

Shoring Up Industry Foundations

Considering market predictions, including those from BIS Shrapnel, detailing a struggle in industry for 2010 and 2011, there is a surprisingly positive indication of strong growth in infrastructure development, notably in Victoria and South Australia where growth is predicted of up to 30% in the next twelve months. This can be partly attributed to the huge increase in Federal funding plugging the gap in the drop in privately funded projects.

The infrastructure projects schedule to date have continued to develop, but a slight drag in project commencement has also been experienced. This could be due to more time being spent up front in project concept and development stages, but is more likely to be due to the continued shortfall or drain on Client resources, managing existing projects and increase quantum of upcoming projects.

Construction, engineering and consulting companies have also spent considerable time pondering their optimal resource levels given the uncertain future work prediction levels. Astute companies have relished the opportunity to re-invent themselves, using means such as:

- ❖ re-focusing the business units and areas
- ❖ re-assessing the workforce they need for tomorrow, not just what they have today
- ❖ reviewing current talent within the organisation and rationalising the people that are key to future performance
- ❖ seeking out further talent to strengthen areas
- ❖ devoting more time to further training and development of people internally

I believe that most companies who have prudently navigated through the last 12 months, will find that continued shoring up of their foundations will be evident in stronger, more resilient organisations and industry as a whole for 2011 onwards.

Exner are delighted to report that we continue to move from strength to strength, with modest growth in resource numbers, but significant growth in skills and expertise. Exner have also moved to new premises in 2010, located at:

**Level 3
1 Collins Street
Melbourne 3000**

Also in our endeavour to provide the best value to industry we now include complementary online training on our website. Visit www.exner.com.au to undertake our Security of Payment training. (YES it's free!!)

We look forward to working with you in these exciting times.

Regards



**Dr Collette Burke
Director**

Achieving Value for Money

Currently in Australia there is an extremely high focus on Value for Money (VfM), particularly as Alliance delivery matures on public projects delivered in Australia.

Although there are many guidelines and anecdotes from a multitude of private and overseas projects, there still seems to be a long way to go in achieving effective and efficient demonstration and delivery of VfM.

In recent DTF, and Partnerships Victoria reports, it appears that there is a major gap in the initiation of projects, including:

- ★ Failure by Government to define the Value Proposition and VfM criteria at Business Case, so projects have no clear specific project objectives or real means of measure VfM for that specific project;
- ★ There is little incentive of drivers to achieve innovation and efficiency throughout projects;
- ★ Although high performance teams are allocated to the projects, there is no evidence of 'game-breaking' or 'high' performance; and
- ★ The cost of fast tracking aspects of the project need to be clear identified to ensure the premium is understood and the need matches the project objectives.

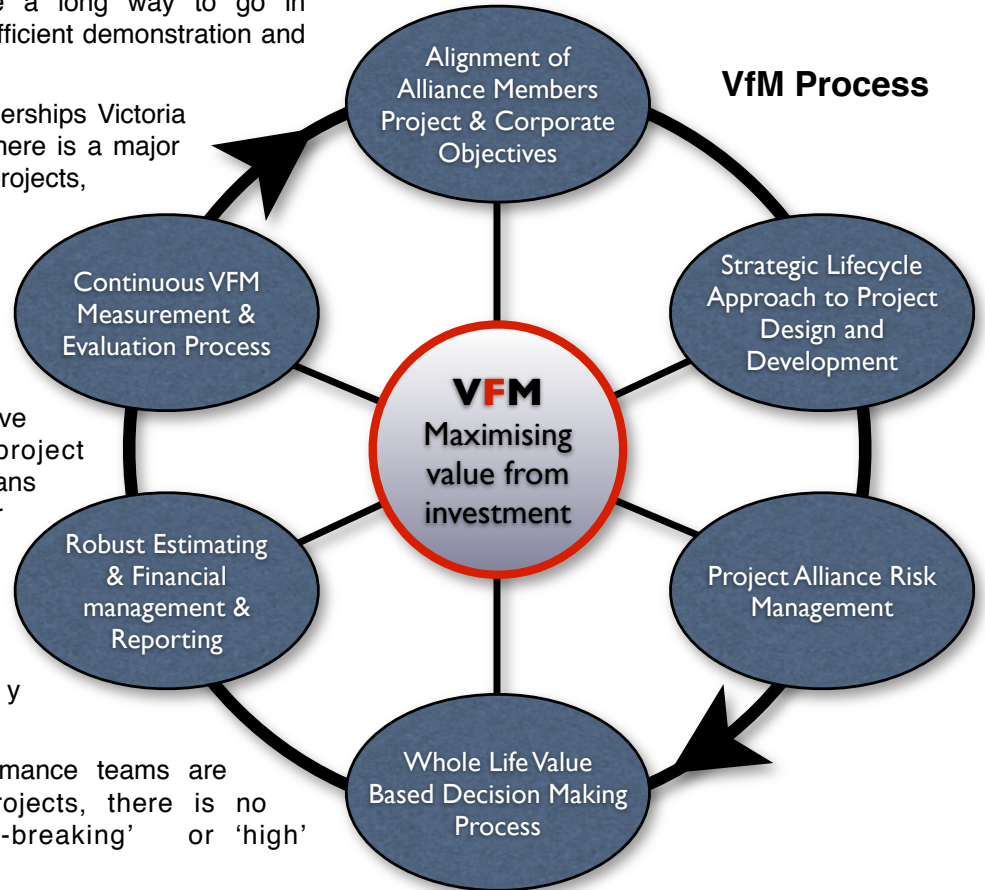
Many tenders focus on trying to get the right language terminology, effectively ensuring that they can "talk the talk", initiatives could be clearly identified and detailed to prove how the above gaps could be overcome and prove oneself as the next generation of project delivery.

