

Bulletin #1: Contract Management

What is Contract Management?

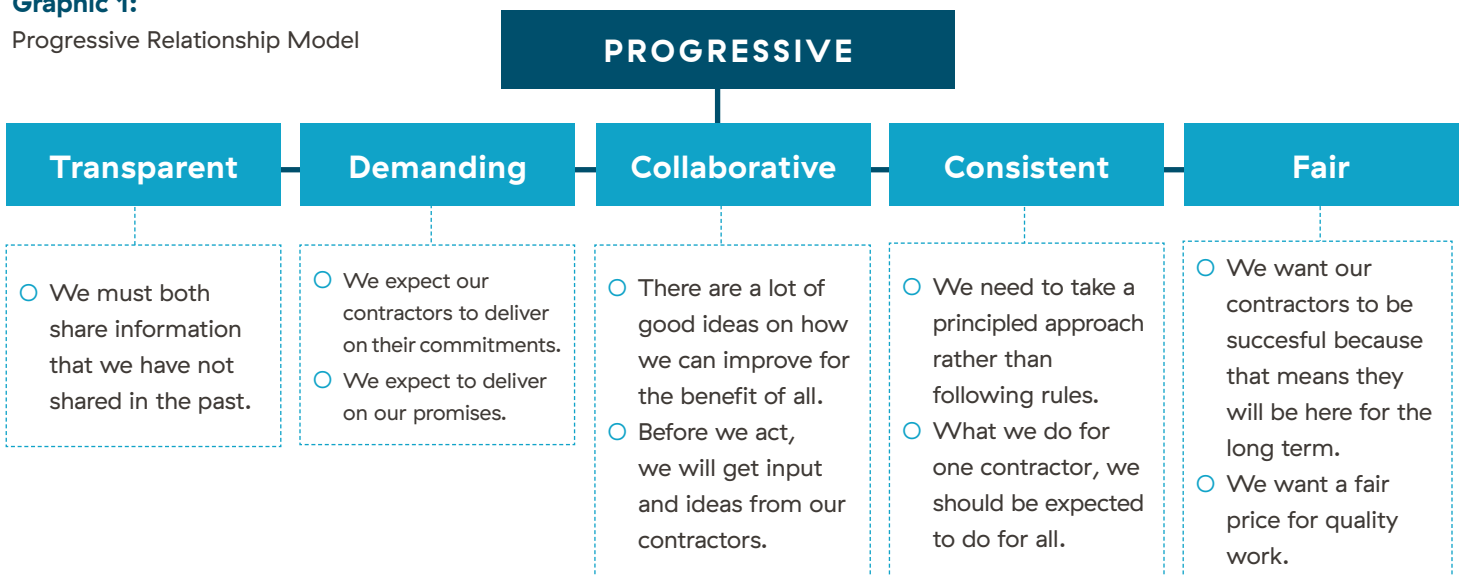
Contract Management is the phase of the Procurement lifecycle when a Contract has been awarded and signed and the Contractor (supplier) and buyer (BC Hydro) work together to meet the requirements and expectations of the Contract. The Contract defines how the two parties will work together, the specific roles and accountabilities for each party and the scope of work. Contract Management is the oversight provided by BC Hydro to support the implementation and sustainment of the contract terms and conditions, to actively monitor and manage contractor performance, and to grow and develop a positive, mutually beneficial working relationship with the contractor throughout the term of the agreement.

How does BC Hydro approach Contract Management?

BC Hydro has adopted a contract management approach that strives to develop a progressive relationship with our contractors. A progressive relationship is where both parties actively support each other to achieve the same goal by maintaining a healthy level of respect, negotiating conflicts, keeping promises and focusing on the long-term relationship. There are five principles that form the structure of the progressive relationship.

Graphic 1:

Progressive Relationship Model



What does Contract Management look like for the Civil Underground Construction contract?

The Civil Underground Construction contract will define the processes and how we work together to ensure that good quality work, at competitive rates, is executed safely and in a timely manner. It will describe:

- **How** and **when** we communicate with each other
- The metrics to capture safety, quality and on time delivery performance
- **Performance monitoring** activities, including regular reporting

Why is Contract Management important?

There are two key elements that support contract management: the structure of the contract and the strength of the relationship.

The contract will set the expectations for both of us so that a clear process is understood. You will know what to expect from us, what is expected of you, and the required resources and training needed. The contract will also define the tangible performance measures such as quality pass rates, safety reporting and on time delivery.

Contract Management is also supported by the relationship we build as we resolve conflicts, implement improvements and deliver on expectations. The governance of the contract will be designed to encourage us both to form a strong, mutually beneficial relationship so, together, we can deliver Civil Underground Work in a safe, effective and reliable manner for all our BC Hydro customers across the province. It is important because this discipline provides oversight and clarity of the relationship. It will enable us both to monitor and adhere to the contract's requirements and to hold each other accountable.

By understanding expectations, the contract process and performance metrics the terms of the contract can be employed properly, helping to ensure success for both BC Hydro and our contractors.

What is expected of you as a Contractor?

As a contractor it is important you understand, acknowledge and actively support the terms and principles of this contract. You will need to be able to demonstrate that your company will align with the five principles in the our progressive relationship model (refer to Graphic 1). We will expect you to:

- Have a strong safety culture where employees are knowledgeable, aware and involved in the safe execution of work – they all believe that safety is a full-time practise not a part-time job. We are seeking contractors that have developed safety reporting as an active practise and that the analysis of this reporting directly contributes to the mitigation of safety hazards and risk. We will expect you have a Safe Work Observation Program where supervisors and managers observe workers in the field to identify and correct unsafe work conditions and/or practices to ensure that they are appropriately addressed.
- Have an active Quality Control program (we will talk about this more in the following bulletins) and can demonstrate how deficiencies discovered in your work will be resolved. We need to know that you are focused on quality and consistency to ensure the delivery of quality construction that meets BC Hydro's standards.
- Provide appropriate, timely reporting in order to confirm performance expectations are being met and maintained.
- Strong administration processes that support the timely submission of change order requests and completed work order packages, including signed work orders, as-built drawings and approved change orders within the specified contractual timeline and to the required standard.
- Practise continuous improvement to streamline processes to improve quality and efficiency – we will encourage you to use technology that is compatible with BC Hydro.

TO SUPPORT YOU IN YOUR WORK:

- You will have a single point of contact for scope of work clarification, issue resolution, payment enquiries and the sharing of concerns or recommendations to improve efficiency.
- You will be trusted to adhere to the contract requirements and to complete your work to the standards outlined in your contract without interference by BC Hydro.
- We will pay your invoices within the time specified in the contract, assuming you have adhered to the invoice submission time and process requirements.

Where can you find more information?

- The monthly bulletins and related FAQs can be found at: bchydro.com/suppliers.
- For questions about the Contract Management process, please email: cucinfo@bchydro.com.