

# The Partnership Advantage

Reducing risk through supply chain partnerships in international mega projects

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**CB&I**

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Europe, Middle East, Asia, Australia



## Energy infrastructure – Technology, Projects and Equipment

### Technology



- Licensed Technology
- Engineering services
- Proprietary catalysts

### Engineering and Construction



- Engineering
- Procurement
- Construction

### Fabrication



- Module Fabrication
- Fabrication
- Erection

### Government Solutions



- Program Management
- Waste Management
- Emergency Response

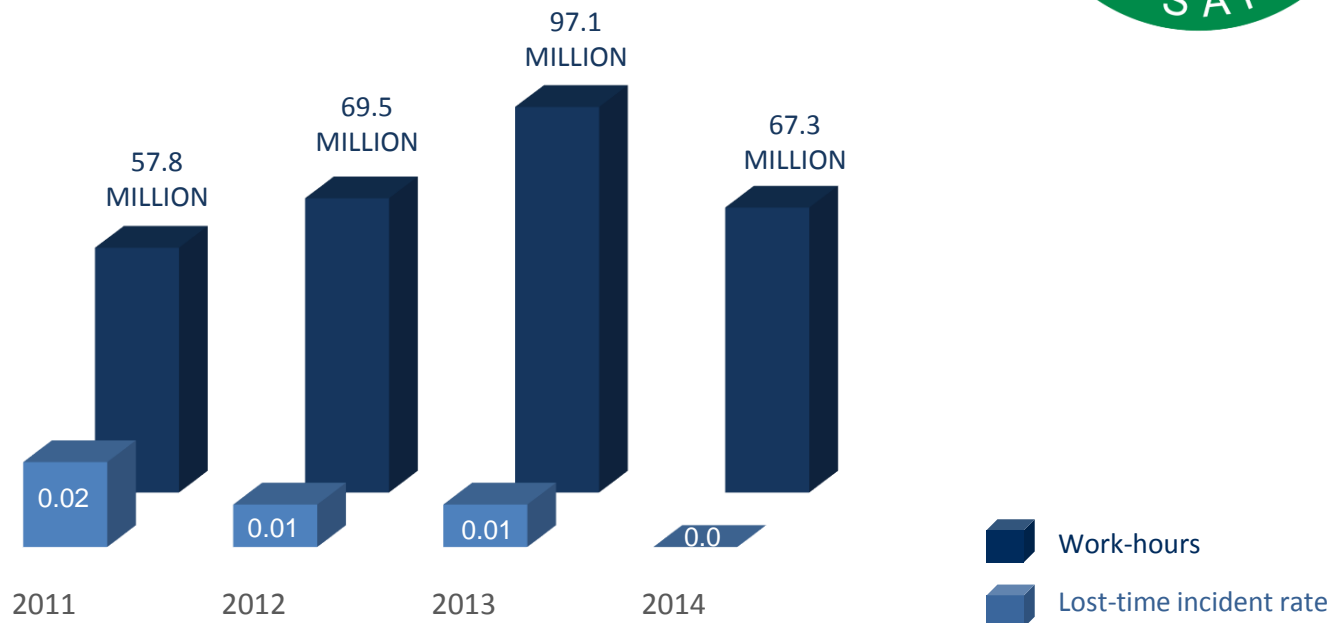
54.000  
employees

\$ 13 billion  
revenue

\$ 31 billion  
project backlog

[illegible]

- Safety is a core value at CB&I, embedded in our culture
  - Safety in design of facilities
  - Safety in ALL phases of execution
  - Safety training courses
  - **Zero** incidents







- Role of Owner and EPC Contractor
- Projects are tendered competitively often on price only – can sustainability be a differentiator?