Benchmark projects could provide the solid review and data of the current framework to delivering the projects and the ability to achieve exceptional performance and demonstrate VfM. The real evidence through benchmarking can then be used to modify the framework for measuring success in achieving VfM.

Exner team have benchmarks for design development / management, financial management, programme management, quality outputs, achieving project objectives, achieving value add and demonstrating VfM, to be used as the solid bases for future projects.

Exner also believe that Added Value and Innovation can be achieved by:

- ★ Lean team structure
- ★ Early agreement of project objectives and benchmarks



- ★ Strong commercial negotiation assistance.
- ★ Early engagement authority and utility service providers.
- ★ Providing a strong challenge and support team.
- ★ Understanding Client's budget and cost management strategy.
- ★ Maximising life cycle sustainability.
- ★ Innovative thinking, de-risking of projects.
- ★ Effective project communication and reporting processes.
- ★ Driving quality compliance, consistency and outputs and defect minimisation.

Price is what you pay, value is what you get.
Warren Buffet

FIVE COMMON MISTAKES IN PROGRAMMING AND IMPROVING PERFORMANCE MONITORING DURING PROJECT DELIVERY

Dr Collette Burke & Ms Maggie Andrews

Construction projects represent significant financial risk for both the Client and the Contractor, which must be managed and transferred through effective procurement, selection of delivery method, and continuous programming and planning.

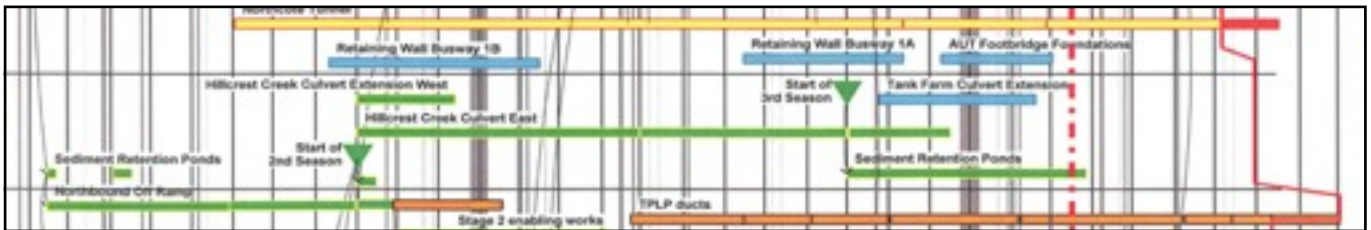
Programming serves a particular purpose for each project phase and must accommodate the ever changing risks present within these phases.

