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Considerations for Entering the Resources Sector

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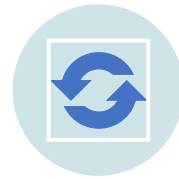
Overview



Resources sector overview



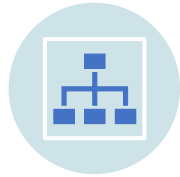
Showcasing your business



Approach to the market and responses. (Best practise Procurement process)



Understand the client's needs.



Understand and manage risk.



Understand the capability and capacity of your business.

Resources Sector Overview

Common

- Complex and high-risk environments
- Commercial and higher margins
- Lengthy process of engagement
- Market and Price sensitive – supply / demand / OPEC
- Pricing linked to various indices
- Subject to extremes – weather, technology changes etc
- High levels of compliance to Systems, Process, Procedures
- ISO and AS accreditations viewed well for Pre-Qual
- Costly, Higher risk
- Australia / NZ / PNG

Mining Sector

- Commodities – Gold, Iron Ore, Copper, Uranium, Silver, Zinc, Coal and many others

Oil and Gas Sector

- Onshore and Offshore
- Conventional versus Non Conventional



Showcasing Your Business



- ▶ The Story – why? Be Unique
- ▶ The Brand and what it represents
- ▶ Cultural differences
- ▶ Case studies and relevant experience
- ▶ Key Resources including Board and Management
- ▶ Representatives in other countries
- ▶ Systems, Process, Procedures
- ▶ Networks and relationships
- ▶ Accreditations
- ▶ Commercial and financial capability
- ▶ References
- ▶ Social Media and Public relations
- ▶ Trade shows
- ▶ Industry group - APPEA / AOG / APGA
- ▶ Magazines other Associations
- ▶ Awards

Approach to the Market



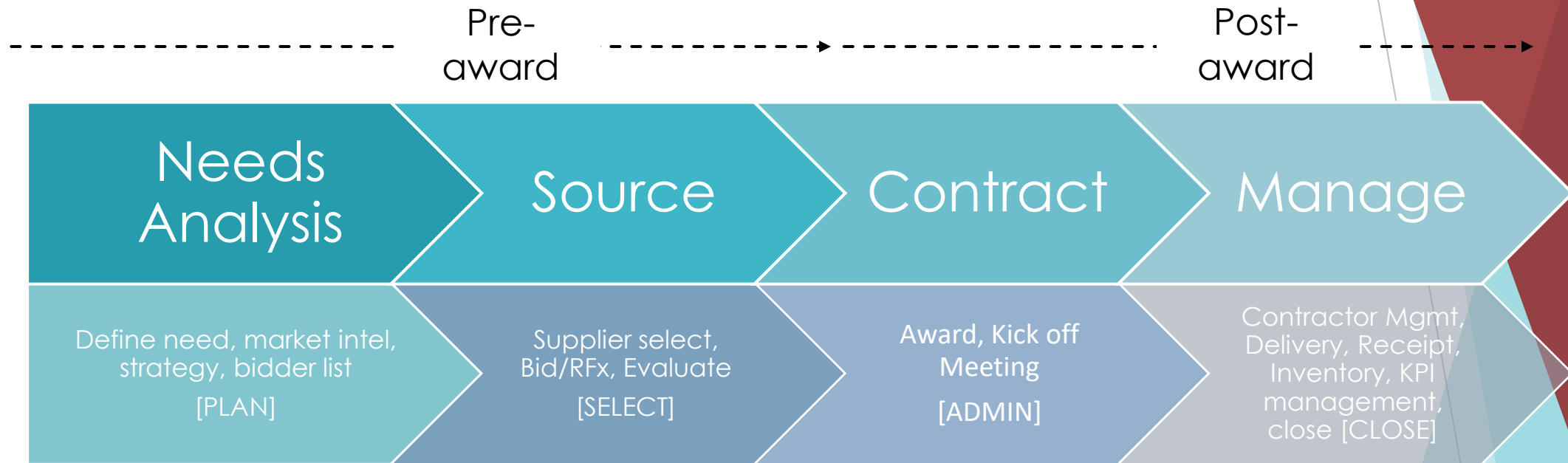
Companies typical approach to the market can be defined by requesting:

