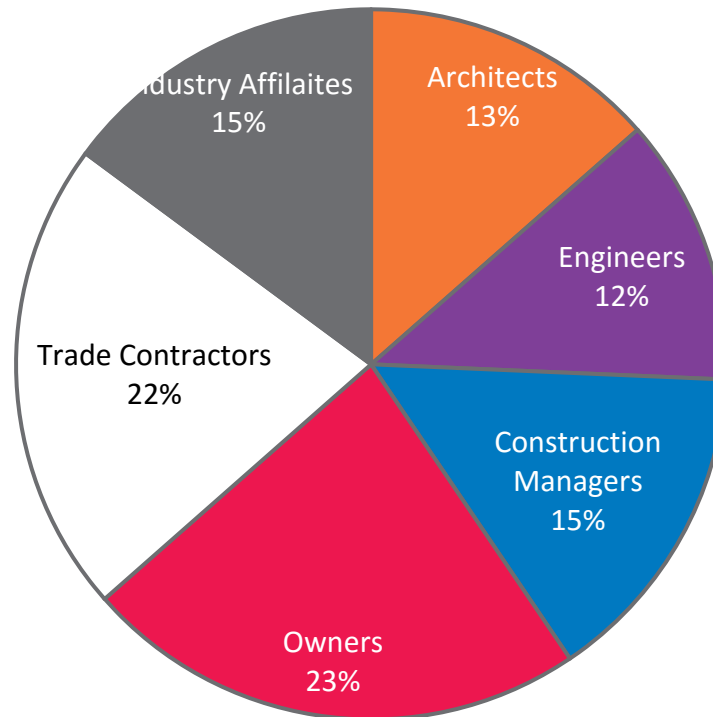


Risks? Or the Keys to Success?

11 May 2016



Cogence Partners as of May 2016



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CO  **GENCE** Alliance
Owners+Architects+Engineers+Contractors

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Agenda

- Summary of Risk Data Analysis (20 Min)
- Identify Necessary Leadership Traits (30 Min)
- Create a Leadership Toolbox (45 Min)
- Next Steps (5 Min)
- Plus/Delta (10 Min)

Risks? Or the Keys to Success?

Understanding Risk

January 2016 : Groups “Siloed” by Partner Type. Identify Risks. 100+ Identified



Architect	Soul-Isolates or Engulfs
Architect	Soul-Allowing team to get Vision (Bidding vs. Design Time)
Architect	Soul-Reputation
Engineers	E/O - drawings never perfect
Engineers	Not at table early enough in the process or throughout the process
Engineers	Architect/Owner/Contractor - PM experience/ineffectiveness
Engineers	Contractor performance
Engineers	Lack of understanding expectations -misaligned expectations
Engineers	Effort exceeds fee - Overcommitting
Engineers	Fee / Budget / Criteria - Do Not Align
Engineers	Unrealistic Owner / Client expectations
Engineers	Lack of direct communication with Owner / Client / Trade Contractor
Engineers	Subjective design result.(?)
Engineers	Adequate scope / time during construction
CM/GC	Expectations-Setting project foundations based on misaligned expectations (Schedule, Budget)
CM/GC	Risk of Overcommit-Ramification of telling Client that expectations are unrealistic
CM/GC	Change of Leadership-Changing expectations during project
CM/GC	Trade Contractor-Performance, Workload (over extended), Management, Financial (bad estimate/bid)
CM/GC	Onboarding too late

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Understanding Risk

February 2016 : Cogence Resource Committee Summarized Risks into 7 Categories.



The Risks We Face in Executing A Project

Leadership		Communication	
Change within Project Timeframe Lack of Engagement Misalignment of Personalities Not Involved Early Enough to Affect Outcome		Lack of Transparency Not Open, Honest, Timely Fails to Clarify Intent Does Not Happen	
Failed Expectations		Contract Issues	
Schedule / Budget Not Realistic Overcommitting Forced to Accept Deficiencies Assumptions Made on Incomplete Information		Scope Not Detailed Shift Risk to Inappropriate Party Not Negotiable Not Properly Coordinated with Team	
Financial	Project Management		Quality
Schedule Delays Business Operations Effort Exceeds Budget Pricing Assumptions Cash Flow Estimates Based on Incomplete Info. Aligning pricing structure to compete with market	Inexperience Not Being Clear with Performance Expectations Scope Creep / Scope Change Reliance on Consultant / Sub Performance Overextended Workload Not Involved Early Enough to Affect Outcome		Poor Craftsmanship Incomplete / Conflicting Docs. Constructability Issues Poor Performance Drawings Never Perfect / E&O Changes in Scope Without Change to Schedule; Quality Suffers

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Understanding Risk

-  **March 2016 : Cross-Functional Groups populate these risks on a timeline.**



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Why the focus on risk?

Risk

Security

Control

How Does This Make Us Behave?

