



LCBB6006 - Project Management

Component 2: Essay

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Introduction

Project management involves using knowledge and skills together with tools and techniques to execute project activities which fulfil all project requirements (PMI, 2021). It serves as a necessary tool to handle all challenges which emerge during projects that produce special results. The discipline requires procurement and contracting management as its core strategic element which handles all necessary steps to buy external goods and services. The process of contracting serves as a vital strategic choice which determines how a project will develop while affecting its risk level and achieving its desired outcomes.

Organisations choose to enter contracts because of multiple essential business reasons. The system enables organizations to obtain access to specialized knowledge and advanced technology systems and additional resources which their internal operations cannot provide. When contracting, it enables organizations to shift their risks to other parties, and the client organization can protect itself from operational and financial and delivery risks through its allocation of duties to outside organizations based on their contract terms. All financial benefits of contracting include both predictable costs and project timeline acceleration through fixed-price contracts which enable contractors to use their optimized operations and specialized staff for faster project completion.

On this analysis, we will evaluate four main contracting systems which include Turnkey and Multi-Contract and Do-It-Yourself (DIY) and Hybrid (Multi-Contract + DIY) models. The evaluation will move past basic description to assess the strengths and weaknesses of each approach while showing their application to project categories as well as establishing a functional method to select appropriate projects for each approach by evaluating project characteristics including project size and complexity and client resources and risk tolerance and industry requirements.

Turnkey Contracting

The Turnkey contracting method operates under the design and build or engineer, procure, and construct (EPC) model which provides complete project integration. The project lifecycle falls under the responsibility of a single contractor which handles all stages from design and engineering to procurement and construction and commissioning before delivering the operational facility to the client (Hosie, 2007). The client needs to establish operational needs and performance standards at the beginning of the project, but they will not participate in the construction process until the project reaches its completion.

Advantages:

Turnkey method provides clients with their main benefit because it creates one entity which takes full responsibility for all project tasks, which means that the client needs to deal with only one main organization because this setup reduces their management work to a minimum. The combined responsibility function creates a single point of contact which simplifies communication and decreases the number of transactions and decreases the likelihood of disputes about responsibility during system problems because the turnkey contractor bears full responsibility for the complete system operation. The model enables organizations to transfer substantial amounts of risk, and the contractor must handle all design coordination risks together with construction delays and cost overruns and interface management issues because these risks affect their ability to maintain their profit margin.

Disadvantages:

The primary trade-off for the benefits of simplicity and risk transfer is higher cost. Turnkey contractor includes a risk premium in their pricing to protect against unknown variables which affect the entire project scope. The client loses control and ability to monitor project activities and make decisions throughout the entire project timeline, meaning that the client must rely completely on the operational strength and financial stability of one organization because of it.

Suitable Projects:

The turnkey method works best for big projects that need advanced technology because clients who do not have the necessary management skills and technical expertise for direct supervision will benefit from this approach. The list includes large-scale infrastructure projects which include power plants and oil refineries and airports and major highways. A municipal government which wants to construct a new waste-to-energy plant should choose a turnkey contract because this approach enables them to shift all technical and regulatory challenges to an experienced EPC company. It is also advantageous for standardised or repeatable projects where the contractor has a proven template, such as chain hotel construction or certain manufacturing facilities. The client needs to verify that the project will deliver an operational asset at a fixed price within set time parameters which makes the trade-offs of the turnkey model acceptable.

Multi-Contract Approach

The multi-contract approach known as separate contracts or traditional procurement requires the client to work with their representative main consultant for direct engagement of multiple specialist contractors who perform specific work sections. Typically, this model separates design from construction, with an architect or engineering firm hired first, followed by various trade contractors for example structural, mechanical, electrical who are managed by the client or a dedicated construction manager. The client receives all contractual agreements through a network of bilateral contracts (Alon and Castiglioni, 2025).

Advantages:

The method enables clients to maintain full control of their projects because they can directly manage all aspects of the work. The client can obtain top-notch specialized knowledge for all essential components through their selection of each specialist which will lead to better quality and innovative results. The system enables clients to achieve cost efficiency because it allows them to bid individual work packages which results in market-based price acquisition and it also enables users to perform their work at their preferred speed. The client can make changes during the construction phase by negotiating directly with the relevant trade contractor, without being locked into a single entity's change management process. This method allows organizations to buy packages through multiple stages of procurement which helps them manage their financial resources effectively.

Disadvantages:

The main difficulty of using multiple contracts exists because it requires the client's project management team to handle extremely complex coordination tasks. The systems integrator client needs to verify that all contractors maintain correct work sequence alignment and proper interface management to prevent single trade delays from causing project-wide failures. The Project Management Institute (2021) states that the project requires a client-side team which needs both extensive knowledge and enough resources, meaning that it forces businesses to allocate additional funds for transactional and administrative work because they must manage all individual contracts through their entire lifecycle.

