Research for: Is a projects quality affected by the choice of tendering method used?

Jenny Stroud
2008886
Work Based Project

Lecturer: Deborah Hughes

Contents

1.0 - Introduction 3
2.0 - Traditional Tendering 3
3.0 - Design and Build Tendering 3
4.0 - Development of the Primary and Secondary Research 4
5.0 - Primary Research
5.1 - Graph Analysis
6.0 - Secondary Research
7.0 - Comparing of Research
8.0 - Conclusion
9.0 - Reflection
10.0 - References
11.0 - Appendices

1.0 - Introduction

In this research I will be looking into if the buildings quality is affected by the choice of tendering. I have begun my research into the different types of tendering with there advantages and disadvantages, I have also started to complete my primary and secondary research.

2.0 - Traditional Tendering

Traditional procurement is one of the most used method throughout the construction industry. This method is where the company will give potential contractors a packaged fill with information based on the project, it will included location information, the buildings drawings, time scale and any other relevant information. Once the company have compared the contractors costs, their company work quality and if they can complete the project within the time scale the company will then offer the contract to the best tender *(Building Wiki A, July 2021)*.

The advantages to this procurement method is that the price will fixed at the start with a flexibility amount to take into account inflation of a projects materials and variations to the build. Variations are easily changed with in the project as they can check that the design still fits and costs don't exceed the funds available as this can all be checked with in the company and the information will only leave the companies premises if the variations are going to take place, but will be constantly discussed with the main contractor so they are up-to-date with he relevant information *(Research Gate, January 2017)*.

Disadvantages to this tendering method is that the overall process can be one of the longest, due to the fact they have to complete the designs drawings before being able to send of the information to get different tenders back causing a delay in starting the build. The contractor won't also be able to improve the constructibility of the project as they will not have a say in the design, but changes can be made if necessary or wanted *(Building Wiki C, June 2021).*

3.0 - Design and Build Tendering

This method means that the contractor will be responsible for the design as well as the build, the client or company will give the contractor a design brief along with other information to do with the build. The contractor will create a design drawing based on the information from the brief, the drawing will be based on how the contractor thinks and takes the information *(JCT, 2021)*.

The pros to design and build procurement method is that the contractor can improve the constructibility of the project due to their input into the build and design phases, another benefit of this method is that while the designs for the fittings is being finished and confirm they company would be able to start the build and site set up which can help reduce the overall project time *(Research Gate, January 2017)*.

The cons to design and build could be the risk of lower quality as the contractor may just put the minimum into the drawing, this could be what it needs to fit the building regulations but to prevent this the client would have to give specific materials or level of quality they would like to achieve. When having the drawing created by someone else this could mean a loss of vision of what the client really wanted for their building, they may

have to pay more to the contractor to edit the design to fit their needs more *(Building Wiki B, December 2021)*.

4.0 - Development of the Primary and Secondary Research

For my primary research I have completed a questionnaire that needs to be sent to the quantity surveyors in Persimmon Homes, the questionnaire consists on seven questions relating to the experience they have had and what method of tendering they and the company use the most (See appendices 11.1). Once I have received the completed questionnaires I will create graphs for certain questions answers and examine the results to see what qualified and experienced quantity surveyors think of each tendering method. I will then use this information to access what method of tendering is better from experienced and qualified people.

For my secondary research I have started looking at projects in the residential area with multiple houses being built on the site. I have also been trying to find reviews from people who have bought houses from the companies who were the developers on the sites, by doing this I can asses the quality of the build from customers and see if the building is up to the standard compared with the price they paid for their home. This information will help the research from the target audience view to see if the developers are meeting the needs and achieving the best quality for the customers.

My plans for the next steps will be to draw information from the questionnaires and continue to complete more secondary research into customers feedback to ensure I can get multiple views on the buildings quality.

5.0 - Primary Research

After sending out the questionnaires I have received four back, each of the people who have filled out the questionnaire has different experiences.

