

Zero Sum Game

I have been in the mining industry for nearly two decades with a primary focus on formalizing Owner and Contractor relationships through one form of contract or another. For me, the most exciting and rewarding form of contract is a Prime Contract (i.e., EPCM, EPC, etc.). From the vantage point of this position, I am able to get a first-hand view into the Owner's organization, as well as that of the Contractors. Everyone has a voice in ultimately, and ideally, developing a win-win relationship between both the Owner and Contractor.

The problem that I and many others have witnessed is this: the majority of those responsible for putting in place contracts don't have the same win-win philosophy and are really only looking out for the benefit of their own organization or their own careers.

The majority play a zero-sum game. Somebody has to lose in order for somebody else to win. It's a form of scarcity thinking, not abundance. Why can't we all win, or at least benefit in some way? Why does the success of one company, or one organization, or one project, rely on the destruction (or domination) of another? Aren't the ultimate objectives the same (health and safety of the personnel, meeting budget targets, accomplishing the project on schedule, etc.)?

I see this dynamic and line of thinking as a form of parasitism; a relationship between two different organisms where one of the organisms actually harms the other through the relationship. The organism that is harming the other one is the parasite. Fleas or ticks that live on dogs and cats are parasites. They are living off of the blood of the host animal, and commonly poisoning the host animal in the process, whether the effects are noticeable from the onset, or only show symptoms over time.

Let me be clear with this message – I am not calling mining companies parasites, although the analogy could hold true. Rather I am suggesting owners can't survive without contractors, nor can contractors survive without the business provided to them by owners. We are sucking the lifeblood out of contractors by focusing on "price" rather than "value", risk over reward, and treating them as Master/Slaves. We need each other.

It doesn't have to be this way. Why not a relationship of mutualism where both parties benefit, share in the prosperity and success of one project to set themselves up to repeat that shared success again on the next? Is that not the ultimate goal of business survival – developing partnerships that can prosper to the benefit of both parties, rather than just one?

So, the golden question: what can we do about it? Together we can join forces to come together as a community, share our stories, share our perspectives, share our ideas, and spread the word throughout this great and knowledgeable community. The time to act is now!

Global investment in mining and metals is expected to grow by around 50 percent by 2030.^[1] Yet, 80% of all mining projects come in late and over budget by an average of 43%.^[2] In one comprehensive study, Bent Flyvbjerg, an expert in project management at Oxford's business school, estimated that nine out of ten megaprojects go over budget.^[3]

One of the ways we are tackling this complex challenge at Prime Contract Solutions is by hosting a series of "Mining Mavericks" Round Table Discussions. These roundtables host a small and experienced group



of leaders in the mining industry who come together to discuss pre-selected discussion topics, all with the primary objective of creating a better and more sustainable industry for each and every one of us!

As we've done for more than a year, we will communicate our findings and share actionable steps we can take!

We look forward to sharing our findings with this audience, and further welcome any feedback you may have resulting from this deliberate information sharing platform.

Together, and only together, can we as representatives of owner and contractor organizations make steps to right the imbalance in the industry. Only as leaders can we make a deliberate effort to share these ideas and implement the steps to make this industry once again successful to all parties, not just one.

Many thanks, and much appreciated.

Jason Fearnow
Founder and Principal Consultant, Prime Contract Solutions

To effectively execute mining projects, it takes a different level of tact. It's not about working harder, it's all about working smarter.

And we are passionate about doing things better – no more horrifying industry statistics – there is a better way!

Check out our other insightful and thought-provoking interviews at <http://www.jasonfearnow.com>

Or grab a time to meet with me 1:1 to discuss the unique challenges of your project.

1. "Capital Projects and Infrastructure", *Mining and Metals, an Overview*, McKinsey and Company, pp. 1, www.mckinsey.com/industries/capital-projects-and-infrastructure/how-we-help-clients/mining-and-metals
2. Mark Kuvshnikov, Piotr Pikul, and Robert Samek, "Getting big mining projects right: Lessons from (and for) the industry," *Mining and Metals, an Overview*, McKinsey and Company, February 8, 2017, pp. 1, www.mckinsey.com/industries/metals-and-mining/our-insights/getting-big-mining-projects-right-lessons-from-and-for-the-industry
3. Brent Flyvbjerg, "What you should know about megaprojects and why: An overview," *Project Management Journal*, 2014, Volume 45, Number 2, pp. 6-19, journals.sagepub.com/doi/abs/10.1002/pmj.21409?casa_token=U1CTrBwUIBAAAAA%3A9QIXKpKh_dVpufgf4yrfNT2x8Hi8iyC_k3TgV5Y6hTitNcBx_3emm22iG8m1CEadHF53mbUPXNG&
