Lifecycle of Successful Projects

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Why Suppliers DO NOT Need Project Management Sarcasm from Baker Friends!

4-Our Customers really love us, so they don't care if our products are late and don't work

3-We might have to understand the requirements and document a lot of stuff, and that is such a bother

2-We figure it's more profitable to have 50% overruns than to spend 10% on project management to avoid them

1-All of our projects are easy and they don't have cost, schedule, or technical risks anyway

Project Lifecycle

- From Idea to Post Start-Up, there are many critical best practices
- Bakers (Customer) and Suppliers have equal responsibility
- We'll Speak to 4 Project Phases:
  - Project Development – Needs and Expectations
  - Approval and Order – Agreements and Contracts
  - Active Project Management – Order to Start Up
  - Completion – Start Up and Follow Up
- Type and Scale of Project will Impact the Necessary Rigor

Project Management Anecdotes

FAST, GOOD, CHEAP:
CHOOSE ANY TWO AND YOUR PROJECT CAN BE SUCCESFUL

THERE'S NEVER ENOUGH TIME TO DO IT RIGHT THE FIRST TIME, BUT THERE'S ALWAYS ENOUGH TIME TO DO IT AGAIN

PROJECT DEVELOPMENT - Pat Wilkens
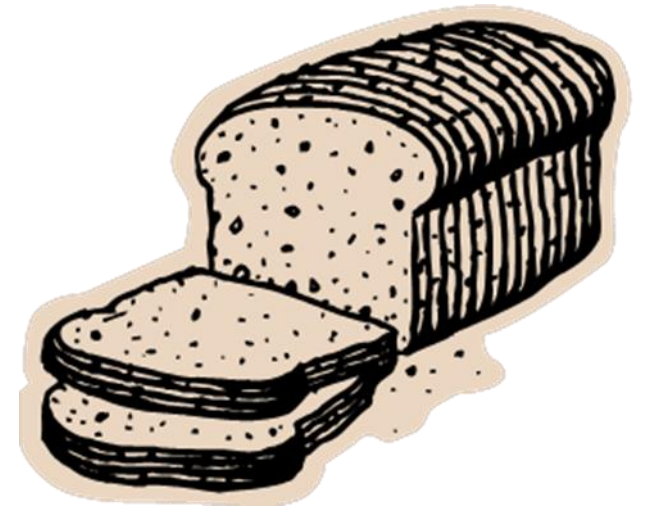
Needs and Expectations

- Where do ideas for projects come from?

- How are project needs identified?

PROJECT DEVELOPMENT

Needs and Expectations

- What are the expectations for the project?

  - What is the benefit of doing a particular project?

  - What will it improve?

  - What deficiency will it eliminate?

PROJECT DEVELOPMENT

Needs and Expectations

- What are the priorities for a project?

    - Safety!

    - Minimize production disruption

    - Process improvement

PROJECT DEVELOPMENT

Needs and Expectations

- Other considerations:

  - How much is this going to cost? (Budget!)

  - What is the potential ROI?

  - Who's going to deliver the project?

PROJECT DEVELOPMENT

Needs and Expectations

- What factors does the Bakery consider in choosing a Project Partner or Vendor?
  - Reputation / experience
  - Specialty or commodity?
  - Lead time
  - Price
  - Aftermarket support
  - Safety record
  - PREVIOUS PARTNERSHIPS

PROJECT DEVELOPMENT

Needs and Expectations

- Impacts on production:
  - How will the project implementation impact production?
  - Can production accommodate the required down time to implement the project?
  - Must production be maintained during project implementation?
  - How will production be maintained?
  - What decision makers within the plant must be consulted?

PROJECT DEVELOPMENT

EXAMPLE – Project Development

Background: Large Baker with a unique marque product.
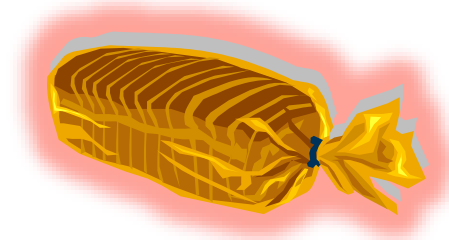
Needs: 1) Improve production line performance and reliability

2) Improve safety features and controls to comply with current codes and industry standards.

PROJECT DEVELOPMENT

EXAMPLE – Continued

➡ **Solution:**   Working with an industry leading supplier a solution is identified meeting Baker's identified needs.

This solution involves upgrades to antiquated production process with new, better performing , more efficient equipment and technology.

PROJECT DEVELOPMENT

EXAMPLE - Continued

- **Impact on Production:**

  - 3 to 4 days continuous downtime required to fully implement solution.

  - Project team challenged to address ongoing production needs.

