



NORTHWEST
CONSTRUCTION
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Leadership in Ethics and Integrity
Webinar Series
October 2020

Ethical Leadership: Why Ethics, Trust & Integrity Are Essential When Using Alternative Delivery Methods

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Key Topics of Discussion

- ▶ Principles of Ethical Leadership
- ▶ Code of Ethics
- ▶ Alternative Delivery Methods
- ▶ Value Based Leadership & Decision Making
- ▶ Closing Thoughts

PRINCIPLES OF ETHICAL LEADERSHIP

✓ Integrity

✓ Honesty

✓ Fairness

✓ Justice

✓ Responsibility

✓ Accountability

✓ Empathy

✓ Equity

$$\text{TRUST} = \frac{\textit{Reliability} + \textit{Credibility} + \textit{Integrity}}{\textit{Self Interest}}$$

#1
Reason Why
Projects Using
Alternative
Delivery
Methods Fail?

Inability to Achieve
and Maintain
TRUST



What is a code of ethics?

Outline of mission, core values and professional standards

What is its purpose ?

Roadmap for decision making & issue resolution

“Ethics is about making the best possible decisions concerning people, resources and the environment. Ethical choices diminish risk, advance positive results, increase trust, determine long term success and build reputations.”

–Project Management Institute

Alternative Delivery Methods & Attributes

Traditional Delivery Methods

Design-Bid-Build
Multi-Prime

Attributes

Owner bears all design & functional risk
Rigid
Combative
Most litigious

Alternative Delivery Methods

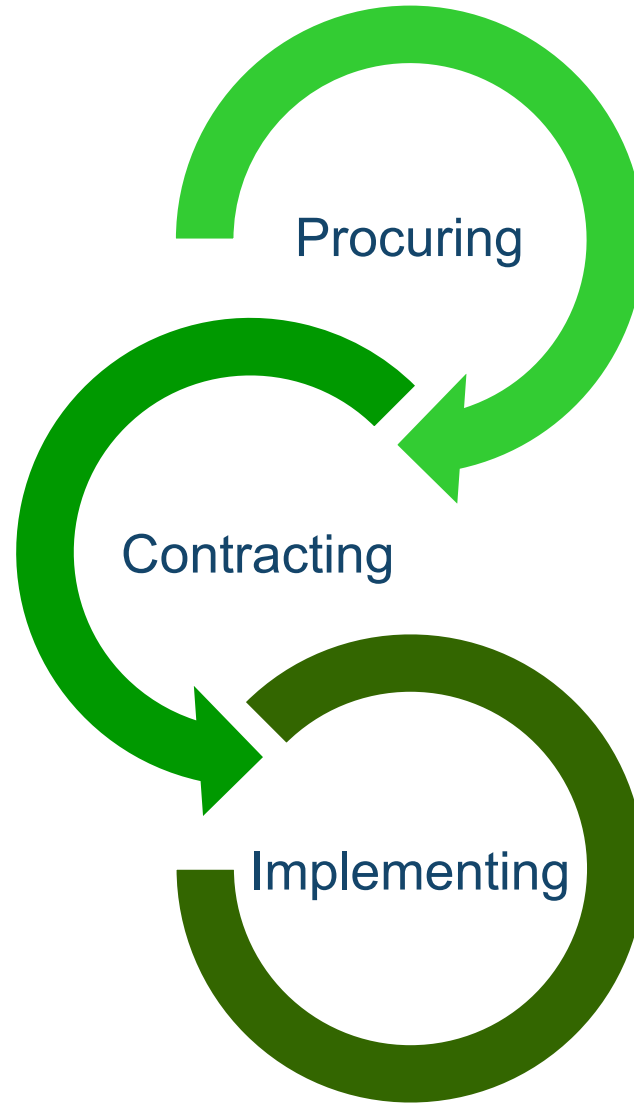
CM/GC
Design-Build
Progressive Design-Build
P3

Attributes

Schedule is a critical factor
Transfers risk of design & functionality
Agile & flexible
Based on mutual trust, respect, & team concept
Collaborative & common commitment