Questionnaire

Questions	Person 1	Person 2	Person 3	Person 4
How many projects have you worked on?	4	12	Approximately 10	3
What tendering method have you used previously on your projects?	Traditional	Design & Build	Traditional	Traditional
What is the estimated value of the projects you have worked on?	£10 million+	50k to £10 million	£100k to £16 million	£3 million to £30 million
Are your projects high end or basic specification?	Basic specification	Basic specification	Basic specification	Basic specification
What tendering method do you believe is best to achieve the highest quality?	Design & Build	Cost plus	Traditional	Design & Build or better assignment of contractors so its not the cheapest price wins
What do you think the biggest obstacle that affects the projects quality?	Personnel	Programme	Lack of communication between departments	Cost, cheapest wins
Does your company have a set method of tendering to use? If so, which method?	Traditional	Depends on the project	Traditional (cheapest wins)	Traditional or design & build

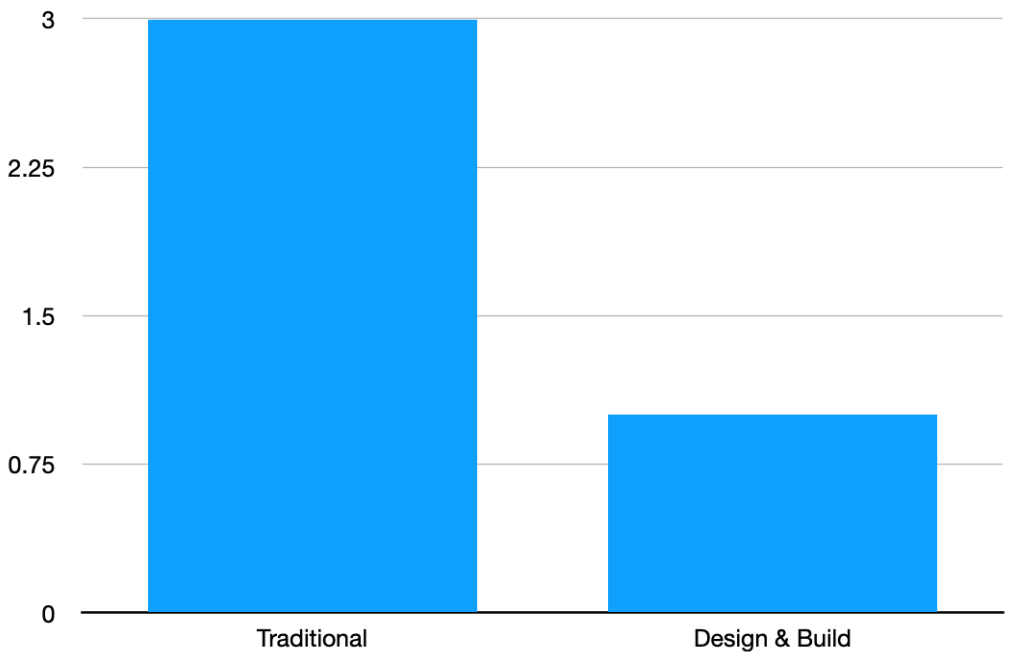
The experience from each person ranges from 3 to 12 jobs they have completed in the past and the estimated value of the project the person has worked on reflects their experience as a quantity surveyor.

Each individual gave a different reason for the projects quality being affected, person 4 did put that they believe the quality is decreased due to the traditional tendering method as it is the cheapest cost wins. The cheapest cost normally includes the most basic requirements needed in the properties and the cheapest materials they can source. Person 4 also thinks that in order to improve the quality of the build design & build should be the option of tendering method, or that there is more research undertaken into each contractor and they are then chosen off best quality and time frame not lowest cost. Person 1 also agree that design & build would be the best method for highest quality in the project, but in person 3 opinion they think that traditional procurement is best, as they believe lowest cost proves high quality. The other method states was cost plus pricing, this is where the client will pay for all direct costs, overhead costs and an agreed upon fee on top to accommodate the contractors profit. This method allows the client to get a cost that isn't "fluffed up", as the contractor will not have a need to cover the risk of having uncertainties or unexpected costs *(What Is a Cost-Plus Contract?, August 2020).*

Person 1 and 3 have the same opinion that personnel and lack of communication is the main issue with quality being affected. The lack of communication could be between the finance and the design team for example, as if the design team doesn't have an exact or estimate amount the have to be in or spend then the could have designed the drawing with the minimum requirements when the cost could allow for more higher specification items, which will increase the projects quality.