Sourcing



Supplier Qualification

## Focus on Supply Chain Responsibility

### Compliance Screening

- Safety
- Environmental
- Conflict Minerals
- Anti bribery
- Dual use of Goods
- Trade sanctions
- Denied persons



Competitive Selection



Contracting

### BEST VALUE

- Cost
- Quality
- Delivery Time



Execution

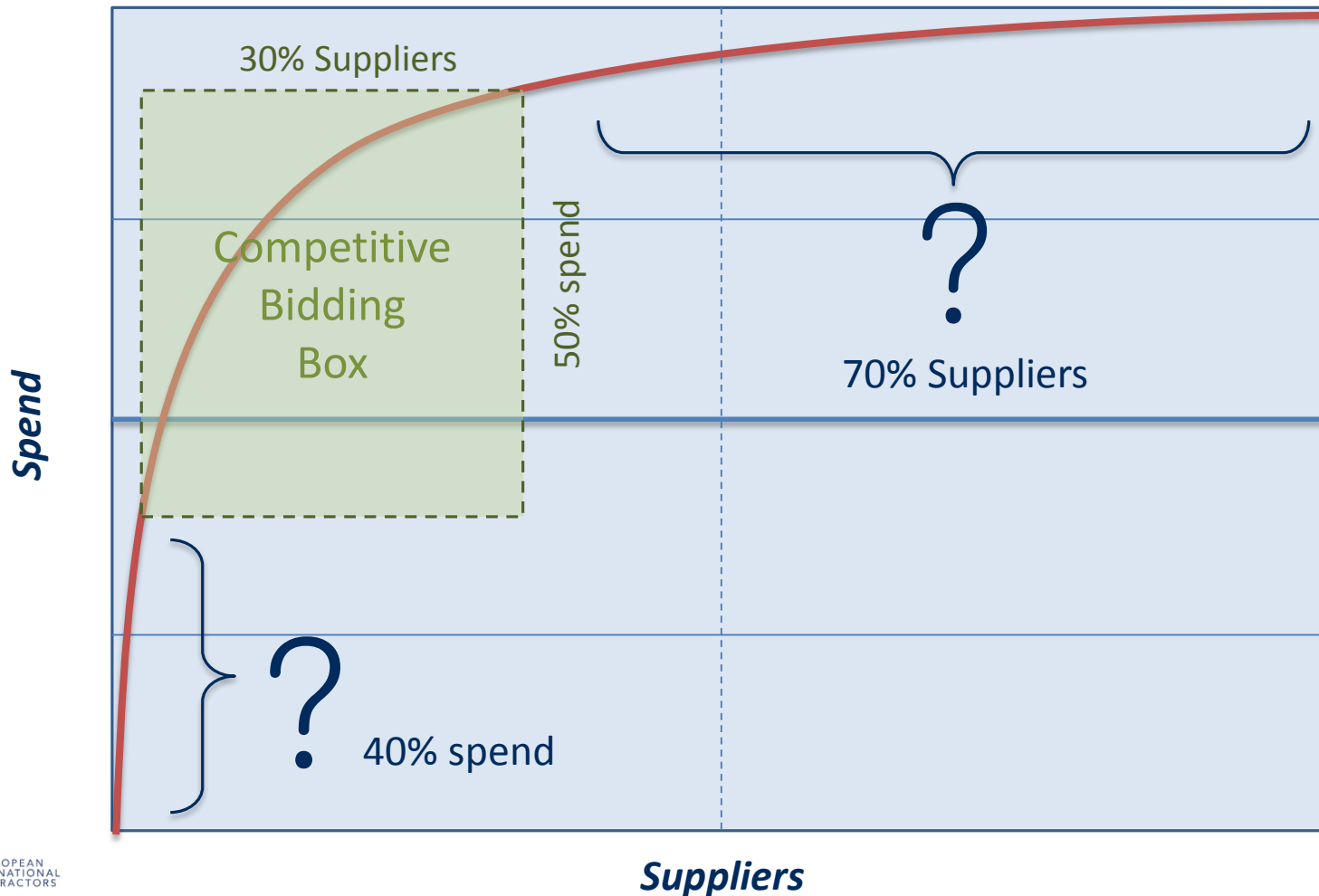


- Safe execution
- Multi tier supply chain management
