



# We delivered a \$1 billion benefit to a major global miner through improving their contractor engagement methods across multiple projects, thereby reducing the risk of project and production delays

## The Challenge

A major global miner was faced with key issues of ensuring availability and competitiveness of contractor capacity. The company has a plan to significantly expand production by 2015; however, it competes in Western Australia, which is faced with a growing contractor capacity shortage.

The company engaged Deloitte to provide strategic advice to establish improved contracting engagement in a constrained labour market to better access talent and resources.

## How we helped?

Deloitte worked with the miner's 10 top contractors with the aim of pre-allocating contracts across the program over the next 4 to 5 years. We collated information provided by the contracting organisation and developed a framework to evaluate any proposed contracting models. We then developed a high-level view of the 'base case' demand in the local market over the duration of the next 5 years.

We developed integrated models of the impact that different contractor engagement methods have on the business, including the following:

- Packaging model
- Commercial model
- Pricing model
- Engagement model.

## Value delivered

The recommendation provides superior value of over \$1 billion and a superior risk profile to the existing base case. The recommendation also brought the client a number of additional benefits including:

- Implementing a management process for future projects
- Improving contractor communication and program transparency
- Reducing the necessity to tender through the development of flexibility float in schedules across key projects.



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