

A CONTRACTORS VIEW OF CLIENT EXPECTATIONS



ITS ALL ABOUT RELATIONSHIPS

The Nature of the Construction Industry

a journey of discovery every time



Many of the characteristics that are unique to the construction industry are key contributors to a contractors' difficulties.

- ❧ Negotiate or conflict
- ❧ Workforce skills and shortages
- ❧ Cyclical nature of the industry
- ❧ The hard-bid process.
- ❧ Project schedule.
- ❧ Ability to affect demand
- ❧ A manically competitive industry.



The Mind of the Contractor



- ❧ Most contractors are by nature driven to grow their business.
- ❧ Contractors often are rapid decision-makers who sometimes act too quickly
- ❧ Construction is a high-risk industry
- ❧ Many people outside the industry consider it CRAZY
- ❧ People running construction often believe they can control the risks.
- ❧ Its an industry full of strong egos and also a can-do attitude.
- ❧ Its an industry dominated by male attributes
- ❧ This “Confidence” can be great for getting the job done, but can lead to the downfall of a business.

What is a contractor contract?



At the very basic level, a contract is a legally binding agreement between the client's organisation and the contractor



THE DARK SIDE



Having an understanding of the principles of contract law is essential for clients hiring contractors.

“Living a life is like constructing a building: if you start wrong, you'll end wrong.”

Maya Angelou quotes (American Poet, b.1928)



How to review a contractor contract



Contractor contracts can
come in all shapes and sizes



Clients that recognise and accommodate the needs of contractors'



DEADLINES
TO MEET ?



Breach of contract



A contract is in breach when one of the parties fails to deliver on a requirement in the contract



Don't let issues become problems



But where it looks like trouble might be brewing, issues can be nipped in the bud by the client seeking expert help

TIME, COST AND QUALITY (TCQ) MANAGEMENT IN THE ATTAINMENT OF CLIENT OBJECTIVES

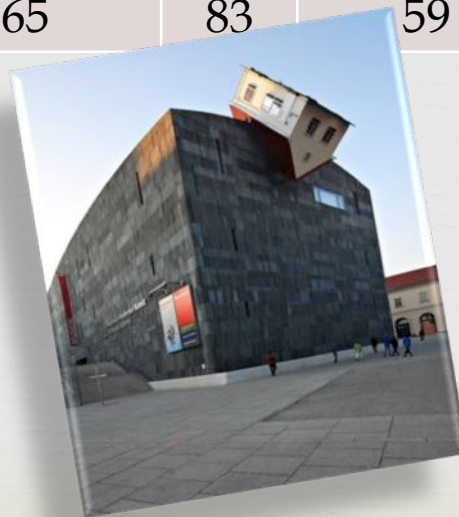


The concept of managing construction projects is deeply embedded in the traditional building procurement system

Perceived extent to which clients are realistic, **all** or **most** of the time, with respect to their expectations of project time, cost and quality at the outset of the project



	ALL	CLIENT	ARCHITECT	QS	ENGINEER	PM	CONTRACTOR
	%	%	%	%	%	%	%
TIME	57	90	33	67	47	60	63
COST	57	70	45	83	41	72	46
QUALITY	74	80	65	83	59	84	79

