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Table of Contents

1. Introduction.....	2
2. Background: Contracts and Their Importance in Project Management.....	2
3. Methods of Contracting in Project Management	3
3.1 Turnkey Contracting.....	3
3.2 Multi-Contracting.....	4
3.3 Do-It-Yourself (DIY) Contracting	5
3.4 Multi-Contract + DIY Contracting	6
4. Comparative Evaluation of Contracting Methods Across Project Types	7
5. Strategic Implications of Contracting Choices for Project Success.....	8
6. Conclusion.....	8
7) References.....	9

1. Introduction

Project management success is often assessed through traditional performance indicators such as cost, time, and quality (Tinnirello, 2021). However, behind these visible outcomes lies a less tangible but equally decisive factor: the method of contracting adopted.

Contracting determines how responsibility is allocated, how risks are distributed, and how effectively different elements of a project are coordinated. Poor contracting decisions can undermine even the most technically sound projects, while well-aligned contracting strategies can significantly enhance project performance (J. Rodney Turner, 2017).

This essay explains and critically evaluates the four main methods of contracting in project management: Turnkey, Multi-contract, Do-It-Yourself (DIY), and Multi-contract combined with DIY. The objective is not merely to describe these methods, but to contextualise their use by linking each approach to specific types of projects. By examining their advantages and disadvantages in relation to project complexity, uncertainty, and organisational capability, the essay demonstrates that contracting methods are strategic tools that directly influence project outcomes.

2. Background: Contracts and Their Importance in Project Management

Project management can be defined as the structured application of knowledge, skills, tools, and techniques to project activities in order to meet defined objectives within constraints such as time, cost, scope, and quality (Snijders et al., 2013). Projects are temporary endeavours that involve uncertainty, multiple stakeholders, and interdependent activities (Project Management Institute, 2024). As a result, clear governance mechanisms are essential.

Contracts play a central role in project governance by formalising relationships between project parties. They specify roles, responsibilities, performance expectations, risk allocation, and remedies in the event of non-performance. From a project management perspective, contracts are not simply legal instruments; they are frameworks for coordination and control (Zuberi, 1987).

Organisations may choose to contract out project activities for several reasons. These include gaining access to specialised expertise, reducing internal workload, transferring or sharing risk, accelerating delivery, and improving cost efficiency. However, contracting out does not eliminate risk; rather, it reallocates risk to parties perceived to be better equipped to manage it. Consequently, the choice of contracting method must align with the nature of the project and the capabilities of the organisation.

3. Methods of Contracting in Project Management

3.1 Turnkey Contracting

Turnkey contracting involves engaging a single contractor who assumes full responsibility for delivering a complete, operational project. Under this arrangement, the contractor manages the integration of design, procurement, construction, and commissioning, while the client focuses on defining high-level performance and functional requirements rather than detailed technical specifications (Huse, 2002).

From a project management perspective, turnkey contracting represents a centralised governance structure in which accountability and decision-making authority are consolidated within one contractual entity (Ward, 2016). This significantly reduces the client's coordination burden, as the contractor is responsible for managing interfaces and interdependencies across all project activities. As a result, the project manager's role shifts from day-to-day operational coordination to contract oversight, performance monitoring, and assurance.

The primary strategic rationale for turnkey contracting lies in risk transfer. Design, integration, and execution risks are largely allocated to the contractor, providing greater certainty over cost and schedule outcomes for the client. However, this certainty is typically achieved at a premium, as contractors price risk into their bids. Turnkey contracting is therefore most suitable for large-scale projects with stable requirements and high integration complexity, such as infrastructure and industrial facilities, where clear accountability outweighs the need for flexibility.

Advantages:

The most significant advantage of turnkey contracting is simplicity of management. With only one contractual interface, the client avoids the complexity of coordinating multiple contractors (Connolly, 2023). This reduces communication breakdowns and interface risks, which are common causes of project delays.

Turnkey contracting also enables substantial risk transfer. Design risk, construction risk, and integration risk are largely borne by the contractor. This can improve cost and schedule certainty, which is particularly valuable for organisations with limited internal project management capability.

Disadvantages:

Despite these benefits, turnkey contracting reduces the client's level of control over design and execution decisions. Once the contract is awarded, changes can be costly and difficult to implement. Contractors may also prioritise short-term efficiency over long-term operational value. Furthermore, the contractor typically includes a risk premium, which can increase overall project cost.

