



Principles for defining good contract agreements

Summary of ideas from IESIS/DWF Workshops January/February 2014

1. The contract should seek to promote good project management. Principles for of good project management include:

- Clear statement of goals; all involved are focused on achieving the goals of delivery on time, within budget and to specification
- Careful planning with milestones. Seek to avoid delays.
- Close communication among the parties
- Good change control
- Good quality control
- Good cost control

2. How can the terms of the contract support these principles?

- Take account of the objectives of both the client and the contractor
- Clearly written
- Seek to minimise subjective decisions
- Assignment of risk to the most appropriate party
- Clear allocation of responsibility
- Promote proactive risk management procedures
- Encourage collaborative working

3. How can the parties use the contract to best effect?

- Know and understand the wording of the contract.
- Assign adequate resource to management of the contract especially to planning Both the client and the contractor need to do this.
- Report and resolve compensation event issues quickly.
- Seek to avoid penalties.