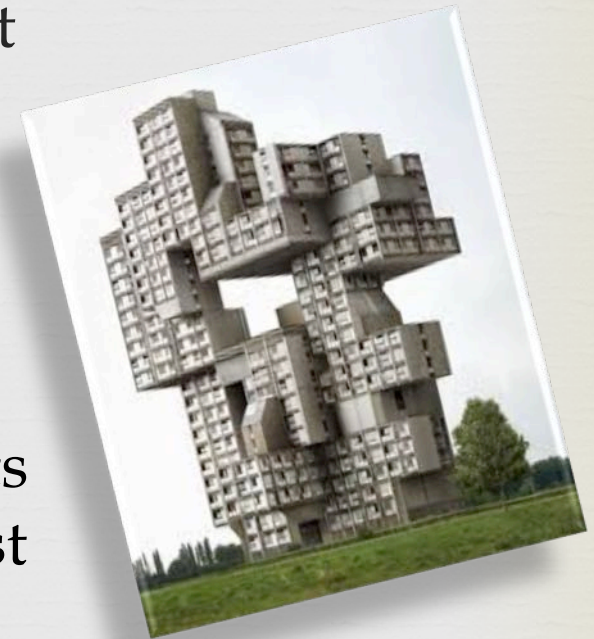


Question



Whether clients are realistic with respect to expectations of time, cost and quality at the outset of the project.

Apart from the client group, quantity surveyors hold the next most optimistic view, a clear majority believing that clients have realistic expectations about time, cost and quality from the outset of a project.



Perceptions of whether **all** or **most** building projects are completed within the client's agreed budget (building cost) for the project



	ALL	CLIENT	ARCHITECT	QS	ENGINEER	PM	CONTRACTOR
	%	%	%	%	%	%	%
CONVENTIONAL	78	78	75	83	83	75	69
DESIGN & BUILD	77	83	71	76	58	89	94
MANAGEMENT	75	67	54	77	59	95	89



Question



What proportion of building projects are completed within the client's agreed cost budget for a project?

Clients clearly appreciate the greater cost certainty attributable to design and build procurement systems.

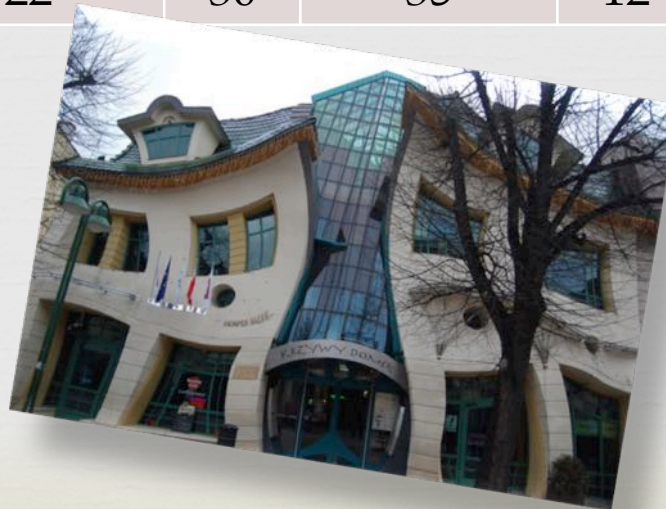
Architects, however, see less potential in management-oriented systems which appear to diminish architects' traditional roles.



Perceived extent to which inadequate briefing of the procurement team by the client is always responsible for client dissatisfaction with the resultant building in terms of time, cost and quality



	ALL	CLIENT	ARCHITECT	QS	ENGINEER	PM	CONTRACTOR
	%	%	%	%	%	%	%
TIME	24	30	22	23	13	20	42
COST	29	56	35	23	30	21	29
QUALITY	26	33	22	30	35	12	25



Question



To what extent do clients make changes to the original brief after the start of the project?

80% of client respondents believed that they never make changes to the original brief after the start of the project.

Architects = 58%;

Quantity Surveyors = 67%;

Engineers = 70%;

Project Managers = 60%.

Contractors = 71%

This apparent high regard for their ability to stick to the original brief is clearly not shared by their consultants, or contractors



Question



At the outset of the project, do clients know what their needs are?

All respondent groups have little faith in clients' ability to know exactly what they want at the outset of a project, particularly with respect to time schedules, quality requirements and methods of procuring the building.