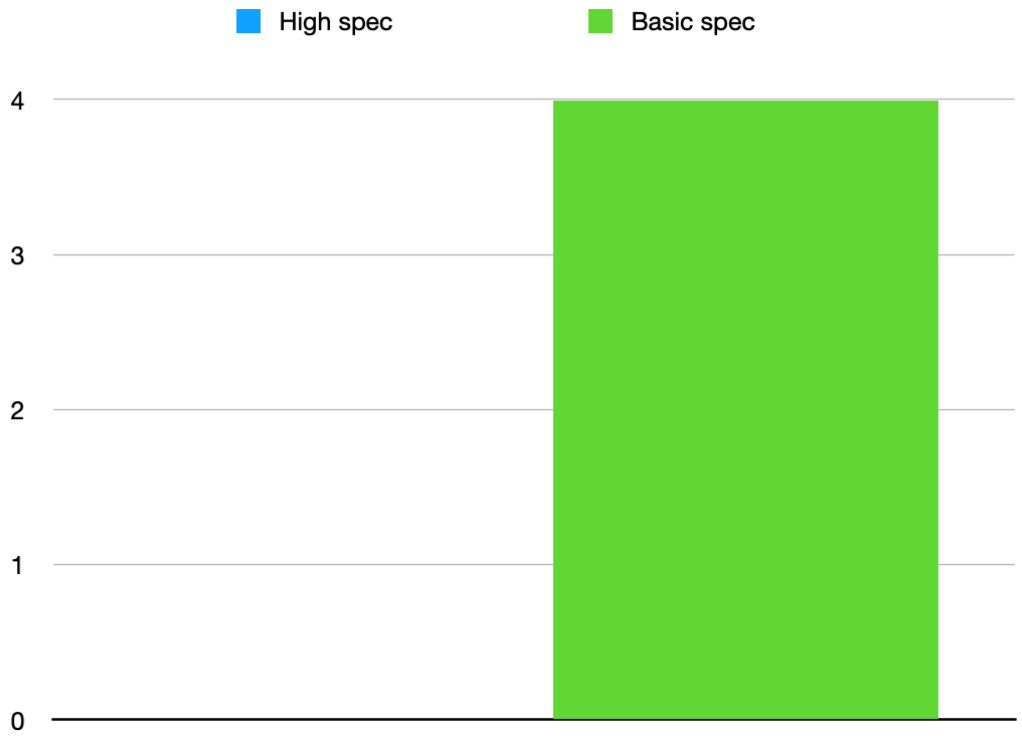
5.1 - Graph Analysis

Graph 1: What tendering method have you used previously on your projects?



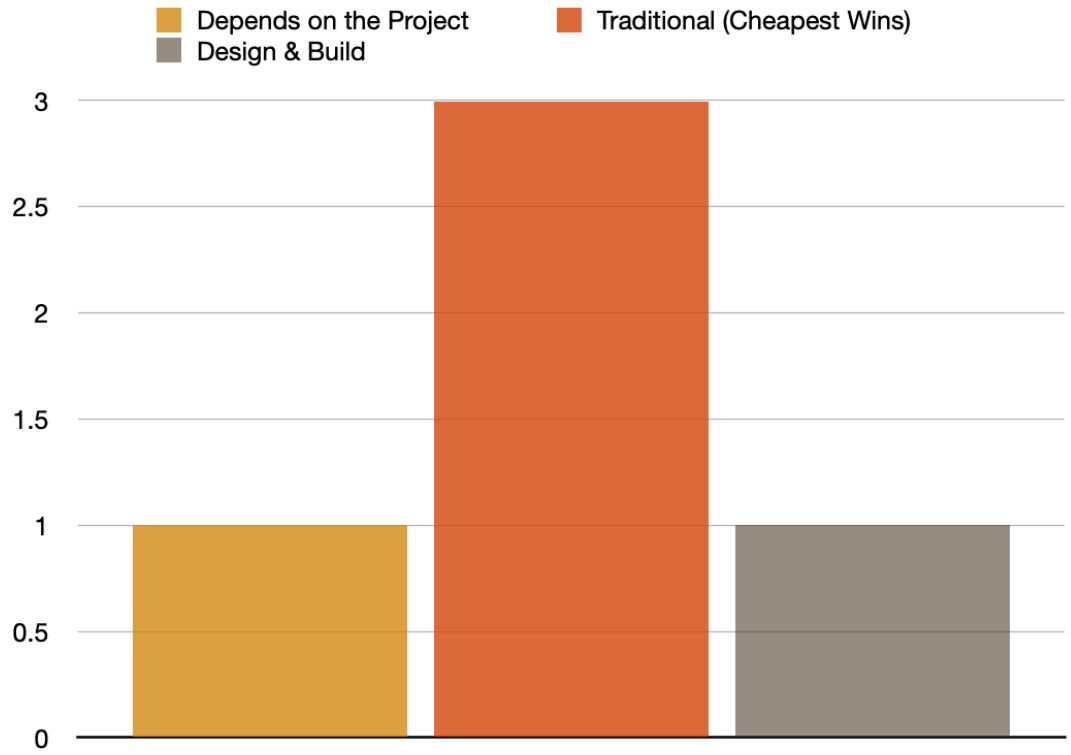
This shows that traditional tendering is the most popular method to use in Persimmon Homes projects, person 2 was the only one to state that they had used design and build recently.

