SNAPSHOT

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PART
2.1

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INSIDER INSIGHTS

GETTING TO GRIPS WITH NEC® TERMINOLOGY

Ensuring simplicity and clarity for users are encapsulated in some clear principles common across the NEC® suite of contracts. This requires becoming familiar with the terminology deployed.

Early warning v compensation event – what is the difference?

Early warnings are notifications of any matter which may or may not happen and which could have a quality, time, or cost impact for the project. Quite simply, early warnings are the 'jewel in the crown' of NEC and part of the active and collaborative risk management process championed in the contracts. The early warning process seeks to ensure that the main players explore emerging issues and discuss together whether the matter can be avoided or at least minimised via a collaborative problem-solving approach.

Compensation events are event(s) which have happened or will happen, including changes (with some exceptions) notified by the Project Manager, and which are not usually the fault of the Contractor. The compensation event protocol is the mechanism which captures post contract variations and sets out how the time and cost impact of such events are quantified, assessed, reviewed and implemented (closed out).

Defined terms and *italicised* terms?

NEC achieves one of its main objectives of clarity and simplicity by implementing the following approach across its suite of contracts:

- **Defined terms**
  (see clause 11) have capital initials i.e., Defect.
- **Identified terms** in *italics*, refer to entries found in the Contract Data i.e., *defect correction period*.

This aids the user in understanding where information can be found, how it is to be used and its importance.