WHATS THE EXCUSE THIS TIME



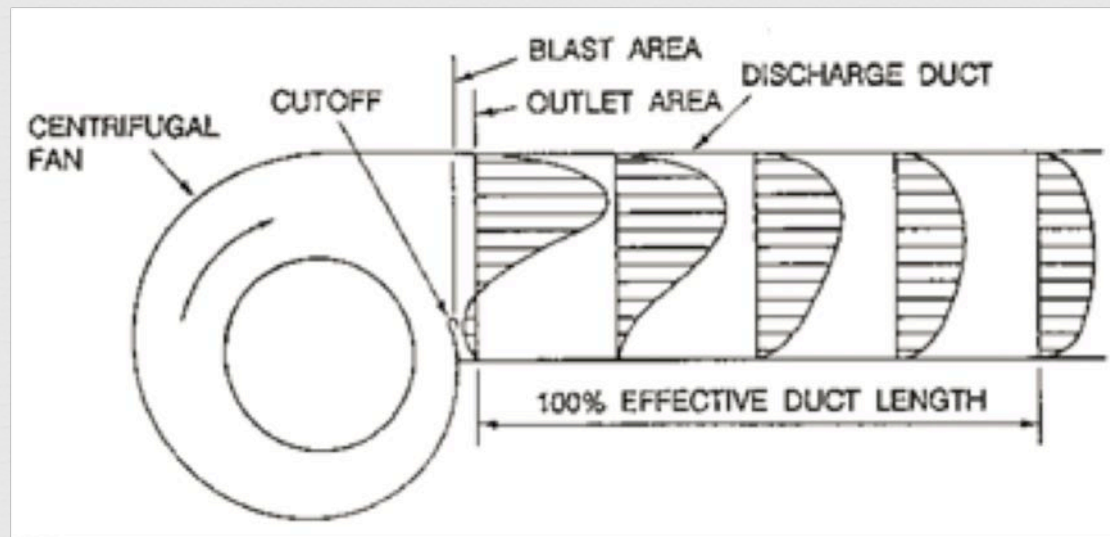
- 'I have not received the invoice'
- 'The cheque's in the post'
- 'I'm not paying, there's a dispute!'
- 'I cant pay you until they pay me'



AN EXAMPLE OF WHERE WE ENGINEERS CAN GET THINGS WRONG



The detrimental impact on fan capacity caused by fan system effect is a problem not fully understood by the design industry.



Sound-bites

MINIMISING PROJECT RISK



“CLIENTS HAVE NO INTEREST IN THE RISKS THE CONTRACTORS HAVE TO FACE”

“CLIENTS THINK IF ITS ON THE DRAWING IT WILL ALL WORK ON SITE AND HENCE THERES LITTLE RISK”



“TROUBLE WITH CLIENTS THEY THINK IT'S ALL ABOUT MEETINGS AND COST - CONTRACTORS THINK ITS ALL ABOUT CASH AND RISKS”

THE CONTRACTUAL RELATIONSHIP



A great building must begin with the un-measurable, must go through measurable means when it is being designed and in the end must be un-measurable.

Louis Kahn



Why Do Successful Contractors Fail?



The industry has regularly witnessed smart leaders making what appear to be the same fatal mistakes others have made before them. Frequently cited mistakes are:

Strategic

- ❧ Unrealistic growth
- ❧ Volume obsession
- ❧ Unrealistic promises

Organisation

- ❧ Insufficient capital or profits
- ❧ Lack of business knowledge
- ❧ Poor leadership
- ❧ Project losses or poor performance
- ❧ Owner court battles
- ❧ owner bankruptcy

Uncontrollable

- ❧ Industry or economic weakness
- ❧ Banking and surety changes
- ❧ For firms to have stronger preventive guidance, leaders need to understand the causes behind the causes.

Culture and Systems of the Contractors business



Corporate culture issues have gained recognition in recent years as being more important than historically thought.

- ❧ Clashes in corporate culture
- ❧ Capacity to change
- ❧ Living with the evolution of the market
- ❧ Financial discipline.
- ❧ Adequate capital reserves
- ❧ Decision-making.
- ❧ Succession planning
- ❧ Innovation
- ❧ Strategic planning

and we think we get it right??



“We built tall buildings, but we have not become any taller.”

Dejan Stojanovic