Best practice programming during a project lifecycle includes various key functions that must be present to manage the project. These functions include:

- Introducing Procurement Practices
- Defining how the Project will be controlled
- Implementing Project Cost, Schedule and Risk Management Processes

- Incorporating the projects key Contractual Processes and Requirements
- Finalising Project objectives within budget and targets
- Progressive status reporting and final reporting

Given the hallmarks of best practice programming listed above, Exner have developed a summary of the five common mistakes made during programming that lead to project underperformance and failure. Set out below is a brief overview of these 5 major mistakes together with lessons for project managers and identification of the key risks associated with this mistake.



1. Failing to understand critical & near critical paths

Lessons

Ensure project managers have an expert understanding of critical and near critical path and sub-paths and track progress with precision. Understanding what options are available to change project sequencing and expedite works should problems arise.

Risks

Project Underperformance and then the failing to meet contract milestones and financial loss.

2. Failing to understand the interconnectivity of activities

Lessons

Experience is necessary to identify interconnectivity of activities. Consider previous similar projects and work as a project team to identify as many of the key interconnected activities that are key to the project. This will enable the most efficient programme to be developed and leave opportunity for flexibility as unforeseen events, variations or changed conditions arise.

Risks

Unforeseen delay, constructability problems, financial loss.

3. Failing to manage Procurement of contracts/ materials & their lead-times

Lessons

Ensure project managers have an expert understanding of critical and near critical path and sub-paths and track progress with precision. Understanding what options are available to change project sequencing and expedite works should problems arise.

Risks

Project Underperformance and then failing to meet contract milestones and financial loss.

4. Failing to cascade down delays on programme

Lessons

Failing to adequately adjust programme for delays cascading down the project will result in an inability to adequately manage scope, quality time and cost. Delays must be handled by recommending prompt and aggressive action to avoid schedule delays.

Risks

Failing to cascade delays on programming will result in significant project delays and underperformance, and resultant impacts on other parties, stakeholders and the end user.

5. Programmes not recording progress & activities timing or re scheduling

Lessons

Effectively recording of progress and activities timing and sequence, including any rescheduling, is essential to the understanding of what was or could be achieved.

Risks

Inability to demonstrate and communicate actual activities completed and re-scheduled will result in contract underperformance, financial loss and difficulty assessing claims.



Exner's Management tips for Debt Recovery and Claims in the Construction Industry

No one can have failed to notice that debt issues are hitting the headlines again. Personal bankruptcy and business insolvency is on the increase. Now is the time to tighten up credit control procedures and to be vigilant in chasing those outstanding invoices and debts with adequate documentation.

Although businesses in financial trouble delay payment of their creditors, there are always some creditors that manage to get their money first. So the question is, 'How can you get them to pay money owed to you first!' Do you have adequate measures in place to ensure that you are one of the creditors paid on time without the risk of those funds being clawed back as a preferential payment. Exner understands how.

Another issue that is often put to one side is the question of retention monies, or the non repayment of retentions. As retention is repaid long after work has been finished on site, many sub-contractors forget that they are payments due. Diarising when payments are due is one good way to ensure that these payments are not forgotten.

Retentions can be paid half on Practical Completion and the remainder one year later after the Defects Liability period has expired. However, many Sub-Contractors do not even know when Practical Completion was, especially if they were on site early and often the Main Contractor will forget to tell them. Again there are effective methods for ensuring these payments are made on time.

When the worst happens and your money is not paid, we recognise that in construction no claim is ever straightforward. If you are in dispute over a claim, our expert claims management advisors can assist with a review of your outstanding invoices, correspondence, terms and conditions and contract to determine the best way to achieve the collection.

Claim recovery is always improved by the quality



of support documentation. Exner has developed efficient, simple to use systems of collecting and storing works information and documentation so as to best support your operation in the collection of money owed to you. Exner systems provide you with the best edge in ensuring you will get paid for the work you do.

Assessment of the client's financial position may also be a consideration in the avenues chosen to pursue debt recovery. Our claims management advisors are also expert in the areas of debt recovery and insolvency and can assist in understanding the position of clients and the negotiation of debt repayment.

The important message in the current economic client is both a good quality client and comprehensive debt/claims documentation are the key to success.



Security of Payment

The Security of Payment Acts provide a quick, fair and low cost process for resolving payment disputes within the construction industry. It provides security that a person who undertakes construction work is entitled to receive and is able to recover progress payments for the carrying out of that work.

Go to www.exner.com.au for complementary online video training.



"Online training gives me the education without losing valuable time being off-site."

Bing Li
Project Management
Participant

What is Exner Online?