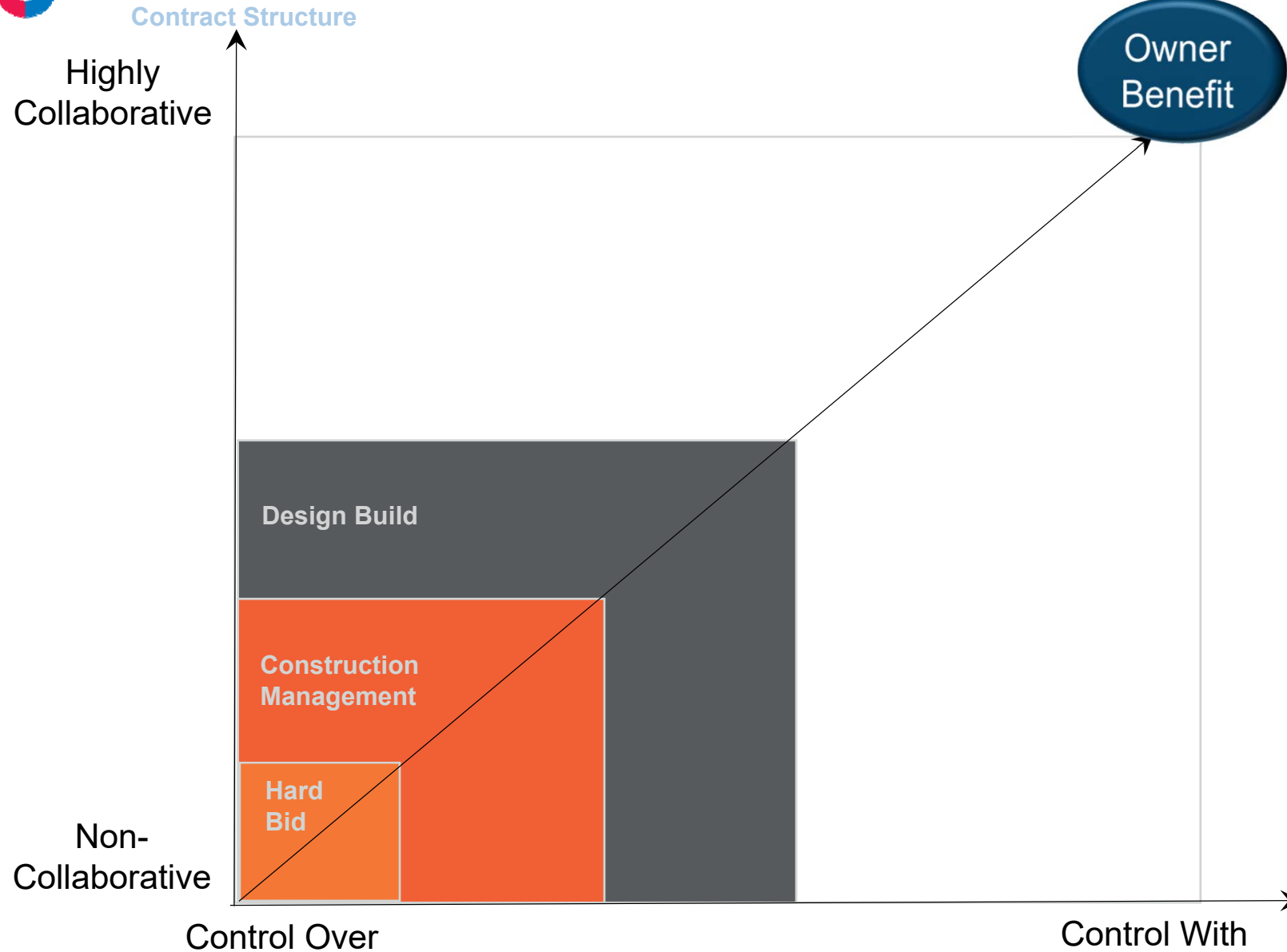
In The Best Interest of All?



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How Do We Apply This?



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Aggregating the group's Input:

Table #	Contract Structure	Risk Category	Partner Category	Specific Risk Description	Project Lifespan	Level of Risk
3		Financial	Owner	Establishing Milestones & Budget	0	4
3		Failed Expectations	Trade	Schedule/Budget Not Realistic	0	5
3		Leadership	Architect	Clarify Intentions	1	5
3		Contractual	Architect	Scope clarity estimate work effort	2	5
3		Failed Expectations	Engineer	Overcommitting by Architect to please unrealistic Owner request	2	3
3		Leadership	Engineer	Reliance on Owner/Arch Project Management	3	4
3		Leadership	Trade	Lack of Team Chemistry and Respect	3	3
3		Financial	Architect	Effort Exceeds Budget	4	4
3		Leadership	Architect	Change in Owner Leadership. New Person wants Different Stuff.	4	3
3		Communication	Engineer	Fails to Identify Intent. "Scope vs. Budget"	4	3
3		Project Management	Engineer	Scope Creep (Design & Owner)	4	2
3		Failed Expectations	Architect	Assumptions of Drawings & Intent	5	4
3		Financial	Trade	Budget Risk of Project not Moving Forward (Over Budget)	5	3
3		Project Management	Architect	Not Listening	6	2
3		Quality	Architect	Contractors to Understand Documents & Intent	7	4
3		Contractual	Owner	(Omissions) Shifts Risk to Owner for Scope Creep	7	3
3		Financial	Engineer	Effort Exceeds Budget. Blowing a Fee and Burning Hours through Long Construction	7	2
3		Communication	Engineer	Not Open, Honest, Timely - Issues in Field	8	4
3		Project Management	Trade	Risk of Labor Impact, Lack of Labor, Poor Labor Pool	8	3
3		Quality	Engineer	Drawings Never Perfect/E & O	8	3
3		Financial	Owner	Responsibilities	9	4
3		Project Management	Owner	Schedule	10	5
3		Contractual	Trade	Getting Paid Pennies on the Dollar	10	4
3		Quality	Owner	Design & Craftsmanship	10	3
3		Quality	Owner	Issues Identified after Activation/Completion	10	2
3		Quality	Trade	Minimal, Unless Many Changes Take Place	10	1
1		Communication	Architect	All Fails	0	5
1		Contractual	Engineer	Not Negotiable	0	5
1		Contractual	Architect	Shift Risk	0	5
1		Failed Expectations	Affiliate	Schedule/Budget Not Realistic	0	5
1		Failed Expectations	Engineer	Schedule/Budget Not Realistic	0	5
1		Leadership	Owner	Lack of Engagement	0	4
1		Communication	Owner	Not Open, Honest, Timely	0	4

