Mr. Harrington's presentation consisted of a PowerPoint presentation, shown in outline form below, along with two handouts available in Adobe Acrobat format.

**Handouts:**

Click [here](#) for excerpts from "Innovative Strategies for Contractor Compensation" by William E. Howard and Lansford C. Bell, a report to the Construction Industry Institute, January 1998. Size: 231 kb.

Click [here](#) for excerpts from a Weyerhaeuser construction contract that features an incentive fee system. Size: 415 kb.

**Mr. Harrington's presentation:**

- **Performance Measures**
  - Performance Benchmarking
  - Joint Performance
  - Fee to Owner Discretion
  - Plant Performance
  - Traditional Areas:
    - Safety
    - Cost
    - Schedule
    - Quality
    - Productivity
- **Incentive Calculation**
  - Incentive Element Weightings
  - Contractual Formulas
  - Subjective Ratings
  - Periodic Assessments
  - Threshold Ratings
  - Interim Incentives
  - Retroactive Assessments
- **Incentive Recipients**
  - Contractor
    - Corporate
    - Management
- Labor
  - Owner
    - Project Team
    - Operations/Maintenance
  - Subcontractors
  - Suppliers
- Problem Areas
  - Conflict Between Owner and Contractor Objectives is Natural
  - Translation of Business Objectives to Project Goals
  - Extra Effort to Monitor Performance
  - Credible Targets
  - Factors Beyond Control
  - Incentives Involve Risk
- Incentive Plan Factors
  - Increased Contractor Control
  - Scope Definition
  - Long-Term Relationships
  - Focus on Owner Objectives
  - Alliance Competition
  - Right to Bid
  - Cash Flow Enhancements
  - Equity Positions
  - Simplified Compensation
- Results
  - Safety Improvements
  - Cost Underruns
  - Early Completion
  - Reduced Craft Hours
  - Focus on Objectives
  - Improved Communications
- Implementation
  - Trust and Communication
  - When to Develop Plan
  - Willingness to Try Something New
  - Joint Development
  - Mix Subjective and Objective Incentive Criteria
  - Pay to Those Responsible
  - Periodic Reviews
- Case Studies
  - Contractor Overhead and Profit at Risk, Petrochemical Project
  - Incentive Matrix, Environmental Compliance Project
  - Two-Tiered Incentive Contract, Electric Utility Maintenance Contract
  - Corporate and Team Performance Incentives, Multistory Research Facility
  - Shared Underrun Bonus Based on Performance, Corporate Headquarters Project
  - Pay for Performance to Enhance Project Teamwork, Textile Facility
Detailed Report Card for Fee, Mining Facility
Owner Subjective Performance Appraisals, Synthetic Textile Fiber Facility
Experiences with Incentive Contracts, Process/Chemical Owner Contractor and Craft Productivity Incentives, Hydrotreater Facility
Experience with Nontraditional Compensation Methods, Construction Contractor
View of Innovative Contracts, Engineering/Construction Contractor
Incentives for Field Supervision, Hotel/Casino Project
Incentives Based on World-Class Performance Criteria, Polyester Facility