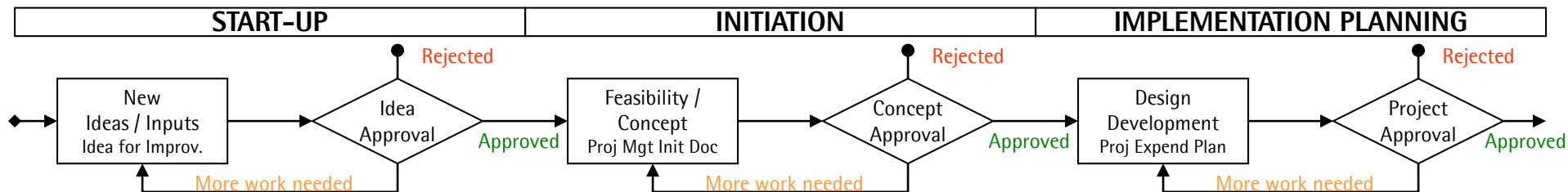


Project Lifecycle – Commercial Framework 1 – to Project Approval



Typical Characteristics of the Stage in the Project Lifecycle

n Developed by the individual or improvement team	n Approved by local middle management	n Developed by in-house multi-discipline team (part time)	n Approved by local senior site management	n Developed by project team & design contractor (if applic.)	n Approved by Site / Regional / Central Executive Mgmt
n Resp : idea generator	n Resp: line manager	n Resp: Project Mgr designate	n Resp: Site Director	n Resp: Project Manager	n Resp: Engineering Director
n High / Medium / Low quantification	n Project Manager designate nominated	n Order of Magnitude quantification	n Approval to appoint Design Contractor/design pre-spend	n Historical / budget pricing based quantification	n Approval for Design (AFD)
n Accuracy – gut feel	n Coarse filter, quick decision	n Accuracy ±50%	n Business case based decision	n Accuracy ±10 to 20%	n Full economic based decision with risk analysis
n Man-days of effort	n Held monthly	n Man-weeks of effort	n Held quarterly	n Man-months of effort	n Every six months or annually

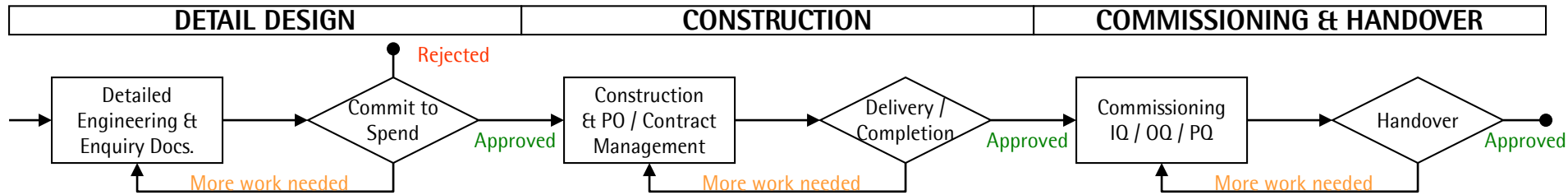
Typical Associated Deliverables / Documentation

n Idea for Improvement form	n Approved Idea for Improvement form	n Draft equipment list (major process equipment only)	n Signed off business case for selected option	n Complete equipment list	n Signed off Project Expenditure Plan (S&OP, Fintec, etc)
n Idea for Improvement register	n Idea for Improvement register	n Statement of requirements	n Signed off statement of requirements (SOR)	n Appropriate one-line diagrams & AFD package	n Signed off AFD package
n Publicised reward for good ideas (incentive)	n Publicised reward for good ideas (incentive)	n Capacity calculations	n Approved commercial strategy	n Bottom-up capital cost estimate (incl. RFI back-up)	n Documented technical / commercial peer review findings
n Subsequent approval route / level	n Subsequent approval route / level	n Contracting / commercial strategy incl. Supplier dev.	n Completed concept approval checklist	n Full Procurement Strategy	n Basis for measuring project performance against objectives
		n Business case – including plans, guesstimation of capital cost, revenue / operating cost, and income assessment for each potential option (incl. 'do-nothing' scenario)	n Approved supplier development requirements	n Detailed plan & CTR (cost, time & resource) sheet/s	n Approved Procurement Strategy (& initial MTO)
				n Risk management strategy	
				n Fully completed economic assessment (incl. cash flow)	
				n Communication plan	