Suitable Projects:

The multi-contract approach delivers its best results to organizations which already understand project management and want to stay involved throughout project activities. The method serves projects which include hospitals and universities and customized corporate headquarters buildings that need individualized design solutions and artist or specialist selection for components, and it produces its best results for construction projects which need contractual framework modifications because renovation activities reveal all project requirements. A heritage trust which works to restore historic buildings would probably select a multi-contract model to directly employ conservators and stonemasons and traditional craftspeople who specialize in their work because they need to maintain absolute authenticity and proper care.

Do-It-Yourself (DIY) Method

The Do-It-Yourself (DIY) or in-house execution method represents the opposite end of the spectrum from full outsourcing. In this model, the project is planned, designed, and executed almost exclusively using the organisation's internal human resources, skills, and tools. The project requires only basic material procurement because it does not need to purchase specialized workforce or leadership services (Hartley, 2020).

Advantages:

The main benefit of this approach would be to achieve direct cost reductions because it removes contractor profit margins and decreases the expenses associated with procurement operations. It allows organizations to acquire knowledge which helps them build their operational abilities. The company benefits from internal project management because staff members develop vital competencies which stay within the organization to create intellectual assets and operational self-sufficiency for upcoming projects. System helps organizations protect their sensitive information and proprietary processes by keeping them inside their operational boundaries which results in enhanced security and confidentiality.

Disadvantages:

The DIY model functions with limited capabilities because it requires organizations to have internal resources and skilled personnel available. The organization needs to have all project management and technical abilities either already in place or ready to build because this approach might not be suitable for essential operations. The internal team faces restrictions in quality and innovation because they do not have access to advanced industry methods and specialized external market expertise. The organization maintains all project risks within its control because it does not have a contractor's guarantee to protect it from schedule and cost and technical and performance risks. The business operations suffer from negative effects because internal staff members need to leave their operational work to perform other tasks.

Suitable Projects:

The DIY method is best suited for projects that are core to the organisation's business, where the required skills are a central competency. The company should implement internal business process re-engineering and develop proprietary software which creates market advantage and perform limited office moves. It is also appropriate for low-complexity, repetitive projects that the organisation has mastered, such as rolling out a standard IT workstation upgrade across departments. The software company would choose to develop its main product through DIY methods because this work represents their core value and requires their internal expertise (Larson & Gray, 2018). The model is generally ill-advised for large, complex, or highly specialised projects that fall outside the organisation's core expertise.

Hybrid (multi-contract + DIY) Approach

The Hybrid model serves as a functional solution which combines internal control systems with affordable operations through strategic outsourcing of tasks. In this approach, the client organisation carefully delineates the project scope, deciding which elements constitute core, strategic work to be kept in-house, and which are non-core, commodity, or highly specialised tasks to be contracted out. The project environment consists of multiple teams which bring together internal personnel with external contractors who work together under the client's project management office.

Advantages:

The method helps organizations develop adaptable strategic plans which also lead to performance optimization. The system allows organizations to allocate their internal resources toward vital competitive activities and essential institutional functions which require personal involvement. The system achieves its best possible combination of cost efficiency and quality standards and delivery speed through this process. The system protects all data from complete loss through its turnkey solution which also simplifies the process of handling various contracts (Székely, Gally and Lakner, 2025). The system functions as a capacity management tool which enables organizations to manage their project work during peak periods without creating permanent excess staff.

Disadvantages:

Organizations need to handle complex integration and interface management responsibilities when they choose to use the hybrid model. The project manager of the client needs to create a smooth operational flow which connects all internal staff members with external contractors who bring their own cultural backgrounds and operational systems and work approaches. The organization faces potential conflicts which emerge when different teams interact at their shared borders. The organization faces a potential risk of employee dissatisfaction because external contractors might earn higher pay while operating under separate guidelines. A project management system of high complexity must exist in effective governance to create communication systems and performance-based rewards and change management systems which affect all stakeholders (PMI, 2021).

Suitable Projects:

The hybrid model provides its best fit for projects which involve technology and product development. A company would maintain its core architecture and algorithm development and product management functions within the organization (DIY) but would outsource quality assurance testing and user interface design and non-critical module development to external contractors (multi-contract). It is also common in manufacturing plant upgrades, where the installation of a new production line might be managed internally, but the fabrication of custom machinery is outsourced to specialist fabricators. Organisational change projects that

implement new enterprise software serve as an excellent case study because business process redesign and change management occur within the organisation, but software consultancy firms execute system integration and customisation work. Organizations which already possess core competencies should use this approach to obtain external innovation because they need project components for their expansion.

Conclusion

Project management depends on contracting as its fundamental strategic element which determines project feasibility and operational efficiency and achievement of project goals. The four main methods which include Turnkey and Multi-Contract and Do-It-Yourself and Hybrid systems demonstrate different approaches to distribute project responsibilities and risks and control between clients and outside market entities.

Your business needs to evaluate all project variables before selecting the most suitable contracting method. The project evaluation depends on five essential factors which include its strategic value and technical sophistication and originality and client organizational strength and willingness to take risks and contractor market availability and performance stability. In essence, a well-chosen contracting method acts as the enabling framework upon which all other project management knowledge areas can be effective.

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