Project Suitability:

According to (Huse, 2002) Turnkey contracting is most suitable for large-scale infrastructure and industrial projects, such as highways, power plants, water treatment facilities, and manufacturing plants. These projects involve high integration complexity but relatively stable requirements. Turnkey arrangements are also common in public-sector projects, where clear accountability and reduced administrative burden are critical.

3.2 Multi-Contracting

Multi-contracting involves the project owner entering into separate contractual agreements with multiple contractors, each responsible for delivering a clearly defined component of the overall project (Kondev, 2017). These components may include design services, civil works, mechanical systems, electrical installations, or specialist technical packages. Unlike turnkey arrangements, the project owner retains direct contractual relationships with each supplier, thereby assuming a more active role in project coordination and integration.

From a project management standpoint, multi-contracting creates a decentralised delivery structure in which responsibility is distributed across several parties rather than consolidated within a single contractor (PMI Institution, 2025). This approach increases the level of control exercised by the client, as individual contractors can be selected based on specialist expertise, cost competitiveness, and performance history. As a result, multi-contracting often enables greater design flexibility, and the incorporation of bespoke solutions tailored to project requirements.

However, the benefits of control and flexibility are accompanied by increased managerial complexity. The project owner becomes responsible for managing interfaces between contractors, aligning schedules, resolving conflicts, and ensuring that interdependent work packages are effectively integrated (Clarksons, 2023). This heightens the risk of coordination failures, particularly in projects with complex technical interfaces or unclear scope boundaries. Consequently, multi-contracting is most effective where the project owner possesses strong internal project management capability and robust governance structures.

Advantages:

A key advantage of multi-contracting is the high level of control retained by the client. The project owner can select specialist contractors for each work package, potentially improving quality and reducing costs. Competitive tendering across multiple contracts may also enhance value for money.

Multi-contracting provides flexibility in managing changes, as individual contracts can be adjusted without affecting the entire project arrangement.

Disadvantages:

The principal disadvantage is increased coordination and integration risk. The client assumes responsibility for managing interfaces between contractors, which requires strong project

management capability. Disputes between contractors can arise over responsibility for delays or defects, leading to inefficiencies.

Project Suitability:

Multi-contracting is well suited to commercial developments, office buildings, and mixed-use projects, where design flexibility and specialist input are important. It is most effective where the client has a mature project management function capable of managing complex stakeholder relationships (Fleming, 2003).

3.3 Do-It-Yourself (DIY) Contracting

Do-It-Yourself (DIY) contracting refers to a project delivery approach in which the project owner undertakes most, or in some cases all, project activities using internal organisational resources, with minimal reliance on external contractors (Corum, 2014). Under this method, planning, execution, coordination, and control are managed in-house, and the organisation assumes direct responsibility for both technical delivery and project outcomes.

From a project management perspective, DIY contracting represents a highly internalised governance model, where authority and accountability remain fully within the organisation. This approach allows for rapid decision-making and close alignment between project objectives and organisational strategy. Because knowledge and experience generated during the project are retained internally, DIY contracting can also support long-term capability development and organisational learning, which may provide strategic benefits beyond the immediate project.

However, DIY contracting also exposes the organisation to significant operational and technical risks. Without access to specialist external expertise, internal teams may struggle to manage complex or unfamiliar tasks, leading to inefficiencies, quality issues, or schedule delays. Additionally, internal resource constraints may limit the scalability of this approach, particularly for large or highly technical projects. As a result, DIY contracting is most effective for small-scale, low-risk projects or projects that fall squarely within the organisation's existing competencies.

Advantages:

DIY contracting offers maximum control and responsiveness. Decisions can be made quickly, and organisational knowledge is retained internally. This approach also supports learning and capability development, which can benefit future projects.

In some cases, DIY contracting can reduce costs by eliminating contractor margins and overheads.

Disadvantages:

The major limitation of DIY contracting is exposure to risk. If the organisation lacks sufficient technical or managerial expertise, the project may suffer from inefficiencies, delays, or quality issues. Internal resource constraints may also limit scalability.

Project Suitability:

DIY contracting is most appropriate for small-scale, low-risk projects or projects aligned with an organisation's core competencies. Examples include internal process improvements, routine maintenance projects, or minor IT system enhancements.

3.4 Multi-Contract + DIY Contracting

The multi-contract plus Do-It-Yourself (DIY) approach represents a hybrid contracting model in which the project owner combines internal execution with selective external contracting. Under this arrangement, the organisation undertakes certain components of the project using its own resources, while outsourcing other elements to specialist contractors where additional expertise, capacity, or risk mitigation is required. Responsibility for delivery is therefore shared between internal teams and external parties (ESUB, 2019).

