-time staff administrating the PAAD regular meetings and compiling reports and results as well as a website: PAAD.ca

What are the areas of focus?

- Collaboration and Contracting
- Skills and Competencies
- Risk Management
- Project Planning and Execution Practices
- Construction Simulation

When and how did PAAD start?

PAAD was founded in Jan 2015 by a core group of companies; Suncor, Shell, Teck Resources, Nexen, Fluor, Jacobs, Mammoet, Waiward Steel, Supreme Group and others.



The Value Proposition

The value of Project Alignment and Delivery is simple.

Gain valuable insights and momentum to **lead your improvement projects towards success**.

Start seeing **productivity improvements** and safety improvements right away on your existing projects.

Start building **better relationships** with your customers and suppliers.

Join us today and help guide and develop the work of this ground-breaking, transformational initiative to improve the sustainability, profitability and competitiveness of Alberta's energy and construction industries.

You'll be showing a clear commitment to your fellow industry members and to the public that your company is part of the positive change, not a barrier.

You'll be at the front of a movement that is working to better the performance of industry and its workforce, reinforcing Alberta's position as a world energy leader.

Read more about the PAAD demonstration projects that have been completed to get a better idea of the impact this membership can have on your company.

How can you be involved?

Become a member!

We have two levels of membership; Founder and Associate.

Founder members are leaders of the Alberta Energy industry and leaders of change. They are action-oriented and will provide implementation projects within their organization to demonstrate best practices.

The role of a Founder is ultimately a voting member which participates in the quarterly PAAD Founders meetings reviewing and approving the annual strategic plan and budget.

Benefits of being a Founder are to have direct access to the resources and support from the other PAAD member companies and the compilation of best practices leading to better project delivery; more reliable projects which are more attractive for investment. Also a Founder member has the opportunity to network with leaders in the industry and have free access to PAAD-generated research. Lastly, your company logo would be included on the PAAD website, APIN website, PAAD recruitment package and on relevant PAAD materials as well as visibility at PAAD or APIN events.

Associate Members are thought leaders and champions of change. They mainly participate in the working groups which focus on a specific area the industry needs to improve on and demonstrates best practices. This membership level is not a voting member but still have access to PAAD-generated research, networking opportunities and logo visibility like that of a Founder member.

To see how these benefits compare, see the chart on the next page.

Membership Levels: Side-by-Side Comparison

MEMBERSHIP BENEFITS	FOUNDER	ASSOCIATE
Having a say in the direction, priorities, and improvements that will impact the industry in Alberta, Canada, and globally	✓	
Realize real project delivery cost and schedule improvement for your projects from small to mega! Leverage PAAD community to support and generate ideas for improvement. For Example, one of our members recognized \$6.8M savings by having collaborative monthly risk sharing meetings on site.	✓	
Membership in PAAD Founders' Group as a <i>voting member</i> <ul style="list-style-type: none"> ❖ Company seat at Founders' Table for all strategy, planning, and priority-setting work in PAAD ❖ Participation in all direction-setting work for PAAD and pilot projects 	✓	
Direct access to a leading network of researchers, subject matter experts, and delivery partners	✓	
Free access to selected research and reports from PAAD	✓	
Implement best practices that lead to more efficient operations and projects	✓	✓
Company logo on website, printed materials, and in presentations to public and industry audiences	✓	✓
Participation in pilot projects and working groups (additional contributions required for projects)	✓	✓
Members-only pricing for PAAD in-depth research reports and data	✓	✓
Annual contribution required	\$25 000	\$10 000
Recommended initial commitment period	3 years	3 years
Option to extend / renew commitment	✓	✓

Contact Information

For any questions about PAAD membership please feel free to contact one of the PAAD staff below:

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Competency Tracking Demonstration Project

There is often a wasted effort with safety and job training when tradespeople are dispatched from site to site even though they have already completed similar training. Waiward conducted a pilot project to create competency profiles for each of their employees in partnership with their ironworkers trade union with scores of Master – Competent – Needs Training – and Not Applicable.

What was the target value?

The opportunity lies in building a collaborative standard tracking system for witnessed competencies that can travel with an employee from site to site, saving time on re-assessment and re-training when not necessary. For Waiward alone this saved them \$500,000/year and reduced their lost time claims by 800%. If all subcontractors on a project participated, savings would be amplified.

How could it apply to my company?

Your company may already have a competency tracking process within your walls. Your new employees could be coming to you already having witnessed competency reports. If the standard doesn't exist yet, they are open to adding new positions all the time. MODOS is a software that can house the standard competency profiles and has already been built around sound legal advice and personal information protection laws.

Shared Risk Register Demonstration Project

In general our industry is excellent at doing risk assessments before the projects begin, but we are not disciplined enough to keep assessing and communicating our risks throughout the project.

In this demonstration project the owner and construction contractor added to their monthly meetings a quick review of risks coming up and recorded them on a shared risk register; both the owner's risks and the contractor's risks.

The result? They identified \$32M of potential risks and diverted \$6.8M of high risks potentially saving months of schedule delay and cost overruns.

What was the target value?

The target value is critical schedule delays and cost over-runs due to poor communication of potential risks to the project as the project is being executed.

How could it apply to my company?

Any process can benefit from having an open and frequent dialog with both suppliers and customers on the risks that are seen on the horizon. This best practice requires a collaborative spirit and discipline or determination to keep assessing for risks throughout the project.



Project Portfolio Management Research

What happens when you do great front-end planning of a project but then business outcomes change half-way through the plan?

We conducted a historical project review exemplifying the effects of 'not sticking to the plan.' Two projects with good 'FEL' or front-end-loading score were compared. One project over budget and behind schedule because of changing business pressures. One project similar scope learned from those business pressures and adhered to the plan resulting in 12% under budget and 3 months ahead of schedule.

What was the target value?

Critical schedule delay and over-runs happen when projects change scope after the project has been fully planned. This case study can be used as a business case for project sponsors to justify why project scopes should not be changed, or show just how much that change will cost the company in comparison to the perceived benefit of the scope change.

How could it apply to my company?

Many projects face this temptation during the planning and execution phases. Use this case study as an example to your project team and leadership/executive team to further qualify decisions to change scope.