Graph 2: Are your projects high end or basic specification?



Graph 2 shows that everyone works to a basic specification, none of the projects are considered to be high specification as they are producing large housing sites that don't require the extra high specification details.

Graph 3: Does your company have a set method of tendering to use? If so, which method?



This graph shows that majority of people believe that Persimmon Homes has a set tendering method which is traditional, but one believes that it depends of the project you are undertaken. While person 4 believes that it is traditional tendering is the main tendering method sometimes design & build is used but not as often as traditional.

6.0 - Secondary Research

These are multiple reviews based on the quality level of the homes produced by Persimmon Homes, for the purpose of the research it benefitted looking at their previous projects as the questionnaires were filled out by the employees of that company.

(Figure 1, Greenacre, GL52, 2021)

One site based near Cheltenham has had many reviews by the home owners, the site project has received an overall of 4 stars. Looking at the results the value has an overall score of 3.91 out of 5, many of the reviews state how disappointed they are with the final outcome of the value. The reviews all have fixed questions for each person to fill out, one house owner says “A big negative is the finished quality” and “We would absolutely change the quality of interior. The doors are extremely flimsy and sound travels so easily through the thin walls.” This makes you think that the project was on a traditional build and they tried to cut down costs as much as possible, an example of the cost cutting could be bulk buying on doors to achieve more of a discount on cheap doors. Another home owner stated “Our site manager was brilliant when we had a wonky tap he fixed it straight away and was always present on our site asking questions making sure we was happy”, this one customer has an issue with the quality and was repaired straight away and left them feeling great with their purchase and leaving the quality review at a 5. Each of the reviews have been approved by the web page as a verified resident of this location *(Greenacre, GL52, 2021).*

In 2019 Persimmon Homes received multiple headlines in the BBC News about the safety of their homes, this was because many homes were missing the fire safety barriers, a part of a families new build collapses and how they lack minimum house standards. That same year they were also seen on BBC’s Watchdog tv program as many people had

complained about the quality of their new build and how some of them were having major issues with the roof and external brick work.

The fire safety barriers are stated in the building regulations as a requirement to be placed in every home in the cavity walls and the roof space. Persimmon Homes sent over 1,000 letters to their home owners to state that they needed to complete a check on their house, this was because of the fire safety barriers being “either partially or not installed”. This lead to multiple home owners being concerned that the quality of the build isn’t even “basic”, the basic requirements should fit the building regulations as that is to protect people and have safe homes to live *(Persimmon missing fire safety barriers, March 2019)*.

In Kent a family had a part of their home collapse, it was a new home built by Persimmon’s developer Charles Church. Persimmon stated that they were completing work on homes adjacent to the property, it turns out that the slates on the buildings exterior wall had dropped off during the evening. As a part of the building collapsed other homes in the area have had investigations completed to ensure that all the properties are suitable, safe to live in and that the same incident won’t happen again *(Persimmon Homes: part of new-build home collapses, August 2019)*.