200+ Data Points

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Visually Representing The Data Points:



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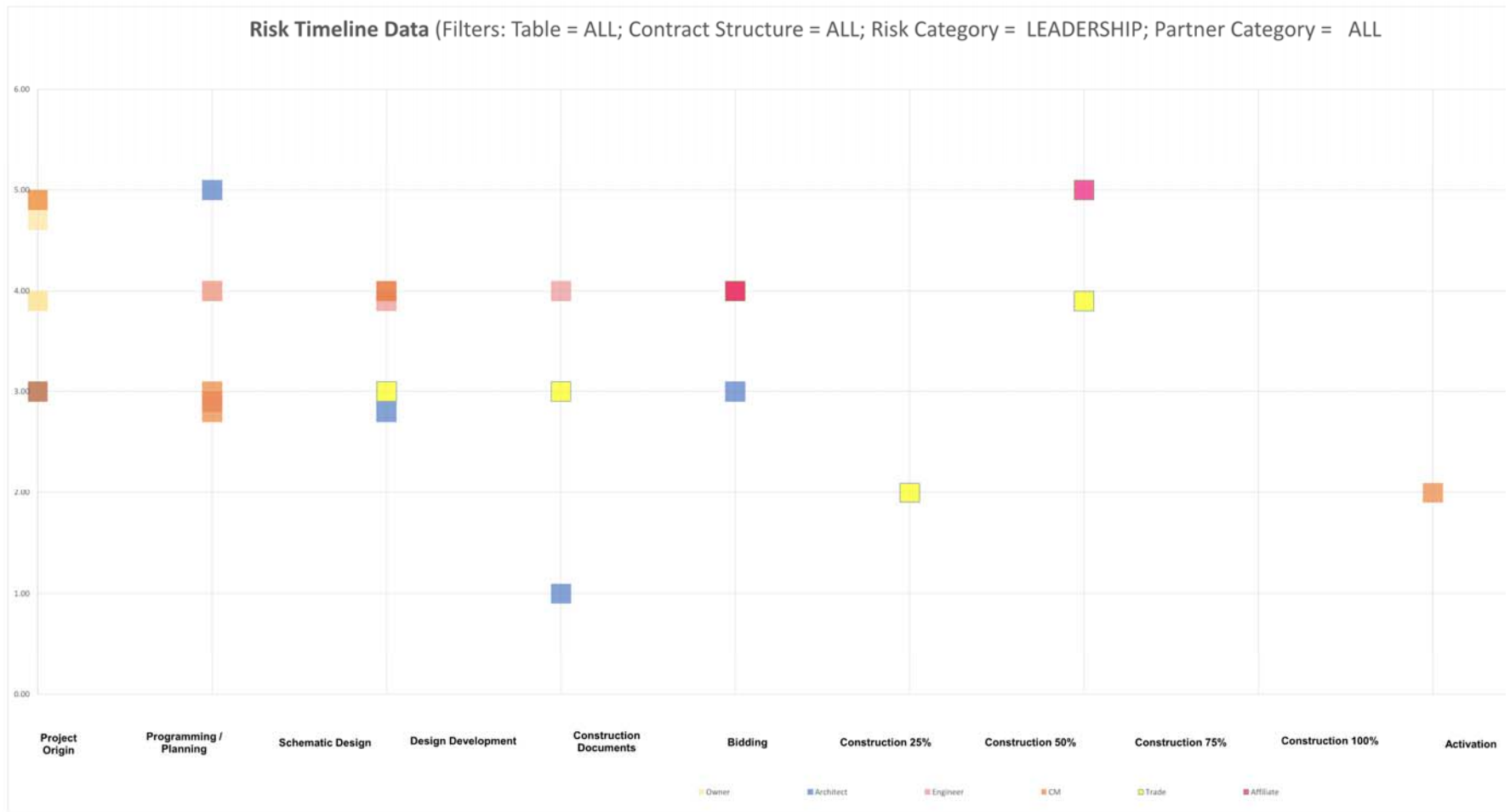
Analyzing For Statistical Bias by Partner Type



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Analyzing For Statistical Bias by Risk Category



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Beginning to Recognize Patterns

