

Advantages of open tendering construction essay



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Open tendering is a one-stage bidding process, where all interested and responding to contract notice will be invited to submit a tender. The contract notice states where to obtain tender documents and the last date when tenders will be accepted. Open tender is open to public & all the interested firms can apply for the contract.

Advantages of open tendering

No favourism (everyone can apply for the tender)

High competition in pricing (client will take good prize)

New firms can enter into the market

Increased employment opportunities (new firms comes)

New experience (new technology)

Helps contractors to grow

Contractors get new client

Disadvantages of open tendering

Selected contractor might not suit the project (ex: no experience)

Inexperienced firms can enter into the market

Unknown firms can enter into the markets

Waste of estimating time

High aggregate cost for tender (ex: electricity, transport)

High evaluation time (because we have to check all the documents)

Unrealistic competition

Arbitrations

2. 0. 2 Selective tendering

A process of competitive tendering for award of the contract for construction whereby the owner selects the constructors who are invited to tender to the exclusion of others, as in the process of open tendering. It means the client selects the contractor from limited list & invitation to tender is made by client to the contractor by a letter.

In selective tendering short listing can be done by,

Invitation

ICTAD category

Prequalification (financial)

Post qualification

Negotiation

In selective tendering there can be two stages,

One stage selective tendering

Two stage selective tendering

One stage selective tendering

Client advertise for contractor to apply for short listing

Short list the contractors who are considered suitable to do the work & approved list is maintained by the client. (competition)

Two stage selective tendering

Single stage for competition, double stage for competition plus early start of work at site.

Contractor's experience/ practical knowledge is useful at the design stage

First stage

Inviting for tender

Inform about 2 stage tender

Pre select the contractor (a simple BOQ)

Contractors give proposal for the design

Second stage

Negotiate the rates with the contractor for 2nd time

Advantages of Selective tender

Well known contractor

Good quality

Less aggregate cost for tender

Less evaluation time

Disadvantages of Selective tender

Favourism

Less price competition

Cartel tendering

New firms cannot enter in to the market

Regular updating is necessary

2. 1 Factors which used by client to formulate the select list

2. 1. 1 Information of the company

Information of the company is very important when the clients are giving the tenders. Because they want to know how much they can trust that company. Reason is some companies are new to the industry & some are very old to the Industry. When companies are new to industry, the risk is more to the client. Because when companies are new to the industry most of the companies are not continue their services. But when we talking about old companies they are continue their services. Because of that clients like to handover there tender to the old companies than the new companies.

2. 1. 2 Awards & achievements

When the companies are continuing their work some departments presenting awards for best company of the year...etc. When companies are offering awards clients like to handover their tender to these companies. Because there's no any risk to the client.

2. 1. 3 Successfully complete projects

Client giving a contract to a contractor it is essential to know the successfully completed projects. Because some companies even not complete a single project even. So that is developing their trust on the contractor.

2. 1. 4 Work in progress

The work they doing during they applying for the tender is more important for client to handover their tender for the contractor. That is a benchmark for the company to take a tender.

2. 1. 5 ICTAD grading and relevant documentary evidence

In construction field ICTAD grading is more important than the other qualifications to get a contract or a tender. ICTAD grading is one that saying about the company which is good in construction work & that company has evidence to prove that, their company is good in work & completing projects. So ICTAD grading is more useful to client to give a tender to a company.

2. 1. 6 Financial information

Financial side of a company is very useful for client whether give the tender or not to the company. Because some of the companies are new to the industry. So their financial side is not stronger than the other old companies. So the financial information of a company is more useful for client.

2. 1. 7 Experience as a main contractor

Experience as a main contractor is more essential for the client to build up a relationship or to give the tender to the contractor. Because to take the tender for their company all the construction companies of the country apply for it. But some are new & some are very much of experience companies.

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Actually client not takes any responsibility to hand over the tender to new company. Because they still new to the industry & they are not take any experience as a main contractors, but old companies they are full fill with lack of experience as a main contractor. So client likes to give their tender to an experience company. So experience as a main contractor is very important bench mark to get a tender from client.

2. 2 Typical clients

2. 2. 1 Banks

Analysis of the client internal needs, new product which impact on the internal environment of the client, management of the public, opened, or closed tender for suppliers of required solution, evaluation of tender, the draft of basic documents in terms of functional specification of solution and its pricing structure, origination of the documentation.

2. 2. 2 Merchant

Analysis of merchant's (client) internal needs, target group specification with full consideration of credit card products, Suggestion of adequate partner for credit card acceptance, invitation and management of the public, opened, or closed tender for suppliers of required solution & evaluation of the tender.

2. 2. 3 Government agency

Analysis of client's internal needs in consideration of specifics of public service, analysis of impact of new solutions on internal environment of the client, invitation and management of the public tender for suppliers of required solution & evaluation of tender.

