

# The procurement of construction project construction essay



**ASSIGN  
BUSTER**

\n[[toc title="Table of Contents"](#)]\n

\n \t

1. [Client Profile](#) \n \t
2. [Project Background](#) \n \t
3. [Client's Policy](#) \n \t
4. [Project Budget/ Cost](#) \n \t
5. [Project Schedule/ Time](#) \n \t
6. [Quality \(functionality and performance\)](#) \n \t
7. [Comparison of Procurement Route](#) \n \t
8. [Recommendation to Client](#) \n

\n[/toc]\n \n

The procurement of construction project is vast in scope because it involves the gathering and organizing of myriads of separate individuals, firms and companies to design manage and build construction products such as houses, office buildings, hotels, shopping complex, roads, bridges etc. for specific clients or customers. Procurement comes the word procure which literally means to obtain by care or effort, to bring about and to acquire. System is about organized method, approach, technique, process or procedure. In this context, project procurement is very much concerned with the organized methods or process and procurements of obtaining or acquiring a construction product such as a house, hotels and shopping complex or road and jetty. It also involves arranging and coordinating people to achieve prescribed goals or objectives.

In some instances the procurement method will have already been decided before an architect is appointed, either as the result of company or authority laid down policy because the choice has already been made by the client advised by a lead consultant who is not the architect. There are many different procurement routes, it is appropriate for the mainly common routes are the traditional procurement route, the design and build procurement route and the management procurement route.

Which procurement method is likely to prove the most appropriate in a given situation will depend upon the nature and scope of the work proposed, how the risks are to be apportioned, how and where responsibility for design is to be placed, how the work is to be coordinated, and on what price basis the contract is to be awarded. An important point to remember is that the choice of form of contract cannot usually be settled until the procurement method and the type of contract have been established. This will mean considering of Design responsibility, Coordination responsibility, Price basis, Plan of Work and Assessing the risks.

## **Client Profile**

Cinnamon Grand is a privately owned large hotel chain in the UK. They offer comfortable accommodation across the UK and are committed to preserving the rich heritage therefore they are very passionate about the outlook of their hotel buildings. Cinnamon Grand have a strategy of adopting neglected landmark buildings and bringing them back to their former magnificent look. Subsequently, the hotel management board (client) is experienced at renovation of buildings. Although Cinnamon Grand is use to dealing with the construction of hotel buildings, they do not have an in-house executive who

<https://assignbuster.com/the-procurement-of-construction-project-construction-essay/>

is either experienced enough or is able to devote sufficient time to advise the reconstruction of their properties.

## **Project Background**

A recent period of bad weather and severe storms has resulted in three Cinnamon Grand hotels being significantly destroyed in the South East of the UK. All destroyed hotel buildings are located in prime locations in town settings. In August 2012, the hotel management board agreed to reconstruct the destroyed buildings to create a vibrant and attractive environment that can be enjoyed by all. The hotel management is keen on taking this unexpected event as an opportunity to improve the quality of buildings and facilities provided. The design solutions will be developed along similar lines adopted for previous hotel buildings, but the intention is to reconstruct the three hotels to match an existing hotel or even better quality than they were before the severe storm. Although the nature of damage significantly varies from one building to another, all sites will require the demolition of a number of existing structures that are not structurally sound enough to retain and reconstruct.

The Client decides to undertake the three buildings under two phases. Phase 1 include roofs, guest rooms, restaurant and swimming pools. Phase 2 include dance studios, health and fitness centre and conference and meeting rooms.

## **Client's Policy**

Cinnamon Grand have to invest a great deal of time, money and effort to ensure that reconstruction is always sensitive and does not compromise the dignity of the buildings and services provided.

## **Project Budget/ Cost**

The Client has decided to obtain finance from a Commercial Bank which is estimated at £120million.