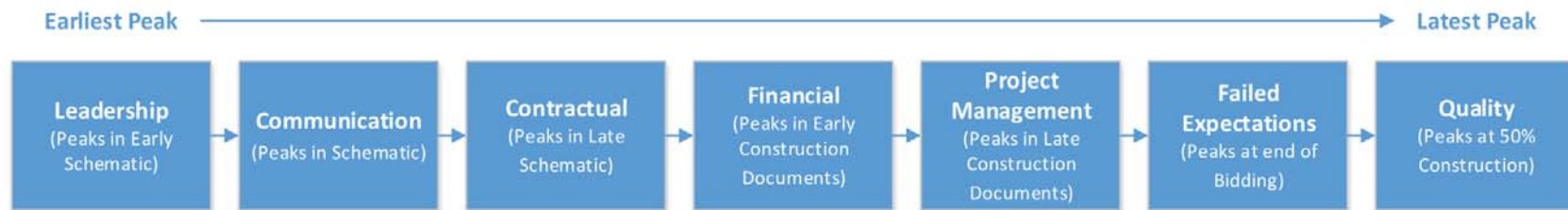
Partner Type	Category	Timescale Average	Risk Level Average	Risk Rank Within Category
ALL	Communication	2.3	3.8	3
	Contractual	2.8	3.8	2
	Failed Expectations	5.9	4.02	1
	Financial	4.29	3.76	4
	Leadership	2.21	3.49	6
	Project Management	4.8	3.68	5
	Quality	7.14	3.28	7

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Patterns of Risk

Peak Risks Experienced In Order:

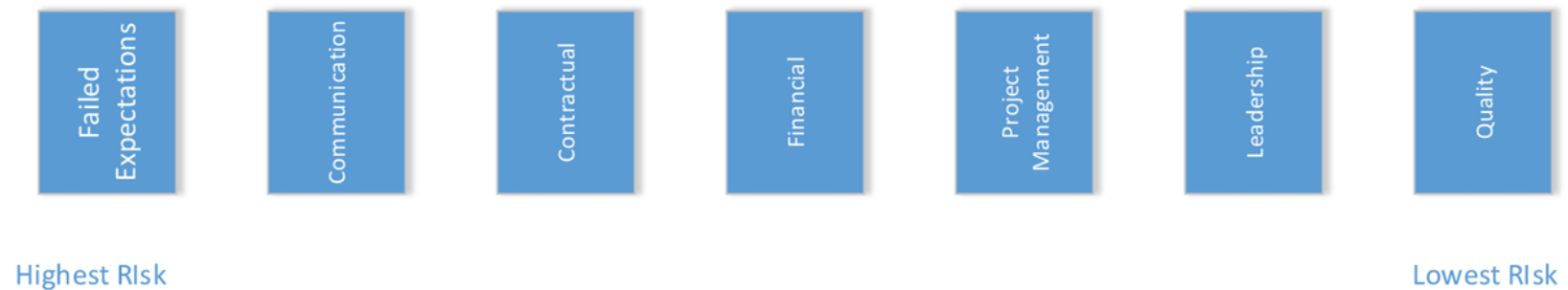
Whole Team Timeline of Peak Risk Perception



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Patterns of Risk

Order Differs From Magnitude:



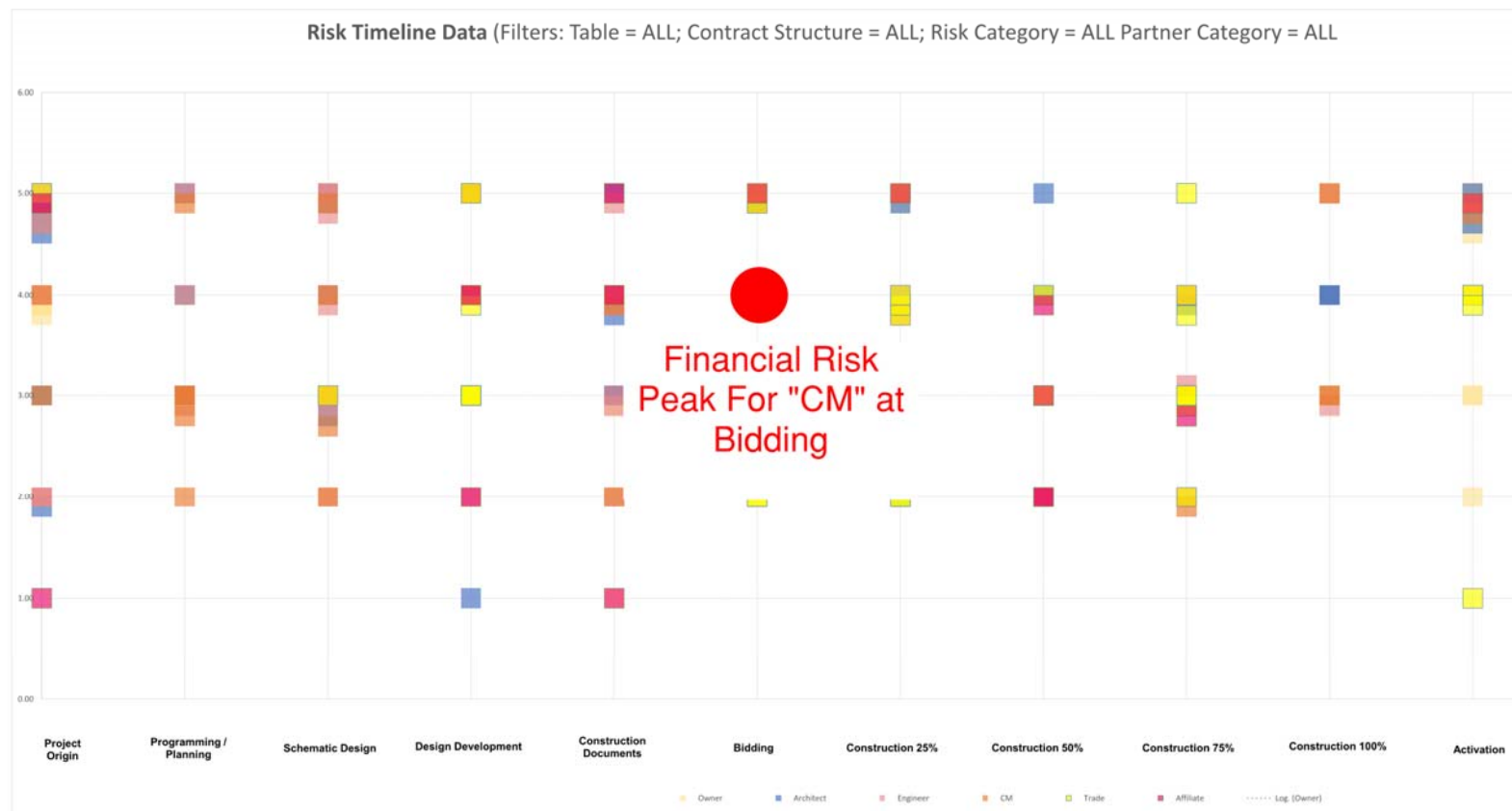
Whole Team Timeline of Peak Risk Perception