From a project management perspective, this hybrid model reflects a selective allocation of control and risk. The project owner retains direct oversight of strategically important or sensitive work packages, such as core system design or programme coordination, while transferring responsibility for specialised or high-risk activities to external contractors (Morris and Pinto, 2007). This enables organisations to balance the benefits of internal control with the efficiency and technical competence offered by external suppliers.

However, the effectiveness of this approach depends heavily on clear governance structures and strong integration mechanisms. Managing the interfaces between internal teams and external contractors can be complex, particularly where responsibilities overlap, or dependencies are tightly coupled. Without clearly defined roles, communication protocols, and accountability frameworks, the project may be exposed to coordination failures. Consequently, the multi-contract plus DIY approach is most suitable for complex projects, such as digital transformation initiatives or research and development programmes, where strategic control is essential but specialist expertise is indispensable.

Advantages:

The primary advantage of this method is strategic flexibility. Organisations can retain control over critical or sensitive components while outsourcing specialised tasks. This allows for a more balanced allocation of risk and responsibility.

Hybrid contracting also supports organisational learning while still benefiting from external expertise.

Disadvantages:

However, this approach requires advanced coordination and governance capability. Misalignment between internal teams and external contractors can result in communication gaps and inefficiencies if roles and responsibilities are not clearly defined.

Project Suitability:

Multi-contract + DIY contracting is particularly suitable for complex transformation projects,

such as digital transformation initiatives, research and development projects, or large organisational change programmes. These projects require both strategic control and specialist expertise.

4. Comparative Evaluation of Contracting Methods Across Project Types

The table highlights that contracting methods differ primarily in how they distribute control, risk, and integration responsibility, which are central determinants of project governance effectiveness.

Contracting Method	Allocation of Control	Allocation of Risk	Integration Responsibility	Management Complexity	Most Suitable Project Types
Turnkey Contracting	Low client control; decision-making largely delegated to contractor	Majority of risk transferred to contractor	Contractor responsible for full system integration	Low for client	Large-scale infrastructure, industrial facilities, projects with stable requirements and high technical integration
Multi-Contracting	High client control over design and contractor selection	Risk shared, with significant coordination risk retained by client	Client responsible for managing interfaces between contractors	High	Commercial developments, office buildings, projects requiring specialist input and design flexibility
DIY Contracting	Full client control	All project risks retained internally	Client fully responsible for integration and execution	Moderate to high (depending on scale)	Small-scale, low-risk projects aligned with organisational core competencies
Multi-Contract + DIY	Selective control retained over critical components	Risk strategically allocated between client and contractors	Shared integration responsibility requiring strong governance	High	Complex transformation projects, digital initiatives, R&D projects requiring both control and specialist expertise

The table highlights that contracting methods differ primarily in how they distribute control, risk, and integration responsibility, which are central determinants of project governance effectiveness. Turnkey contracting centralises responsibility within a single contractor, reducing managerial burden for the client but increasing dependence on external capability. In contrast, DIY contracting internalises responsibility, maximising control while exposing the organisation to greater operational and technical risk.

Multi-contracting and hybrid approaches represent intermediate solutions that trade simplicity for flexibility. These methods are particularly advantageous in projects characterised by high uncertainty or innovation, where adaptability and specialist expertise are critical. Conversely, projects with stable requirements and high integration complexity benefit from the clarity and accountability offered by turnkey arrangements. This comparison reinforces the view that contracting choice should be driven by project context rather than standardised preference.

5. Strategic Implications of Contracting Choices for Project Success

From a project management perspective, contracting choices influence leadership roles, communication structures, and stakeholder relationships (Loots and Charrett, 2022). PMI principles emphasise alignment between governance structures and project objectives. Selecting an inappropriate contracting method can create misaligned incentives and unclear accountability, undermining project performance (PMI Institution, 2025).

Effective project managers therefore treat contracting as a strategic decision, integrating technical, commercial, and organisational considerations. This strategic mindset distinguishes high-performing projects from those that rely solely on procedural compliance.

6. Conclusion

This essay has examined four methods of contracting in project management—Turnkey, Multi-contract, DIY, and Multi-contract combined with DIY—by analysing their advantages, disadvantages, and suitability for different project contexts. The discussion demonstrates that contracting methods significantly influence project governance, risk allocation, and performance outcomes.

No single contracting method is universally optimal. Instead, successful project management depends on selecting a contracting approach that aligns with project complexity, organisational capability, and strategic objectives. When chosen thoughtfully, contracting methods become enablers of project success rather than constraints on performance.

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