## **Project Schedule/ Time**

The completion date of Phase 1 and 2 are critical, as the buildings require handover by 28thFeb2015 at the very latest, due to the opportunity cost of closing down business following the storm damage. The planned start date on site is 1stMarch2014. Therefore the priority should be given to rapid reconstruction of following key areas of the hotels which makes them re-open to business on 1stApril 2015.

## **Quality (functionality and performance)**

Quality of the buildings is very important to the Client, as their reputation was founded on quality of accommodation and service. Reconstruction works would have to match an existing hotel or even better.

## **Comparison of Procurement Route**

Type of route

Speed

Complexity

Quality

Flexibility

Traditional procurement route

Not the fastest of methods. Desirable to have all information at tender stage and consider two stage or negotiated tendering

Basically straightforward, but complications can arise if client requires that certain sub-contractors are used.

Client requires certain standards to be shown or described. Contractor is wholly responsible for achieving the stated quality on site.

Client controls design and variations to a large extent

Design and Build procurement route

Relatively fast method. Pre-tender time largely depends on the amount of detail in the client's requirements. Construction time reduced because design and building proceed in parallel.

An efficient single contractual arrangement integrating design and construction expertise within one accountable organisation.

Client has no direct control over the contractor's performance. Contractor's design expertise may be limited. Client has little say in the choice of specialist sub-contractors.

Virtually none for the client once the contract is signed, without heavy cost penalties. Flexibility in developing details or making substitutions is to the contractor's advantage.

#### Management procurement route

Early start on site is possible, long before tenders have even been invited for some of the works packages.

Design and construction skills integrated at an early stage. Complex management operation requiring sophisticated techniques.

Client requires certain standards to be shown or described. Managing contractor responsible for quality of work and materials on site.

Client can modify or develop design requirements during construction. Managing contractor can adjust programme and costs.

#### Type of method

Certainty

Competition

Responsibility

Risk

Summary

#### Traditional procurement route

Certainty in cost and time before commitment to build. Clear accountability and cost monitoring at all stages.

Competitive tenders are possible for all items. Negotiated tenders reduce competitive element.

Can be clear-cut division of design and construction. Confusion possible where there is some design input from contractor or sub-contractor or suppliers.

Generally fair and balanced between the parties.

Benefits in cost and quality but at the expense of time.

Design and Build procurement route

There is a guaranteed cost and completion date.

Difficult for the client to compare proposals which include for both price and design. Direct design and build very difficult to evaluate for competitiveness. No benefit passes to client if contractor seeks greater competitiveness for specialist work and materials.

Can be a clear division, but confused where the client's requirements are detailed as this reduces reliance on the contractor for design or performance. Limited role for the client's representative during construction.

Can lie almost wholly with the contractor.

Benefits in cost and time but at the expense of quality.



## Management procurement route

Client is committed to start building on a cost plan, project drawings and specification only.

Management contractor is appointed because of management expertise rather than because his fee is competitive. However competition can be retained for the works packages.

Success depends on the management contractor's skills. An element of trust is essential. The professional team must be well coordinated through all the stages.

Lies mainly with the client almost wholly in the case of construction management.

Benefits in time and quality but at the expense of cost.

## **Recommendation to Client**

We would like to advise client to use design and build procurement route for hotel construction because you do not have in house executive experience in reconstruction of this project. So risk avoidance/allocation is very important for your management. According design and build procurement route, Risk can lie almost wholly with the contractor.

Secondly you are concerning about possible project delays and overrun of costs beyond project's budgeted allowances. That why design and build procurement route is fast method because design and building proceed in parallel and reduced the construction time. Also there have guaranteed cost

certainty and completion date. So design and procurement route is the most suitable method for this project because this route is benefits in cost and time but at the expense of quality.

In this method you have no direct control over the contractor's performance and contractor's design expertise may be limited. But for quality, your agent or consultant may supervise the works and ensure that the contractor's proposals of materials and workmanship are complied with and the work is of the required standard. Based on above reasons, we highly recommend you to use the method of design and build procurement.