The chairman of Persimmon Homes completed a report on the home standards, he found that across the board there isn’t a basic standard that they follow, the report was completed after there was a huge look into the safety of the new homes being built. The chairman believes that there is a need to complete a “Persimmon way of building”, this will ensure that everyone follows the same procedures and everyone will have the same training to complete the work to the same standard no matter where you are in the UK. The chairman also found that “Persimmon had focused on policies around inspections immediately before and after the sale of a home” rather than focusing on the builds quality they just wanted to ensure they passed the checks to sell the property *(Persimmon lacks minimum house standards, December 2019).*

7.0 - Comparing of Research

8.0 - Conclusion

9.0 - Reflection

10.0 - References

(Building Wiki A, July 2021), *Designing Buildings Wikipedia*, https://www.designingbuildings.co.uk/wiki/Traditional_procurement_method Web. Page accessed on 25th January 2022

(Research Gate, January 2017), *Research Gate*, https://www.researchgate.net/figure/Advantages-and-Disadvantages-for-Each-Type-of-Procurement-Method_tbl1_319342302 Web page accessed on 25th January 2022

(JCT, 2021), *JCT Corporate*, https://corporate.jctltd.co.uk/products/procurement/design-and-build/ Web page accessed on 25th January 2022

(Building Wiki B, December 2021), *Designing Buildings Wikipedia*, https://www.designingbuildings.co.uk/wiki/Design_and_build_-_pros_and_cons Web page accessed on 25th January 2022

(Building Wiki C, June 2021), *Designing Buildings Wikipedia*, https://www.designingbuildings.co.uk/wiki/Traditional_contract_-_pros_and_cons Web page accessed on 25th January 2022

(What Is a Cost-Plus Contract?, August 2020), *Chron*, https://smallbusiness.chron.com/costplus-contract-construction-66735.html Web page accessed on 9th March 2022

(Greenacre, GL52, 2021), *Home Views*, https://www.homeviews.com/development/greenacre-gl52/page/1?0=reviewer_type&1=all&2=orderby&3=upvotes&4=rating&5=3 Web page accessed on 9th March 2022

(Figure 1, Greenacre, GL52, 2021), *Home Views*, https://www.homeviews.com/development/greenacre-gl52/page/1?0=reviewer_type&1=all&2=orderby&3=upvotes&4=rating&5=3 Web page accessed on 9th March 2022

(Persimmon missing fire safety barriers, March 2019), *BBC News*, https://www.bbc.co.uk/news/uk-england-cornwall-47613496 Web page accessed on 9th March 2022

(Persimmon Homes: part of new-build home collapses, August 2019), *BBC News*, https://www.bbc.co.uk/news/uk-england-kent-49460864 Web page accessed on 9th March 2022

(Persimmon lacks minimum house standards, December 2019), *BBC News*, https://www.bbc.co.uk/news/business-50827576 Web page accessed on 9th March 2022

11.0 - Appendices

11.1 - Primary Research Questionnaire

Research Proposal Questionnaire

1. How many projects have you worked on?

2. What tendering method have you used previously on your projects?

3. What is the estimated value of the projects you have worked on? Please list.

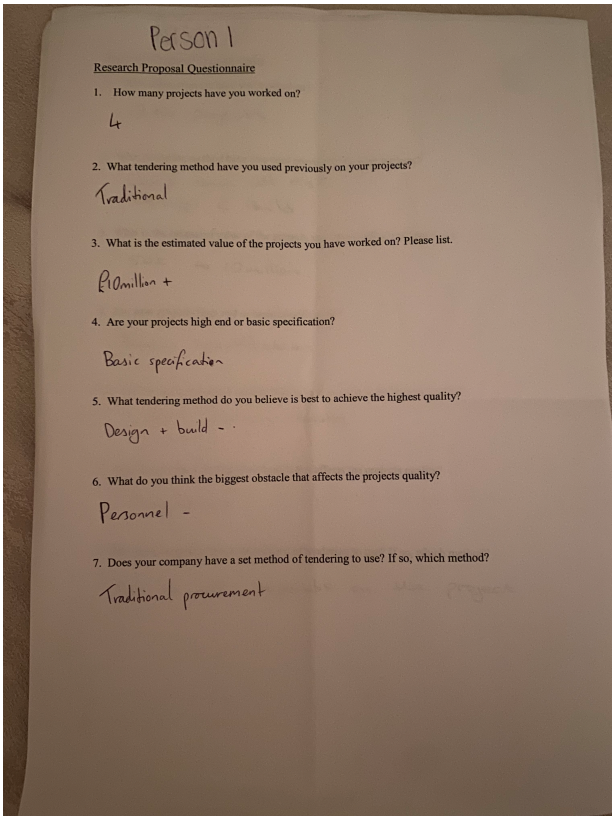
4. Are your projects high end or basic specification?