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Mechanism of Risk

Some Risk Is Experienced as Risk For that Party Peaks:



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"The Hot Seat"



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Mechanism of Risk

Some Risk Is Experienced in anticipation of a Risk-Shift:



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“Next Man Up”



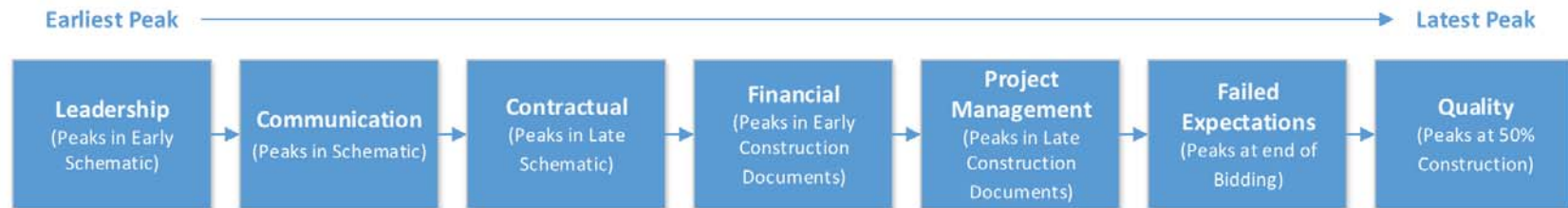
Have You Ever Experienced This Risk?

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Mitigating Risks

- Risk as Experienced is ordered in a cause-and-effect relationship:

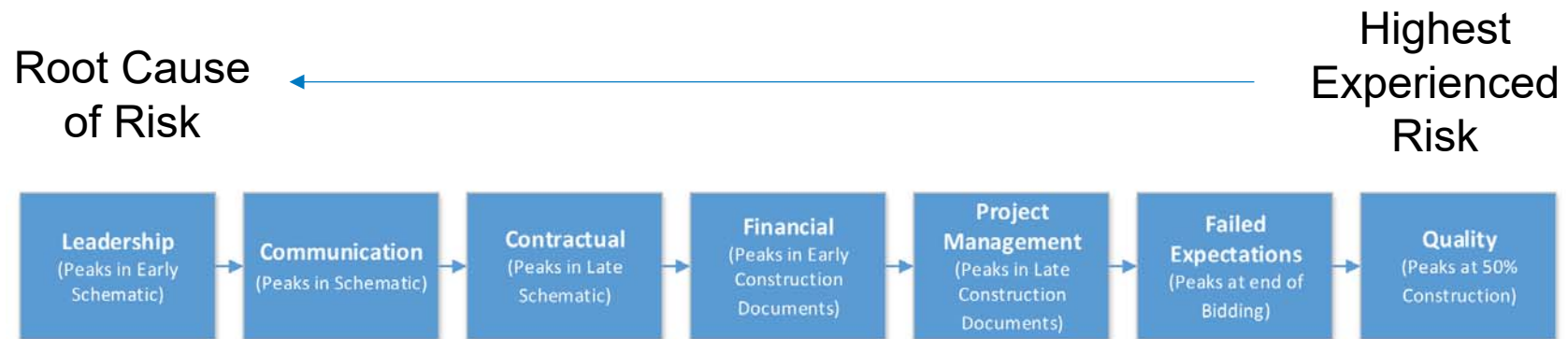
Whole Team Timeline of Peak Risk Perception