- Continuous improvement



## Competitive bidding and.....?

20% suppliers provide 80% of value



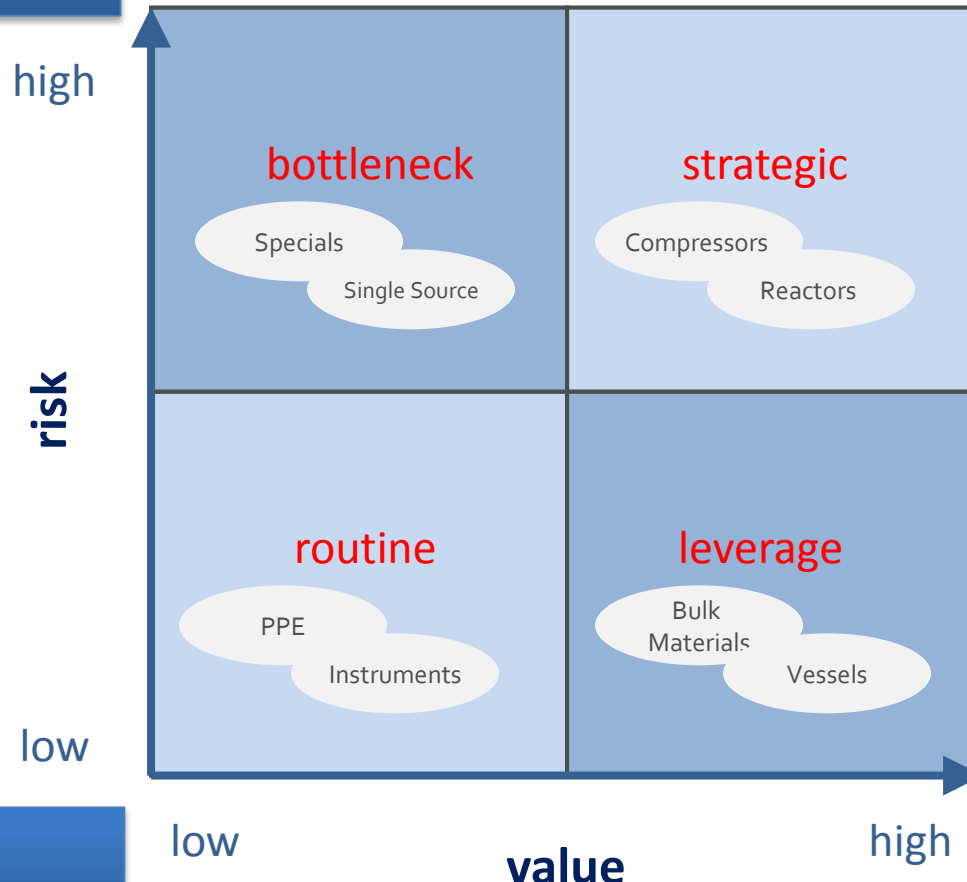
## Differentiated procurement strategies

### Strategy

- Secure supply to reduce risk
- Single source
- Supplier relationship

### Strategy

- Early supplier involvement
- Strategic alliances and partnerships
- Multi level relationships
- Cooperation on the longer term



