# Learning from Each Other (LEO) Workshop on

# Contract Rationalization and Outsourcing practices in Steel Melting Shop Complex

## (May 8-10, 2019)

## Aim:

The aim of the workshop is to enable all the participating plants to identify means of rationalisation of contracts and effective outsourcing practices.

## Objectives:

In the workshop the participants will be able to

* Share and learn about effective contracting/outsourcing practices in different plants with reference to management of steel melting shop complex\*
* Share and learn about challenges faced in rationalisation of contracts and outsourcing in steel melting.
* Identify improvements in practices that can be adapted at their workplace and develop an action plan for their implementation

\*Steel Melting Shop (SMS) Complex includes the operations and maintenance of the entire steel making, continuous casting and related utilities.

## Target Population

* Key executives from the different sections of steel melting shop (SMS) dealing with work that are partially/completely being done through outsourcing contracts.

## Participating Organizations

* SAIL- BSL,BSP,DSP,ISP,RSP,ASP, SSP, CET
* Tata Steel
* RINL
* JSW

**Duration: 2 ½ days**

# Workshop Structure

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| **May 8, 2019** | |
| **9:00 - 10:00** | Program briefing and introductions |
| **10:00 -17:30** | Presentation by participants on contracting/outsourcing practices in Steel Melting Shop (SMS) Areas of Plant |
| **13:30 - 14:30** | Lunch |
| **14:30 - 17:30** | Presentation by participants on contracting/outsourcing practices in Steel Melting Shop (SMS) Areas of Plant |
| **May 9, 2019** | |
| **9:00 - 13:30** | Sharing of Contractors/ Outsourcing Agencies Perspectives |
| **13:30 -14:30** | Lunch |
| **14:30 -17:30** | Working Together- Identification of practices that can be adapted and development of action plans |
| **May 10, 2019** | |
| **9:00 - 12:00** | Action Plan presentation |
| **12:00 - 13:00** | Closing remarks & Valediction |

**Workshop Facilitator:**

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# Pre-workshop Preparation by the participants

## Brief for the presentation by the participating plants

1. **Pre contract phase**
   * Why did the department decide to outsource the process? What was the reason? Some background information about the case?
   * What was the scope of work? What were the deliverables and what were the boundary conditions?
   * How did you work with the agencies to define the scope of work and deliverables? What kind of deliberations, discussions happened and with whom before you came to a common agreement on the scope of work?
   * How was the contract document drafted?
   * What kind of bonus or penalty clauses were kept in the contract
2. **Contract Management Phase**
   * How do you maintain records that are needed by the department?
   * What is your system of review of performance, and deciding the bill amounts for running bills? (special focus on KPI based contracts)
   * How do you address the statutory requirements in terms of labor laws?
   * How do you address Safety requirements?
3. **Lessons Learnt from Experience**
4. Precautions to be taken by department
   * What preparation has to be done by the department before going in for outsourcing?
   * How do we avoid safety hazards
   * How do we minimize statutory risks and overlap of responsibilities between department and outsourcing partner?
   * Sharing of department best practices that facilitated effective outsourcing

## Data to be brought along by the participating plants as backup and reference

* Details of contracts in steel melting complex with at least the following details
  + Title of contract and brief description of scope of contract
  + Contract period
  + Contract value
  + No. of contractual manpower deployed in the contract
* Details of contracts combined in the past for rationalization
  + Details of scope of earlier contracts and scope of combined contracts
  + Savings/Operational efficiency gains as a result of the rationalization

## Brief for the presentation by the contractual service provider/outsourcing partner

Sharing of experiences to help understand the practical issues that one faces within a context. For each case study, please explain….. (**indicative questions**)

* **Pre contract phase**
  + Why did the department decide to outsource the process to you? What was their stated reason for outsourcing? Some background information about the case?
  + What was the scope of work? What were the deliverables and what were the boundary conditions?
  + How did you work with the department to define the scope of work and deliverables? What kind of deliberations, discussions happened and with whom before you came to a common agreement on the scope of work?
  + How was the contract document drafted?
  + What kind of bonus or penalty clauses were kept in the contract
* **Contract Management Phase**
  + How do you maintain records that are needed by the department?
  + What is your system of review of performance, and deciding the bill amounts for running bills? (special focus on KPI based contracts)
  + How do you address the statutory requirements in terms of labour laws?
  + Do you use your own employees or use contract labour, or both?. What are the implications of that for the department as the principal employer.
  + How do you address Safety requirements?
* **Lessons Learnt from Experience (30 min)**
  + Best practices by outsourcing partner
  + Practices by outsourcing partner that have proved to be helpful in effective management of outsourcing contracts
  + Situations to be avoided based on experience.
* **Summarization**