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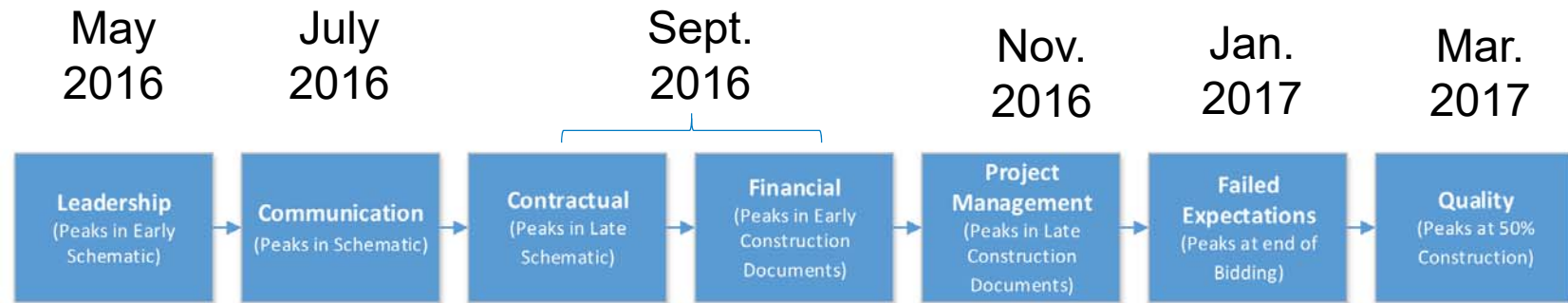
Mitigating Risks

- The highest level of felt risk is associated with risks that the experiencer has little ability to control at the time they are experienced.



Addressing the Root Cause

-  **Cogence Sessions For 2016 will be structured to follow this Cause and Effect Timeline:**



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Leadership Traits that Bear on Project Performance

- | | | |
|-----------------------------|--------------------------|--------------------------------|
| » Motivator | » Decisive | » Open |
| » Empowering | » Honest | » Inspiring |
| » Enabler | » Proactive | » Forward Looking |
| » Respect | » Organized | » Model Behavior |
| » Resilience | » Understanding | » Factual & Logical |
| » Informed/ Educated | » Compromise | » Decision Making |
| » Listener | » Be calm | » Keep Egos in Check |
| » Balanced | » Trustworthy | » Make the tough |
| » Confident | » Know when to | » decisions |
| » Accessibility | » follow | » Consistency |
| » Understand sense | » Effective | » Coaching |
| » of urgency | » communicator | » Be prepared |
| » Hold others | » Solution Minded | » Integrity |
| » accountable | » Be dependable | » Understand |
| » Fair | » Create | » weaknesses |
| » Prioritize | » engagement | » Navigate |
| | | » Authority |

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Leadership Toolbox

Trait	Method	Discussion Notes
Open-Promote productive communication	Establish Rules of Engagement at Outset of Project	
	Utilize TKI Conflict Index to understand Conflict Styles	Understanding or Training in THOMAS-KILMANN INSTRUMENT \$ 250 - 500
	Establish Team Culture that encourages & appropriately considers all ideas	Adopt - no idea discounted without appropriate discussion / consideration.
	Develop Conflict Log and Idea Log	
	Establish dispute resolution protocol	
	Develop End-of-Meeting or Call Procedure	

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Leadership Toolbox

Trait	Method	Discussion Notes
MOTIVATE ✓ inspire ✓ lead ✓ suggest ✓ persuade X discourage X repress X delay X hinder	Communicated a shared purpose	
	Demonstrate passion	
	Create team from beginning	
	Let others know their opinion matters	
	Use the mission of the project to weave a story to unite ALL partners	
	Recognize everyone's strengths & success	
	Allow mistakes	
	Ensure financial gain for entire team	
	Create a path	

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Leadership Toolbox

Trait	Method	Discussion Notes
ENABLE ✓ empower ✓ facilitate ✓ capacitate ✓ approve X reject X disapprove X oppose X inhibit	Listen	
	Ask	
	Trust	
	Delegate & make people responsible	
	Give authority to act	
	Onboarding procedure – identify how they fit into the process	
	Support not punish	
	Describe end goal – identify why	
	Remove unnecessary obstacles & processes	
	Empower	
	Compassion	
	Create a communication path – open door policy	

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Leadership Toolbox

Trait	Method	Discussion Notes
DECISIVE ✓ positive ✓ conclusive ✓ influential ✓ determined X ineffective X indecisive X trivial X procrastinate	Understand the context	Always be prepared
	Agree to process – in beginning	Facts & documentation
	Effectively communicate decisions	
	Clear directives	
	Allow input from team before decision	
	Be bold	Don't be afraid to make a bad one
	Lack of decision is worse than a bad decision	
	Timely	
	Criteria to measure	
	Make the team defend the status quo	
	Know who should make decision	

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Leadership Toolbox

Trait	How is it realized	Discussion Notes
HONEST ✓ genuine ✓ straightforward ✓ trustworthy ✓ equitable X deceptive X insincere X unreasonable X devious	Demonstrate	Do what you say
	Establish a top down culture of integrity & transparency	
	Environment of trust	
	Admit when wrong	
	Transparency	
	Measure reliable promises	
	Instill ability with team to talk about mistake	Remove fear
	Don't hide behind others	
	Show the ramifications	
	Put the monkey on the table! (Ron)	

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Leadership Toolbox

Trait	Method	Discussion Notes
PROACTIVE ✓ dedicated ✓ energetic ✓ enthused ✓ passionate X apathetic X indifferent X careless X inactive	Set clear expectation	Stay in touch
	Organized	Distribute leadership
	Have a plan – buy into it	
	Anticipate - initiate	
	Eliminate unnecessary processes	Focus on what creates value
	Educated	
	Understand	
	Learn from past	
	Be prepared	
	Identify what works & doesn't	
	Understand SWOT	
	Continuous improvement plan	
	Understand impact on others	