PROJECT DEVELOPMENT

EXAMPLE - Continued

- **Outcome:**
  - Project approved and funded!
  - Order placed
  - Project implemented over the course of 4 weeks
  - Baker's identified needs met

PROJECT DEVELOPMENT

Needs and Expectations

- With project feasibility established, priorities met and vendors identified:

  - Share corporate standards, specifications and expectations

  - Preliminary discussion involving contract negotiations

APPROVAL and ORDER - Jeff Teasdale

Agreements and Contracts

- Baker/Engineer manages far more than equipment costs to generate a project for approval
  - Supplier patience and responses to follow up questions are critical
  - Sometimes engineers still waiting for business case
    - Discussions on expected equipment performance help baker in writing project expectations for the business case (output, crewing, yield)
  - Start-up, and training assumptions are built into many projects
    - Build in costs up front to ensure it's a priority
    - Capital Vs. Expense??
- Approval typically kicks off contract negotiations, but we've already said it's best to start those during development to avoid surprises / extras

APPROVAL and ORDER
Agreements and Contracts

- Baker – Supplier Negotiations
  - Goal is best results for all parties, remember the priorities that were set early
  - Baker needs promises on timing and may request late penalties
  - Agree to timing of:
    - Engineering reviews, approvals to maintain timing – baker plays part in lead time, too
    - Factory visits and Factory Acceptance Tests
  - Negotiate shipping arrangements
  - FAT Details, Costs, Responsibilities
  - Performance Expectations, Remedies, and Penalties
    - Quantify expected results with clear responsibilities of all parties
    - Remedies more important than penalties for project success
  - Key People Introductions – Project Manager(s), Baker's Team
  - Discuss Spare Part Expectations
  - Site Presence Expectations During Install and Commissioning

APPROVAL and ORDER

Agreements and Contracts

- ▶ THE COMMITMENT (PURCHASE ORDER)
  - ▶ Sometimes a commitment letter during final contract phase to start timing
  - ▶ Bakers don't want to hear "We need your Down Payment to Start Your Order Internally"
    - ▶ Not good for the trust that should have been built through project development
    - ▶ Bakers typically have rigid procurement and payment systems to work through for payment

ACTIVE PROJECT MANAGEMENT - Mike Fronczak

Order to Start Up

- Communication, Communication, Communication
  - Project Managers
    - Supplier(s)
    - Customer (Baker)
  - Schedules
    - Manufacturing
    - Visits & On-Site Reviews
    - FAT
    - Support – Customer and Supplier
    - Installation & Post-Installation (Section 4)
  - Reporting / Communication Plan

COMMUNICATION!!!!!!

ACTIVE PROJECT MANAGEMENT

Order to Start Up

- Manufacturing
  - Supplier
    - Milestones
    - Customer Change Orders
    - FAT
      - FAT Team – Who / Checklist
      - Punch list / Corrective Actions (Post FAT)
      - Safety Checklist
    - Skidding and Shipment
  - Customer
    - Site Preparations (Demo, Infrastructure/Utilities, Permits, etc.)
    - Training

ACTIVE PROJECT MANAGEMENT

Order to Start Up

- Administrative
  - Documentation (Prior to Install)
    - "Latest" Drawings
    - Schematics, Diagrams, Manuals, etc.
    - Critical Parts Lists
  - Invoicing & Payments
- Delivery
  - Inventory of Material and Equipment
  - Final Site Preparation before Installation
    - GMP, Safety Checklist, & Team Review

IF EVERYTHING IS GOING TO PLAN, SOMETHING SOMEWHERE ELSE IS GOING MASSIVELY WRONG

-Always expect issues, no matter how well everything is planned

COMPLETION – Jeff Teasdale
Start-Up to Follow Up

THE FIRST 90% OF A PROJECT TAKES 90% OF THE TIME

THE LAST 10% TAKES THE OTHER 90% OF THE TIME

COMPLETION - Start-Up to Follow Up

- Previous Discussions of Expectations are Key to Minimizing Tensions of a Start-up
  - Stick to what was arranged, unless all parties agree to change (BAKERS!!!)
  - Stick to Training Plans, don't let production impede on long term benefits
- Ensure Right People are In Place
- SAFETY FIRST!!!!!!
  - Review SAFETY CHECKLIST before Start-Up and post Start-Up for improvements
- Check-List and Agree to Readiness Before Saying "GO"
- Team (Suppliers/Baker) Ownership of "Action Lists"
- During Meetings, Go Back To Original Scope and Agreement
  - All must agree to any changes

COMPLETION – Start-Up to Follow Up

- Open Communication!!
  - Side Conversations Will Undermine Overall Effort
    - Each party needs a point person (should already be in place)
  - Multiple Supplier Situations – All are Same Team
    - Bakers want suppliers who can be part of projects with multiple suppliers
- Remedies – Something will arise that was not thought of
  - All parties will need to be part of solutions, agree to timing
  - Bakers – be honest if issues come from the Bakery Operations
- Closure Negotiation – Often Comes Back to the Contract
  - Projects can still be successful, even if not all goals are met
  - Still better to promise more improvements than sign off with penalties
- Lessons Learned – Return Months Later
  - What can be done better next time?
  - What can we still do to make this installation better?

CONCLUSION – MIKE DAY

▶ Top Ten Takeaways:

1. Identify Priorities Early

2. Communicate Project Specifications and Standards Early

3. Involve All Stakeholders and Seek Their Input

4. Communicate and Share the Info Across the Team

5. Communicate Openly, Consistently and Timely

CONCLUSION

▶ Top Ten Takeaways: (Continued)

6. Point Person(s) Must Own the Action Lists

7. Deliver on Promised Milestones

8. Better to Offer Remedies and Continued Improvements Than to Exercise Penalties

9. Safety First – People and Food

10. Partnerships Drive Best Results