Exner Online was formed to provide Industry with a convenient, highly valuable service in an environment where time is limited but ongoing training is crucial and for the purpose of providing a more personalised and attentive training service to trainees and industry.

Having worked in Industry for over 20 years, the directors at Exner recognise a serious lack of training for industry that suits an individual's work commitments. To fill this much needed void Exner developed its range of Online courses which are easy to follow, provide relevant and up to date knowledge and best of all can be undertaken when it suits you, not at inconvenient times stipulated by training organisations.

Being committed to providing the highest quality training for Industry personnel, Exner undertook an enormous amount of research to find the best delivery method which would focus key operational principles into easy to understand modules within Exner Online courses.

The result is that Exner Online courses are highly focused on practical useable knowledge that applies to real working situations rather than over burdensome theory which has little practical application.

Why Exner Online?

- ✓ We specialise in providing Industry with specific knowledge it needs to operate smoothly and efficiently.
- ✓ Our client management and follow up service is exceptional.
- ✓ Our courses meet nationally recognised requirements.

- ✓ We have developed our courses to be easily adapted to the specific needs of individual companies allowing us to deliver more diversified training.
- ✓ We have unique technology which enables one to one and classroom environments.
- ✓ We are committed to providing ongoing support and assistance following completion of courses.

How it Works?

Once enrolled each participant receives a unique username and password which gives them access to their courses.

Each course contains classroom style detailed instructional videos which cover the key elements of each subject. Participants can watch these videos as many times as they wish.

In addition to the videos there are comprehensive notes containing more detailed information about their chosen subject to enable further enhanced understanding.

There are many self assessment tasks to complete so participants can test their knowledge of the learned materials.

Online classroom environment is available enabling students to discuss particular topics.

Instructors are available for one on one tutoring if required.

Having completed all the learning modules within the course an assignment is required to be submitted which is marked and returned with the ability to further discuss any areas requiring follow up.

To watch a demonstration video click on the link below

http://www.exner.com.au/Exner_Online.asp

Exner Rail and Risk Management

Risk management is a key element in rail construction and maintenance works.

Exner have been involved in implementing several key initiatives to ensure their staff and clients fully understand the rail environment and how best to approach working in that high risk and dynamic environment.

Exner staff update their Rail Safe training on a yearly basis, consisting of full training course for all team members, rail safety walks and rail environment training.

Exner recent rail works have included rail shutdown programming, long term rail programme planning and scheduling, cost estimation of works around rail, construction stage planning and long term value for money analysis. Exner have also been engaged by companies to develop site specific management plans to successfully manage and train employees in the rail infrastructure environment.

Effective risk understanding and management is required for all organisations working or interfacing in the rail corridor. Organisations need to be able to consistently quantify and articulate risks



in a meaningful way to ensure the that risk management approach is a genuine reflection of actual risk exposures and areas to manage, rather than based on subjective or uneducated assessment.

With the current \$38 billion Victorian Transport Plan (receiving the largest



amount of Federal funding out of all of Infrastructure Australia's priority list), it is critical that all rail upgrades, rail extensions, grade separations, reliability improvements and new trams projects are managed successfully and achieve the maximum operational life value possible, delivered within the least risk to safety and adverse impact to public and the business community.



Railway termini are our gates to the glorious and the unknown. Through them we pass out into adventure and sunshine, to them, alas! we return.

E.M. Forster

Exner Leopard Heavy

at the 2010 Victorian Karting Championships

Exner Online is committed to supporting our state and local karting and was the title sponsor for the Leopard Heavy class.

Karters of all stripes descended on the Oakleigh Raceway for what is one of the biggest events of the Australian karting year, the Victorian Open Championship. Over 3 days 16 classes ranging from Midgets through to seniors battle it out for the honour of state title.



The Italian manufactured IAME Parilla Leopard RL 125cc water-cooled engines are the power source for this class. Leopard Heavy is raced by Senior drivers holding an AKA B-Grade or better license. Conceived more than 10 years ago the Leopard engine was designed to guarantee the highest reliability and long life of its components. Producing approximately 26hp the IAME Parilla Leopard engine revs to a limited 15,500 rpm which can propel the kart and driver to well over 100km/h. The minimum weight for Leopard Heavy is 175kgs. The tyres for Leopard Heavy are MG FZ Yellow - Dry and MG WZ - Wet.