Potential Supporting Commercial Tools & Techniques

n Idea generation (e.g. brainstorming) guidelines	n Opportunity prioritisation (and filtering) guidelines	n Order of Magnitude estimating guidelines	n Concept approval criteria guidelines	n AFD package guidelines (Eng)	n Peer Review process guidelines
n Opportunity positioning guidelines (e.g. Hi-Lo matrices)	n Incentive / reward guidelines	n Business case guidelines	n Concept approval checklist	n Estimating guidelines	n Project approval checklist and guidelines
n Idea for Improvement process guidelines	n Idea for Improvement system	n Statement of Requirement (SOR) guidelines		n Sourcing Group Strategy guidelines*	n Project performance measurement and assessment guidelines
		n Economic / TAC assessment guidelines		n Supplier Management & Development guidelines* (incl RFI process)	
		n Decision analysis guidelines		n Contract type selection guidelines (capital)	
		n Commercial strategy template & guidelines		n Requisition planning guidelines (capital)	
				n Risk assessment guidelines	

Project Lifecycle – Commercial Framework 2 – to Project Handover



Typical Characteristics of the Stage in the Project Lifecycle

<ul style="list-style-type: none"> n Developed by project team & design contractor (if applic.) n Resp: Project Manager n Post enquiry / negotiation based pricing n Accuracy ± 5 to $\pm 0\%$ n Man-months / years of effort 	<ul style="list-style-type: none"> n As per Project Approval plus major PO / contract sign-off n Resp: per Project Approval n Approval for Construction n Detailed cash flow with Risk Management plans n As required by project 	<ul style="list-style-type: none"> n Managed by project team & design/construct contractors n Resp: Project Manager n Detailed take-off based costing n Accuracy $\pm 1\%$ to $\pm 3\%$ n Man-months / years of effort 	<ul style="list-style-type: none"> n Approved by Project Management n Resp: Project Manager n Approval of stage payments n Completion of construction documentation & punch lists n As required by project 	<ul style="list-style-type: none"> n Managed by project / commissioning management n Resp: Project Manager n No substantial costing activities n As costed n Man-months of effort 	<ul style="list-style-type: none"> n Approved by Site Management n Resp: Site Manager n Handover sign-off n Handover of remaining punch list items n As required by project
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Typical Associated Deliverables / Documentation

<ul style="list-style-type: none"> n Approved for Construction [AFC] package (with Holds) n Full requisition schedule n Detailed cash flow (actual plus commitments) n Purchase orders ready to commit (with intermediate Material Take-off [MTO]) n Detailed plans through to handover n Detailed estimate of revenue costs 	<ul style="list-style-type: none"> n Signed off AFC package n Approved major purchase orders and contracts n Finance approved cash flow requirements n Commitment to required resources through to handover n Production endorsement of revenue costs 	<ul style="list-style-type: none"> n As-built drawings and detailed operating procedures n Order completion punch lists n Actual spend and reconciliation n Operating manuals, final drawings, required QA certification n Completion and commissioning plans n Transfer to asset / maint. management systems 	<ul style="list-style-type: none"> n Signed of As-built package n Approved final / stage payments n Approval of agreed variation orders with suppliers n Mobilisation of production staff to support commissioning activities n Submission and approval of any budget variations 	<ul style="list-style-type: none"> n Completed QA / Commissioning check-lists n Commissioning punch lists n Production budget planning inputs n Validation documentation and signed of completion certificates n Production start-up and servicing plans 	<ul style="list-style-type: none"> n Handover acceptance certificate n Approval to complete all outstanding payments n Agreement to start production n Agreement to release final members of project team n Close-out of project
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Potential Supporting Commercial Tools & Techniques

<ul style="list-style-type: none"> n Supplier Evaluation guidelines (capital specific) n Cost control guidelines n Model Terms of Contract n Supplier Specification Management guidelines* n Supply Planning & Control guidelines* n Life-cycle costing guidelines (at a detailed level) 	<ul style="list-style-type: none"> n Enquiry / purchase order checklists n Vendor data requirements guidelines (capital specific) 	<ul style="list-style-type: none"> n Supply of Materials & Services guidelines* n Change order / variation management guidelines (capital specific) n Asset disposal guidelines n Supplier performance management guidelines 	<ul style="list-style-type: none"> n Guidelines on payment retention (or incentive to complete) 	<ul style="list-style-type: none"> n Lessons Learnt capture guidelines 	<ul style="list-style-type: none"> n Project close-out guidelines
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