

Webinar No 33

Knowledge sharing Session

Online Interaction with Prayojana CMTI Engineers
& Construction Professionals , Architects

Pre - Contracts Management

June 20th 2020 - 3pm to 5pm IST

Er Sivaraman is a Chartered Civil Engineer with 26 years of experience providing end to end solutions in planning, designing, procurement and execution of projects through EPC, LSTK and other project delivery models using various contract forms.

Managed more than 100 million sft of campus development and fit out projects including hotels, resorts, restaurants, multiplex, multistoried residential, commercial & public utility projects, IT parks, R&D centres, Hospital, Highways, industrial, etc.



Er Sivaraman

Chartered Civil Engineer
Saudi Arabia

He is a certified project management professional and a Fellow of Institution of Technical Arbitrators. He acts as an expert witness in alternate dispute resolution process in India and Saudi Arabia.

Bridging Institute for Construction Professionals



Pre Contract Management

R SIVARAMAN FIE, FITARB, PE, PMP

Pre Contract Management

- ▶ CONTRACT PLANNING
- ▶ PRE-QUALIFICATION OF BIDDERS
- ▶ **PREPARATION OF TENDER DOCUMENTS**
- ▶ TENDER FLOATING & RECEIVING
- ▶ BID EVALUATION
- ▶ AWARD OF WORK



***Preparation
of Tender
Documents***



Key take aways:

- ▶ Terms and Definitions
- ▶ What is a procurement process?
- ▶ Who should prepare the tender document?
- ▶ When to start tender document preparation?
- ▶ What factors to be considered?
- ▶ What are the components of tender document?
- ▶ Key contract clauses
- ▶ Common mistakes and how to avoid them
- ▶ Emerging contract delivery models

Purchasing Vs Procurement

PO
PO + Contract
LOI + Contract
LOA + Contract

Procurement

- Requirements
- Specifications
- Design
- Construction
- Testing

Purchasing

- Off-the shelf
- Ready made
- Predesigned
- Commodities

PO

Common Processes

- *Tendering*
- *Vendor/contractor selection*
- *Contract negotiation*
- *Logistics*

The Procurement Process In 7 Steps

1 Identify Goods or Services



2 Explore and Select Vendor(s)



3 Submit Purchase Requisition



4 Create Purchase Order



5 Receive Order



6 Pay for Goods or Services

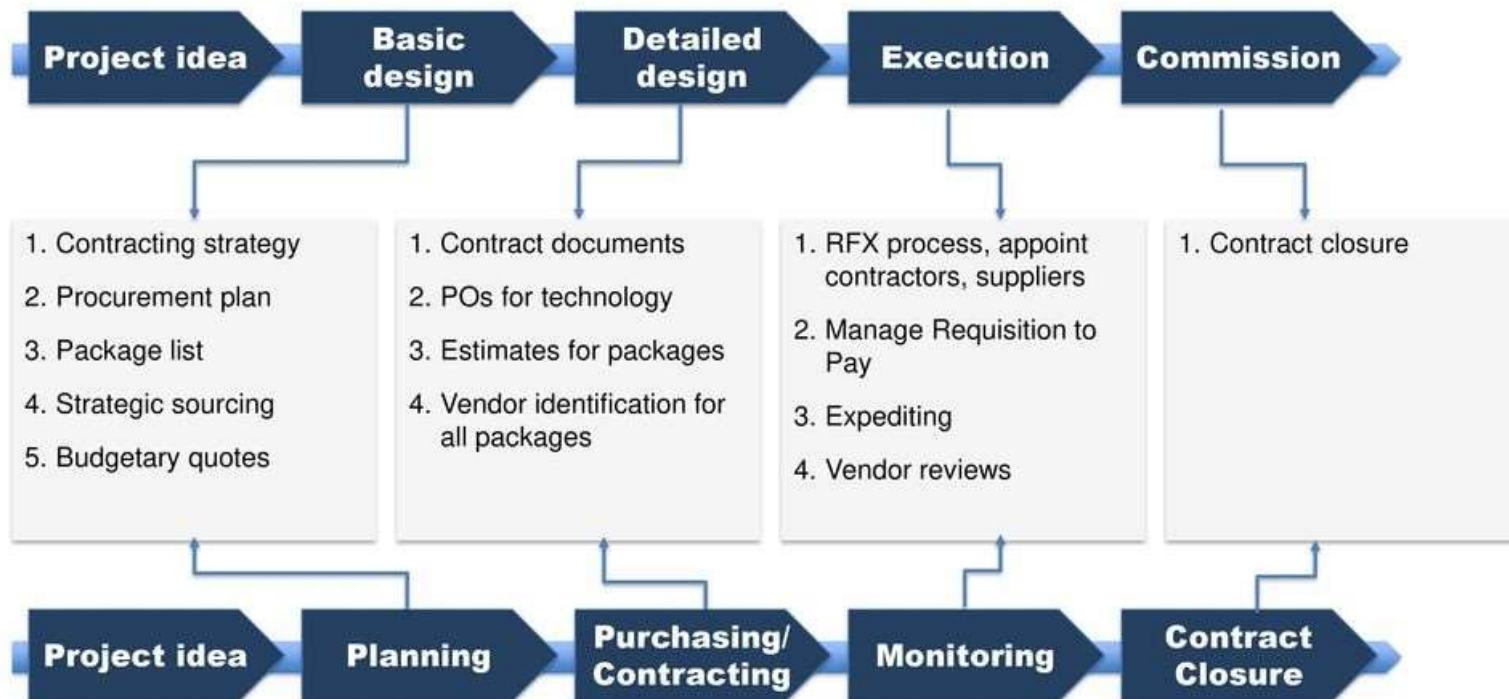


7 Record for Audit



Where is it positioned?