5. What tendering method do you believe is best to achieve the highest quality?

6. What do you think the biggest obstacle that affects the projects quality?

7. Does your company have a set method of tendering to use? If so, which method?

11.2 - Four Filled Out Questionnaires



Person 1

Research Proposal Questionnaire

1. How many projects have you worked on?

4

2. What tendering method have you used previously on your projects?

Traditional

3. What is the estimated value of the projects you have worked on? Please list.

R10million +

4. Are your projects high end or basic specification?

Basic specification

5. What tendering method do you believe is best to achieve the highest quality?

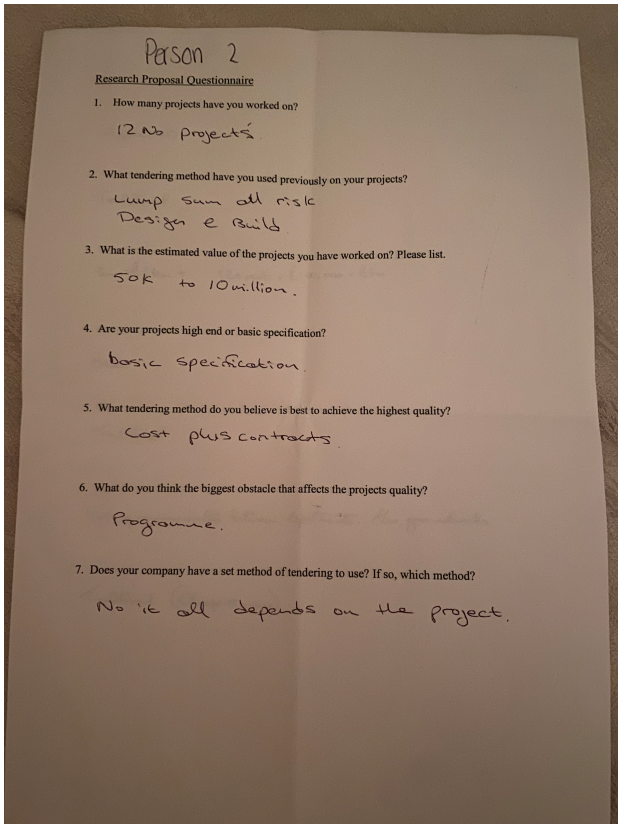
Design + build -

6. What do you think the biggest obstacle that affects the projects quality?

Personnel -

7. Does your company have a set method of tendering to use? If so, which method?

Traditional procurement



Person 2

Research Proposal Questionnaire

1. How many projects have you worked on?

12 No projects

2. What tendering method have you used previously on your projects?

Lump sum all risk
Design e Build

3. What is the estimated value of the projects you have worked on? Please list.

50k to 10million.

4. Are your projects high end or basic specification?

basic specification.

5. What tendering method do you believe is best to achieve the highest quality?

Cost plus contracts.

6. What do you think the biggest obstacle that affects the projects quality?

Programme.

7. Does your company have a set method of tendering to use? If so, which method?

No it all depends on the project.

Person 3

Research Proposal Questionnaire

1. How many projects have you worked on?

Approx. 10

2. What tendering method have you used previously on your projects?

Traditional

3. What is the estimated value of the projects you have worked on? Please list.

3no. = £16m + The rest = £100,000 - £1m

4. Are your projects high end or basic specification?

Basic

5. What tendering method do you believe is best to achieve the highest quality?

Traditional

6. What do you think the biggest obstacle that affects the projects quality?

Lack of communication between departments. Also, groundworks.

7. Does your company have a set method of tendering to use? If so, which method?

Traditional (Cheapest wins)

Person 4

Research Proposal Questionnaire

1. How many projects have you worked on?

3

2. What tendering method have you used previously on your projects?

Traditional method.

3. What is the estimated value of the projects you have worked on? Please list.

- £3.8 million.
- £18 million
- £30 million.

4. Are your projects high end or basic specification?

Basic spec.

5. What tendering method do you believe is best to achieve the highest quality?

~~Traditional~~ Design & build.

However, a better assessment of contractors would help, not awarding 'cheapest'.

6. What do you think the biggest obstacle that affects the projects quality?

Cost! Cheapest contractor wins.

7. Does your company have a set method of tendering to use? If so, which method?

Traditional mainly used.
Rarely design & build.