Integrity, Ethics, and Trust Takes Work Through All Phases of Project Delivery
Establish | Restore | Sustain | Extend

Alternative Delivery Primary Phases



Procurement Phase - Considerations for the Owner



- ✓ Issue a Reasonable Budget
- ✓ Reliable Bridging Documents
- ✓ Parity

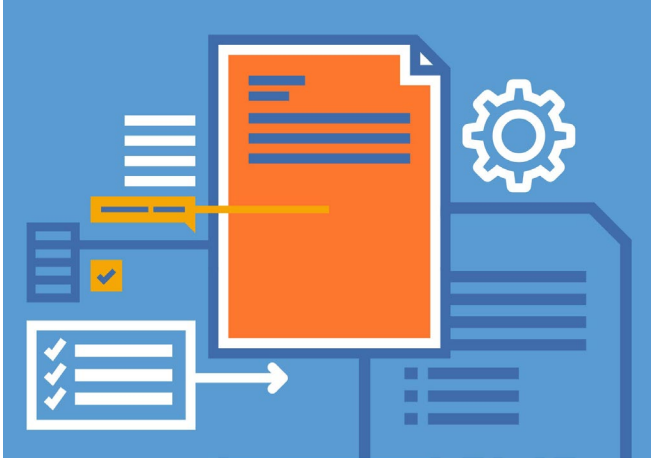
Organizational Preparation | Establish and Maintain a Level Playing Field |

Be Clear About What You Want | No Conflicting Requirements

Establish An Evaluation Method of Parity When Evaluating Proposals

Maintain Confidentiality

Procurement Phase – Considerations for Proposer



- ✓ Accurate Representation
- ✓ Don't Distort or Misrepresent
- ✓ Respect Confidentiality Agreements

Accurate Representation | Don't Distort or Misrepresent

Full and Accurate Disclosures | Respect Confidentiality Agreements

Value-Based Decision Making | Charter, Organizational Structure, Teaming

Agreements, Communications Matrix, and Issue Resolution Ladder | Liability

Contracting Phase – Considerations Owner & Proposers



- ✓ Invest in Partnering
- ✓ Performance vs Prescriptive Requirements
- ✓ Document Decision and Dispute Resolution Process
- ✓ “Open Book” Pricing

Contingencies, Allowances & Incentives

Reasonably Allocate Risk | Collaboratively Develop the Risk Matrix

Use Fair, Balanced & Clear Contract | Roles, Responsibilities, & Relationships

Performance Guarantees

Contracting Phase – Considerations Proposer & Subs



Use Fair, Balanced & Clear Contract

- ✓ Flow Down Requirements
- ✓ Discuss “what if” Scenarios
- ✓ Assignment of Liability

Finalize and Develop Productive Organizational Assets that Reinforce Value-Based Decision Making | Finalize Roles, Responsibilities & Relationships
Contractors Incentives & Performance Guarantees

Delivery Phase



- ✓ Use Partnering
- ✓ Owner's Representative/Project Advocate
- ✓ Be Accountable

All Team Members Should be Properly Trained | Commit at all Levels | Collaborate
Transparency of Issues | Availability & Use of Data | Open Book Pricing for Change
Orders | Value Engineering | Oversight, QA/QC | Betterment

Value-Based Decision Making

Leaders Make
Tough Decisions

It's what we DO!

- ✓ Recognize the Ethical Issue
- ✓ Get the Facts & Breakdown the Problem
- ✓ Evaluate the Options
 - ✓ Use Your Code of Ethics
 - ✓ Get Input
- ✓ Make the Decision with Established KPI's
- ✓ Monitor, Test and Adjust to Obtain the Solution
- ✓ Share Learned Lessons

Be Transparent | Be Supportive | Be Accountable

Closing Thoughts

How to Ensure Value-Based Decision Making

- ✓ Get trained – everyone on the team
- ✓ Define and align your values
- ✓ Hire people with similar values
- ✓ Promote open communication
- ✓ Invest in partnering
- ✓ Find your role models

LEAD BY EXAMPLE



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Thank you and stay safe