Critical Project procurement activities along project lifecycle





RFI vs EOI vs RFP vs RFT vs RFQ

RFI Request For Information	EOI / ROI Request For Information or Registration Of Interest	RFP / RFO Request For Proposal or Request For Offer	RFT Request For Tender	RFQ Request For Quotation
<ul style="list-style-type: none">• Purchaser does not have sufficient information to write a detailed request• Purchaser is not necessarily committed to buying• Likely to involve a further request before a final decision.	<ul style="list-style-type: none">• Similar to an RFI• Often used as a screening or shortlisting tool• Purchaser is not necessarily committed to buying• Likely to involve a further request before a final decision.	<ul style="list-style-type: none">• Purchaser seeks solutions-based submissions to meet their needs• Possibly no clear specification• Greater flexibility than an RFT• Suited to professional services.	<ul style="list-style-type: none">• Purchaser has clearly defined criteria or specification• Judged on both price and qualitative factors• Purchaser is committed to buying.	<ul style="list-style-type: none">• Purchaser has clearly defined criteria or specification• Judged primarily or solely on price• Purchaser is committed to buying.

What is a Tender?

Offer + Acceptance = Contract



Tender Document



Contract

Tender is a Contract waiting to happen

Who should prepare the Tender document?

- ▶ Cost estimator / Quantity surveyor
- ▶ Procurement Engineer
- ▶ Material manager
- ▶ Purchase manager
- ▶ Finance manager
- ▶ Procurement team
- ▶ Architect
- ▶ Project Management Consultant
- ▶ Procurement consultant

What factors to be considered?

- ▶ Project organisation
- ▶ Design capability and Risk sharing
- ▶ Project complexity and Budget
- ▶ Procurement strategy
- ▶ Contractor short listing procedure – global, local, brainstorming
- ▶ Contractor selection procedure
- ▶ Procurement cycle duration – item rate, single stage, multi stage
- ▶ Bidding type – single cover, two cover, electronic, etc
- ▶ Contract delivery model Contract form
- ▶ Specification type – CSI unformat, master format, CPWD, etc

Contract types and classification

Contract Form	Cost	Contract Delivery	Procurement Strategy	Contractor Selection
CPWD	Fixed price	Turnover	MC	Lowest
MES	Cost + FF	Lumpsum	Multiple	Negotiated
FIDIC	Cost + IF	LSTK	Nominated	QBS
JCT	Cost + AF	D + B	Single source	Best Value
NEC	Unit rate	DBB	Sole source	
PPC	GMP	BOT		
AIA		BOOT		
ICE		EPC		

Components of Tender document

Technical Documents

- ▶ Design Criteria/Design brief
- ▶ Employers requirements
- ▶ BIM protocol
- ▶ LEED requirements
- ▶ Drawings
- ▶ Schedules
- ▶ Technical specifications
- ▶ EHSS requirements
- ▶ Others

Components of Tender document

Commercial Documents

- ▶ Notice of Tender (ITB)
- ▶ Form of Tender
- ▶ Form of Contract (agreement)
- ▶ General Conditions of Contract
- ▶ Particular conditions of contract
- ▶ Special conditions of contract
- ▶ Preamble to BOQ. The BOQ/BOM
- ▶ Schedule of Commercial break up
- ▶ Sample forms

Components of Tender document

Others

- ▶ Instruction to bidders
- ▶ List of approved suppliers
- ▶ List of approved subcontractors / consultants
- ▶ List of approved laboratories
- ▶ FAT and SAT procedure
- ▶ Pre-tender meeting
- ▶ Procedure for queries
- ▶ Tender submission procedure
- ▶ Tender evaluation criteria

Key Contract clauses

- ▶ Priority of documents
- ▶ Start and Finish dates
- ▶ Coordination responsibilities
- ▶ Progress measurement
- ▶ Bonds and securities
- ▶ Force majeure
- ▶ Variation procedure
- ▶ Law and language
- ▶ Liquidated damages
- ▶ Payment terms
- ▶ Intermediate milestones
- ▶ Insurance
- ▶ Acceptance criteria
- ▶ Claims
- ▶ Dispute resolution
- ▶ Taking over / handing over
- ▶ Warranty requirements
- ▶ Defect liability

Common pitfalls to avoid

- ▶ Drafting errors (shall, should and may)
- ▶ Multiple references
- ▶ Conflicting information
- ▶ Defined and undefined terms
- ▶ Base date
- ▶ Isolated document reviews
- ▶ Progressive or stagewise
- ▶ Progress of MEP works
- ▶ Bid check list
- ▶ Contract data
- ▶ Complementary design scope
- ▶ DAAB sample agreement
- ▶ Rate for new items
- ▶ Reporting
- ▶ Deviation log
- ▶ Contract signing authority
- ▶ Legal binding
- ▶ Time for notices and responses

Emerging Contract delivery models

- ▶ D+B, DBB, GMP, EPCM, ID+B
- ▶ E-bidding
- ▶ ERP and analytics
- ▶ BIM
- ▶ New contract Forms and Clauses
- ▶ Convertible LSTK contracts
- ▶ Integrated Project Delivery
- ▶ Vendor led design phase
- ▶ Alliance Contracting

Questions



kingsraman@yahoo.com