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Leadership Toolbox

Trait	Method	Discussion Notes
ORGANIZED ✓ disciplined ✓ coordinated ✓ formulated ✓ methodical X scatter X confuse X disconnect X disorder	Follow your plan	Plan the work - work the plan
	Develop the systems	Share information & protocols
	Be willing to learn a better way	
	Set priorities	Reevaluate as needed
	Be informed	
	Use team to build priorities	
	Follow-up	Deliver
	Optimize technology	
	Document it	Keep on track
	Create standard work	
	Be respectful of other's time	

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Leadership Toolbox

Trait	Method	
INSPIRE ✓ motivate ✓ embolden ✓ provoke ✓ influence X discourage X dissuade X repress X dishearten	Inclusion	Think outside of the box
	Project vision – reveal meaning	Remind that this can be fun
	Recognition	Share
	Respect	Reach beyond
	Reward	
	Listen	
	Encourage	
	Lead by example	
	Work with passion	
	Create open forum	
	Give ownership	
	Ask for opinion	
	Work under pressure	

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Leadership Toolbox

Trait	Method	Discussion Notes
Respect ✓ dignity ✓ equality ✓ humility ✓ empathy X belittle X mean X alienated X dismissive	Give to get	Earn it through actions
	No bad ideas	
	Give people a voice	
	Show appreciation	
	Be interested	In everyone's success
	Follow-up	Deliver
	Be approachable	
	Share the credit	
	Take one for the team	Criticize in private – praise in public
	Constructive feedback	
	Be yourself!	
	Be genuine	Show you are human

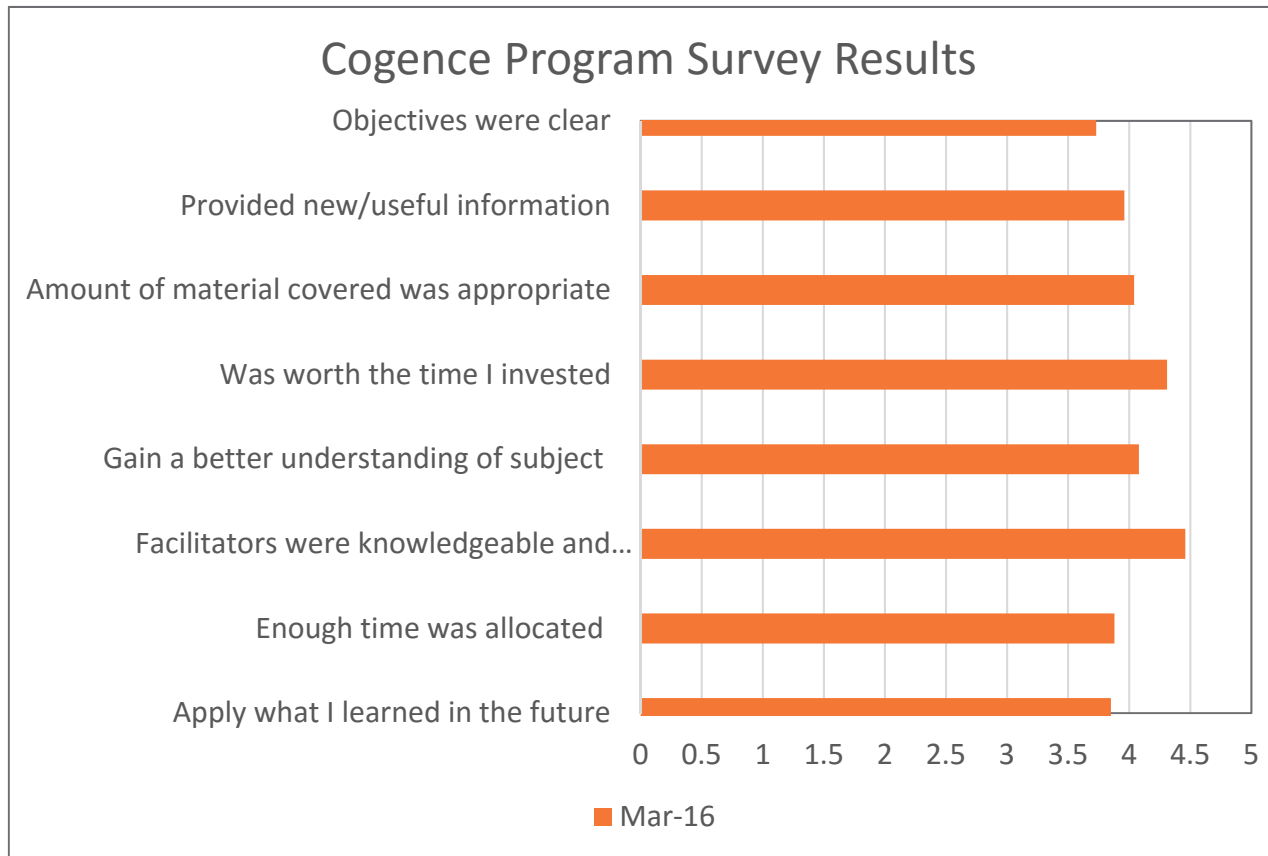
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Leadership is a Key to Success.