Unfortunately, Exner drivers Bridgette Cantarella and Damian Andrews were unable to compete at this year's event due to other commitments. However, our drivers did manage to get down to the track for some of the event and as pictured Bridgette proudly holds the Exner banner aloft with possible future competitor, Benjamin underarm.

Qualifying looked to fall victim to typical Melbourne weather with a downpour on the Thursday night before competition flooding the course however the quick deployment of pumping machines and the dedicated work of a dozen club members saw the track ready for action on Friday.

Michael Griffiths took pole from Matthew Wall by one one hundredth of a second with a lap time of 40.612 seconds and that's how the positions would remain for the first heat with Michael Griffiths winning a

closely fought battle with Matthew Wall to take the checkered flag.



Heat 2 saw Lee Mitchener take top honours from Matthew Wall and Michael Griffiths following up in third.

The all important Pre-Final would determine the starting order for the final. Michael Griffiths shot to the front to win with Lee Mitchener second and Brendan Nelson third.

The state title deciding 21 lap final of the Exner Online Leopard Heavy was shaping up to be a closely fought battle but who would be able to take the crown.



As the light turned green the karters screamed around the track contesting corners by bravely diving up the inside. However, on lap 15 Michael Griffiths and Elle Brydon got a little close, came together and spun off the track. Lap 21 and it was Lee Mitchener who was first across the line to win the state title from Matthew Wall with Brendan Nelson third.

"There are seven winners of the Monaco Grand Prix on the starting line today, and four of them are Michael Schumacher."

Murray Walker

Exner F1 Big Day Out

The Exner team headed to day one of practice for the Qantas Australian Grand Prix. The weather was overcast with a chance of rain (being skilled in risk management the team made sure they travelled to the circuit with their brollies and promptly left them in the car). At least there would be little chance of sunburn.

There were many sites to see and we had lots of fun cruising the pits looking at all the different types of race cars from classics over 70 years old to state of the art Porsches and even the only Aston Martin DBR9 in Australia.

Come F1 practice the team were ready with their F1 safety packets, though there was some confusion with regard to where the spongy plugs were to be located.

Support was high for the local hero Mark Webber but also for the bright red Ferrari team as well. Practice 1 saw Renault's Robert Kubica top the

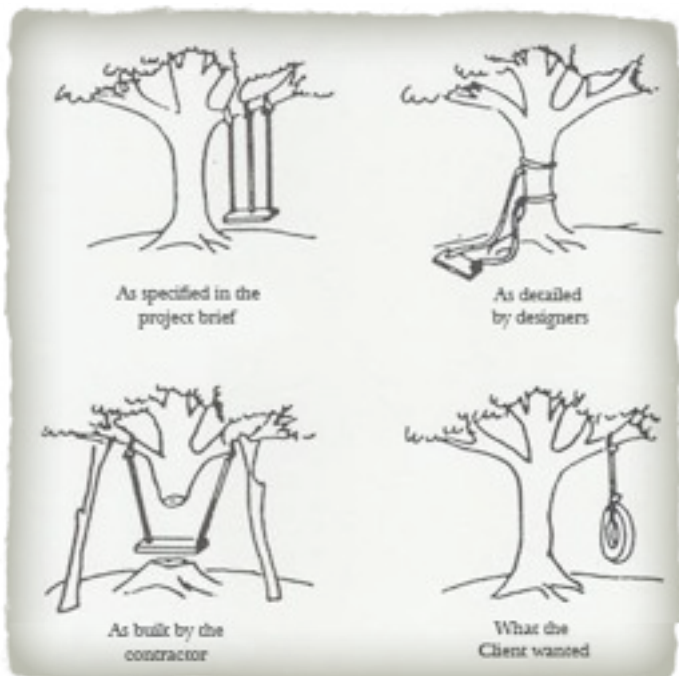
"The lead car is absolutely unique, except for the one behind it which is identical"

Murray Walker



time sheets from Mercedes' Nico Rosberg with Mark Webber down in 14th. P2 saw Mark jump up to 3rd behind McLaren's Lewis Hamilton and Jenson Button. Mark went on to qualify second however had a terrible race finishing 9th.

It was a fantastic day out for the team but we had to drag young Brigette from track after being mesmerised by her favourite car in the world, Bumble Bee!!!!



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