



“Long-Term Contracting Due Diligence for Strategic Partnerships”



ABOUT THE CLIENT

Industry	Water Treatment
Revenues	\$20 billion
Employees	330,000
Location	Germany and USA
BSI Service or Solution	Contracting Best Practices

Key Challenges

- Contracted equipment was delivered but was faulty and exploded, causing direct and indirect damages.
- The supply chain partners involved argued in court about which of them was responsible, and to what degree.
- Two parties disputed the existence and the validity of certain contract terms and conditions (T&C), especially liability and liquidated damage clauses.

Why Boston Strategies was Selected

- Expertise in contracting and contract risk management
- Familiarity with the water treatment industry and with the suppliers involved in the dispute
- Knowledge of standard industry practices for contracting multi-year, complex, engineered construction projects

Project Scope

- External and intra-company tendering procedures, including RFI, Request for Proposal, and contracting
- Contract terms and conditions, notably liability for damages and liquidated damages for remediation and penalties
- Belt Dryer
- Sludge Storage Bin
- Odor Control System
- Extruder

Project Approach

- Benchmarked the contracting process against standard contracting procedures, across industries
- Defined standard and best practices at each stage of contracting, identifying practices that led to ambiguity such as links to T&Cs, different versions of the contract T&Cs, ambiguous intercompany procedures, and email and other off-line communications vs. what was in the contract proper.

Financial Benefits Realized

- Helped to resolve a \$7 million intra-company dispute that had gone on for seven years
- Avoided the costs and distraction of prosecuting the case in court, which was upwards of \$1 million

Operational Benefits Realized

- Helped the client define clearer intra-company standard operating procedures regarding contracting, to avoid similar disputes in the future