- ▶ Prequalification
- ▶ Expression of interest
- ▶ Request for information
- ▶ Request for tender

Respondents typical approach to the market can be defined by conducting a:

- ▶ EOI / Tender / RFI Strategy
- ▶ Understanding and managing risk
- ▶ Review relationship matrix
- ▶ Review Financials and Commercial
- ▶ Legal – T&Cs, Jurisdiction
- ▶ Scope alignment

Best Practice - Procurement Process



Procurement Fundamentals:

Market Intelligence
Category Plan
Stakeholder Engagement
Risk assess and manage
External environment
People

Understand the Clients Needs

- Appoint team members from the resources sector

Understand the client:

- organisation
- structure
- equipment
- risk profile
- issues and challenges
- business strategy
- people
- safety
- environments etc

How can you provide support to deliver? How can you solve problems?

May be to **increase production**, to **reduce costs**, to **improve working capital**...

Understand and Manage Risk

Typical approach – conduct detailed risk assessment



Typical Risks

- ▶ Health and Safety
- ▶ Environmental
- ▶ Company structure
- ▶ Legal
- ▶ Political
- ▶ Economic
- ▶ Social
- ▶ Financial including Foreign exchange
- ▶ Agents / Commissions
- ▶ Industrial relations
- ▶ Distribution / Shipping / Logistics / Insurances
- ▶ Commercial - business risk
- ▶ Suppliers / Subcontractors / Supply chain
- ▶ Security
- ▶ Time zones

Evaluation Process

- Single Point of contact
- Tender received and distributed for evaluation
- Evaluated technical and commercial separately – priced quarantined
- Conflict of interests declared
- HSSE, Budget holders, C&P, Risk, Credit, Local content, Operations etc
- Tender Evaluation Plan and evaluation tools
- Negotiating
- Recommendation to Award
- Procurement board approvals

Evaluation criteria

- Go / No go
- HSSE
- Scope
- Compensation
- Capability / Experience
- Key Resources
- Local Content
- Indigenous / Diversity

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Understand the Capability and Capacity of your Business.

Commodity prices change and the impact can be severe, Oil price, Commodity prices, COVID...

Know the capacity of your business and what risk you are prepared to take...

Do not tender or contract work that is impossible to deliver and beyond financial capacity

Compliance costs associated with Mining and Oil and Gas are very high, understand prior to engaging, the overhead factor.

Summary:

Ensure you
Understand your
clients needs

Understand your
costs for
compliance

Showcase your
company

Understand and
manage risk

Understand the
capability and
capacity of your
business

Lessons are so simple:

Procurement:

Contract your business spend to control costs and manage risk

Clients:

Do not enter into client agreements with unlimited liability
Do not act desperately, if it doesn't work, find another opportunity.

Rowe Advisory – Tools and Services



Supply Chain

Supply chain process and procedures
review of existing business,
recommendations and
implementation

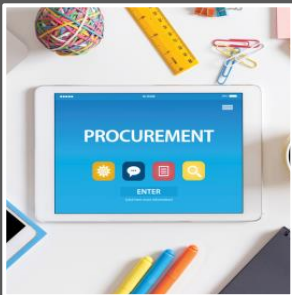
Reduce
Working
capital and
costs

Procurement



Advisory - Systems
Process and Procedures, One off
projects including Cost reduction
sourcing and management delivery
outputs and Contract Labour

Governance,
Manage risk,
reduce costs,
streamline
process

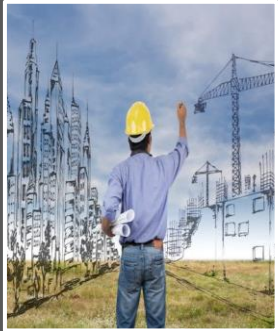


Projects

Project Strategy to Contract
Management - Contract Managers
Contract Administrators
Quantity Surveyors

Strategic
project
thinking,
minimal
claims

Promitheia Procurement – Tools and Services



PP Templates

Design a fit for purpose Procurement function with governance, sourcing and contract mgt

Governance,
DOA,
manage risk
and reduce
cost

PP Advisory subscription



Experienced Procurement professionals to support your business for all things procurement

Manage risk,
reduce costs,
streamline
process

More information:

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