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March 2016 Program Recap

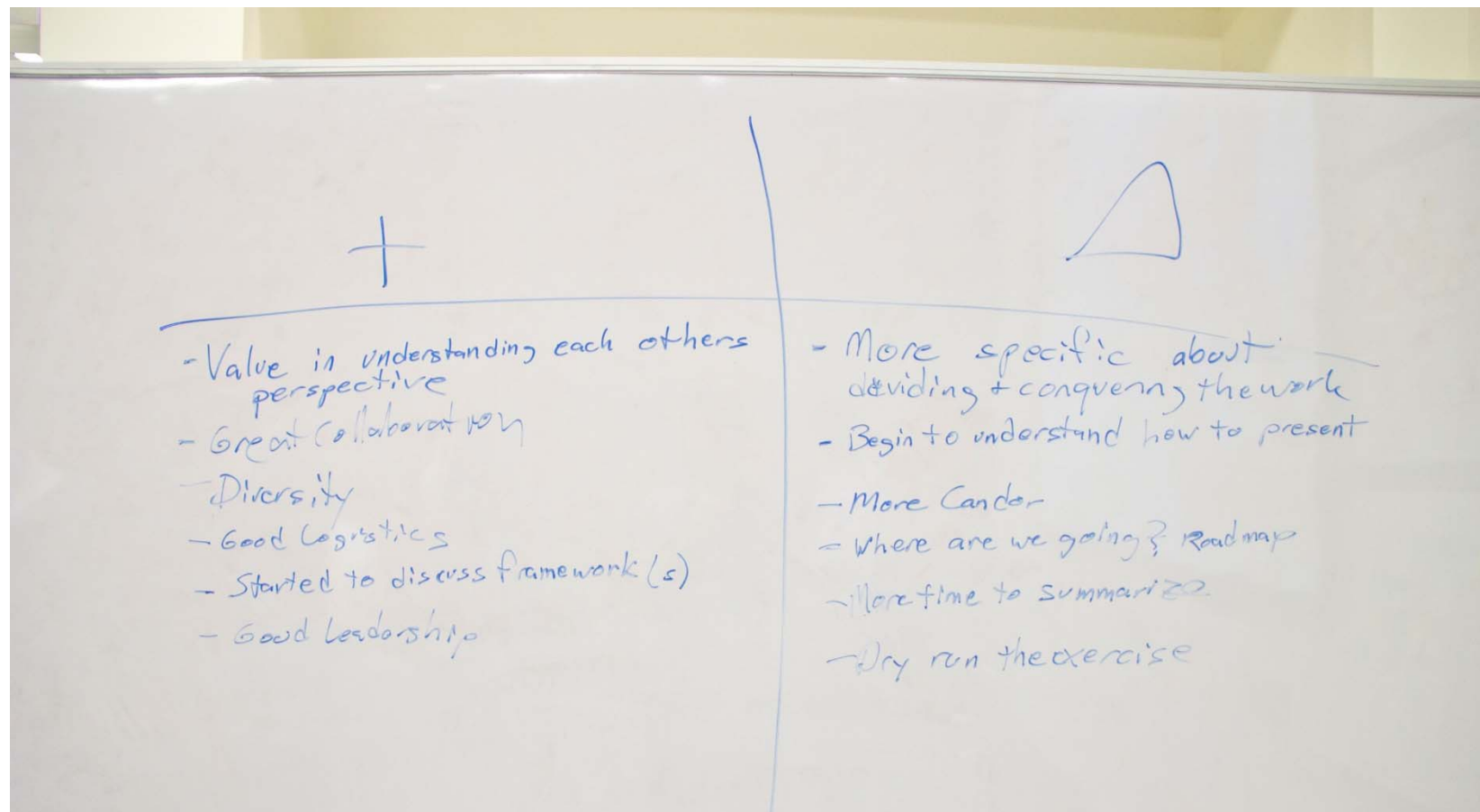


March 2016 Program: Attendees 43 – Survey Responses 26

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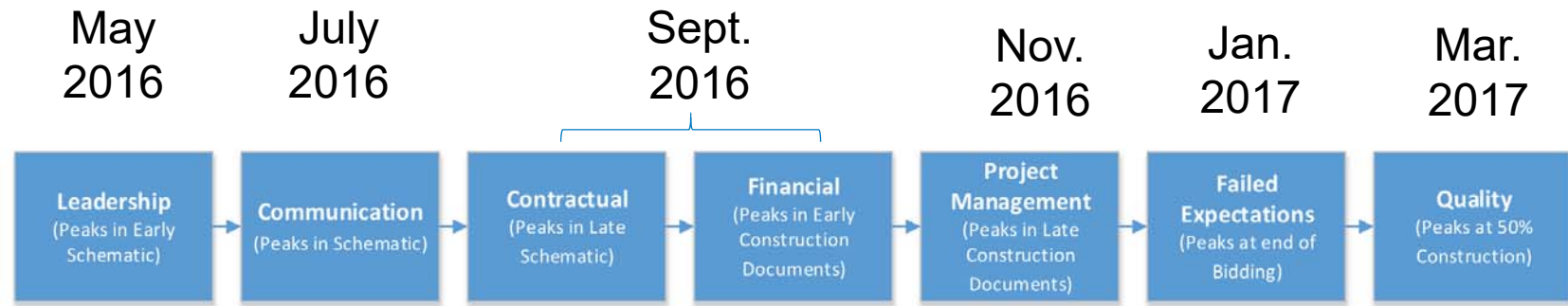
March 2016 Program Recap



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Cogence Calendar of Events

- Cogence Sessions For 2016 will be structured to follow this Cause and Effect Timeline:



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Next Meeting

13 July 2016 | 4:30