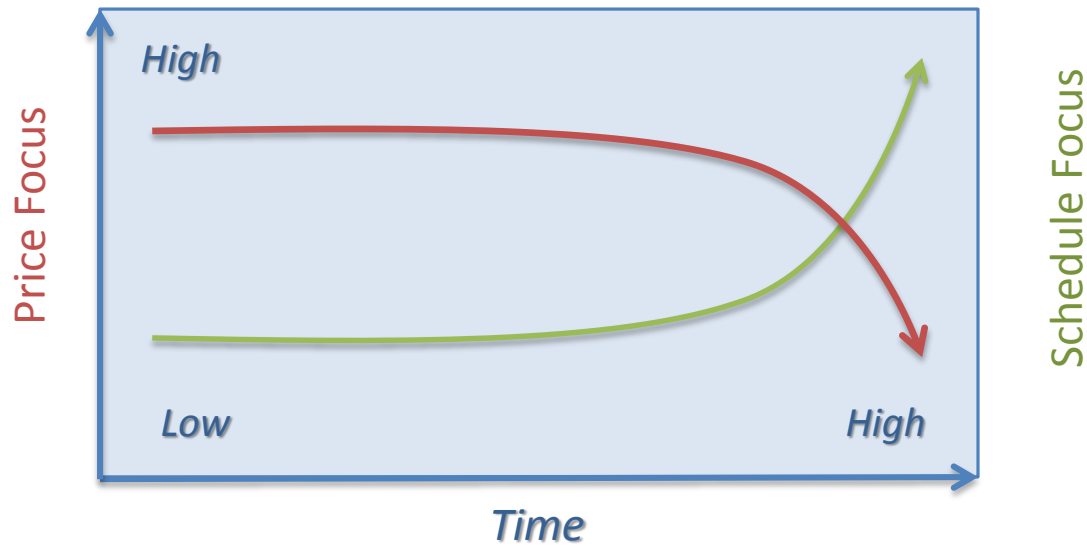
### Strategy

- Standardized ordering
- Minimize transactional costs

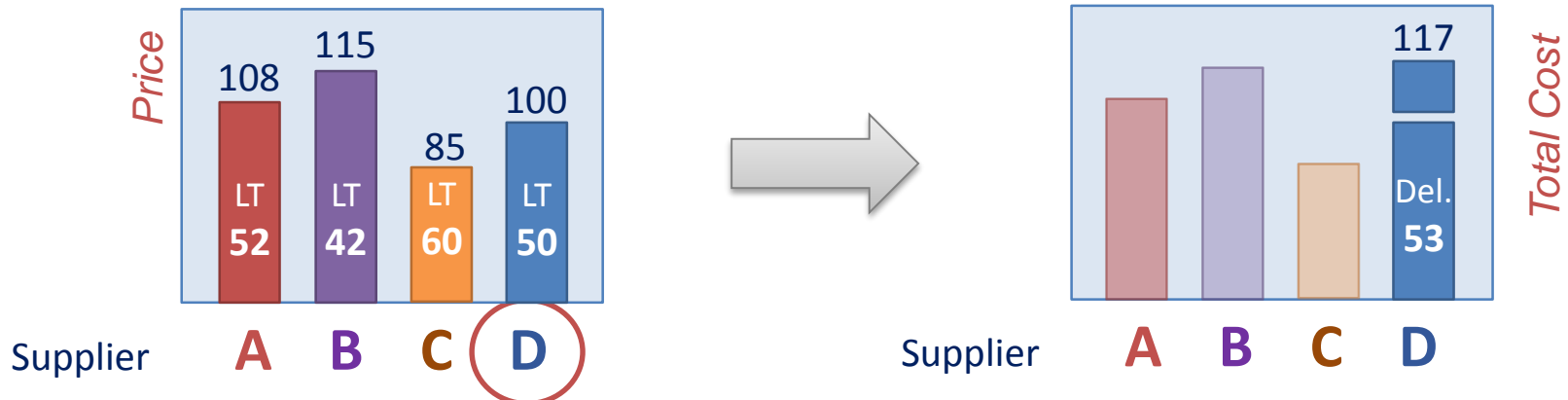
### Strategy

- Competitive bidding
- Select on price/lead time
- Volume leverage

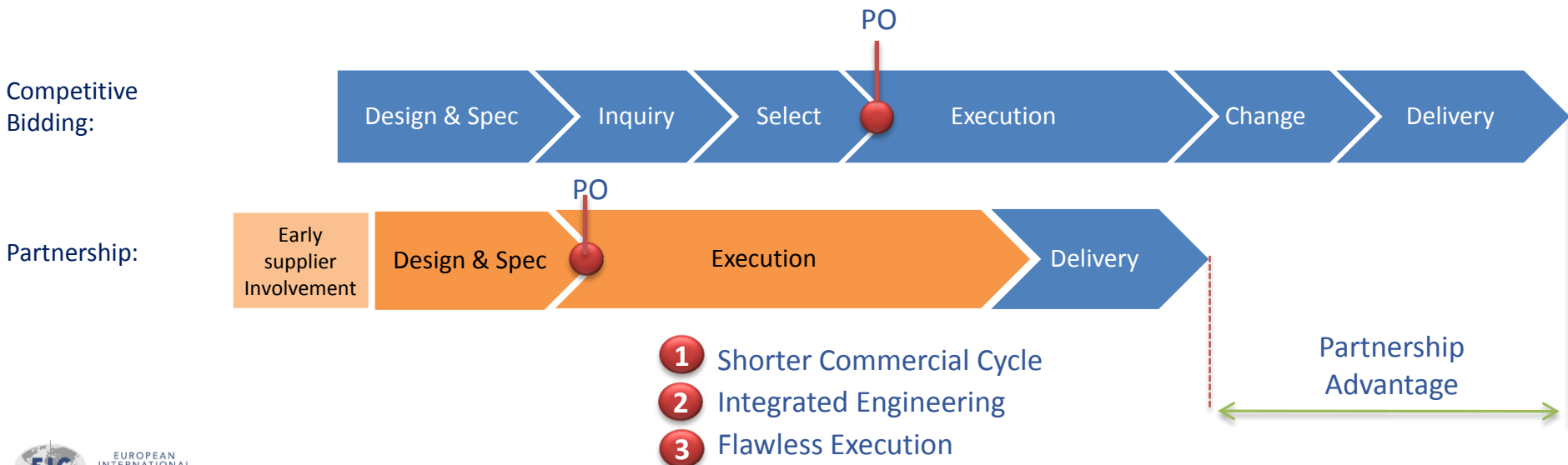
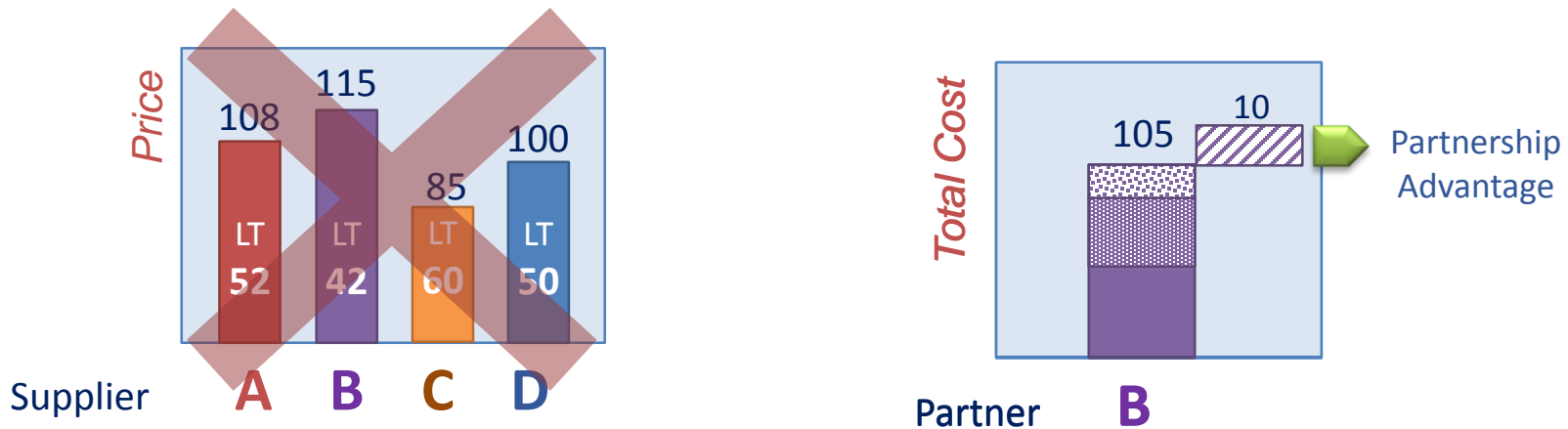
Over time the focus of goods supplied shifts from **Price** to **Schedule**...



..... Leading to an increase of total cost



Rationalized supply chain leads to lower total cost and shorter schedule



- Safety risks

- Qualified Suppliers
- Frequent presence

- Schedule risks

- Progress payments
- Expediting: managing supplier progress

- Quality risks

- Quality of specifications
- Verification of supplier & product quality



- Performance risks

- Liquidated damages
- Performance guarantees

- Financial Risks

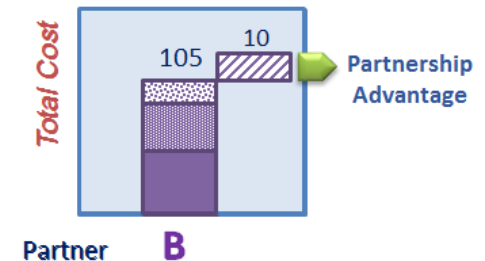
- Bank guarantees
- Cash flow management: payment milestones

- Compliance Risks

- Environmental
- Ethical



- Partnership - Not a goal per se
- Total Cost and transparency
- Mutual trust
- Strategy to reduce **risk**
- Partnership can drive responsibility in the supply Chain



Shouldn't clients join supply chain partnerships too?

A hand-drawn message in black ink that reads 'Thank you'. The text is written in a cursive style and is positioned in the upper right corner of the slide. A black marker is visible at the end of the line.

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