2. 3 Tender process

There are three parties of tender process. There are

Client

Consultant

Contractor

2. 3. 1 Client

A client is a person (individual or organization) which carry out a project or a work himself or another person or an organization. It means client is anyone having construction or building work carried out as part of their business.

Without a client we can't a construction project. He is the man who authorized the project.

Client has some kinds of duties to do.

Check competence and resources of all appointees.

Allow sufficient time and resources for all stages.

Be satisfied that each designer and contractor appointed has adequate training, knowledge, experience and resources for the work to be performed.

Allow sufficient time for each stage of the project, from concept onwards.

Provide a copy of the safety and health plan prepared by the PSDP to every person tendering for the project.

Provide information relating to the health and safety file to the CDM coordinator.

Before the construction work starts client have to see whether the welfare facilities are on the site.

2. 3. 2 Consultant

A consultant is an individual who possesses special knowledge or skills and provide that expertise to a client for a fee. It means a construction consultant someone who is hired to assess and advise on structural issues. Consultant helps all sort of businesses find an implement solution to wide variety problems. They usually have several years of experience in construction field. They are familiar with all kind of construction companies. Commonly the work as a consulting firms but sometimes they work for legal firms & sometimes they work as an individual contractor.

Construction consultants do many different things. Some assist companies with administration tasks; they make sure everything is running smoothly, and on time, so that the site owner and managers can concentrate on other business matters. A construction consultant may be hired to keep a project running on budget, and handle any problems that may appear. This may also mean working as an in-between for the owner of the site and the construction crew.

Another duty which consultant has to do is judicial work. It means some times when continuing the work it might be failed. Then the consultant has to give the reason why the construction process is failed. Sometimes the problem must be small, such as weakness of the labours or sometimes the problem with the structure which design. Another duty of a consultant is if

the building or the project fails consultant has to inform the client why it is failed, what the reasons for failed etc.

2. 3. 3 Contractor

A contractor is a person who in the course or furtherance of a business, carries out or manages construction work. It means in construction he is the man who responsible day to day happening in the site. Actually we can name the contractor as general contractor of the site. The contractor is employed by the client. Imagine ones contractor got the tender first thing is he have to visit the site to get better understanding about the project. Secondly the contractor makes the prizing list which called as estimate. A duty which contractor has to do is manage the work. It is the most important thing in the site. It means he has to plan the day today work like what are the risks we have to achieve, when we going to complete this project, what are the needs of the labours including health & safety, protecting the public while doing the project...etc. as a contractor if he plans the work in time we can keep the relationship between client & contractor.

Another responsibility which contractor needs to do is providing information & trains them for the rules & regulations. It's includes site introduction, risks, sit rules...etc.

2. 4 Contractual documentation required for tendering

bid bond

form of tender

construction program

day work schedule

power of attorney

prequalification document

Quality and safety proceeding

Copy of ICTAD, NCASL registration

2. 4. 1 Bid bond

On most major construction projects, work is awarded through a process known as bidding. A bid bond is important to show proof of guarantee to the project owner that you can obey with the bid contract and also that you can accomplish the job as laid out in the contract. A bid bond is a guarantee that you provide to the project owner stating that you have the capability to take on and implement the project once you are selected during the bidding process. Normally, project owners do not know if a contractor is financially stable or has the necessary resources to take on a project

2. 4. 2 how bid bond works

During bidding, various contractors estimate what the job will cost to complete. They submit this price to the owner in the form of a bid. The lowest bidder will be awarded a contract for the job. If this bidder realizes they made a mistake with their bid, or refuses to sign the contract for any reason, the bonding company will ensure the owner suffers no financial loss. This usually means that the bonding company will pay the owner the difference between the lowest and next lowest bids. Sometimes, the bonding

company may sue the contractor to recover these costs. The possibility of lawsuits depends on the terms of the bond.

2. 4. 3 Bid bond Requirements

Under the Mille act, which is still the standard today, all bidders are required to submit bid bonds on any federal project. Many private firms have copied this trend to protect themselves from risk during the bid process. Getting bond is very important if you want your company to become competitive in construction filed.

2. 4. 4 Form of tender

A tender form is issued to a supplier during the “ Invitation to Tender” process. Each Tender Form helps the team to collect information about potential suppliers so that they can appoint one or more preferred suppliers to the business. As each Tender Form is released to the suppliers, the progress is tracked in the Tender Register. To save time creating each Tender Form, a Tender Template is used.

2. 4. 5 Construction program

A work method statement, sometimes referred to as a safe work method statement or a safe work procedure, is a part of a workplace safety plan. It is predominately used in construction to describe a document that gives specific instructions on how to safely perform a work related task, or operate a piece of plant or equipment. In many countries it is law to have work method statements, or similar, in place to advice employees and contractors on how to perform work related tasks safely.

The statement is generally used as part of a safety induction and then referred to as required throughout a workplace. The construction program envelop the following,

purpose

scope