



MANAGING THE PRE-AWARD PHASE:

Effective Definition of Scope of Work (SOW), Contract Strategy, and Tendering Procedures

5-Day Training Program

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INTRODUCTION:

Contracts and Purchase Orders are, in their own way, the products of many activities undertaken by buyers and sellers leading up to the issuance of those documents and the undertaking of the performance that follows.

Unfortunately, one of the traps organizations fall into when planning for contract administration is to use the issuance or award of purchase orders and contracts as the starting point for the initiation of contract administration. That's too late!

This course/workshop identifies key contract administration activities during the acquisition cycle that occur prior to or conclude with award of the contract.

It describes business strategies (such as scope of work, contract strategy, pricing/payment options, tendering, etc.) to take **before the award** that prevent problems from arising later after the performance. In essence, it is like "Preventive Maintenance" where "Prevention" is more effective and economical than the "Cure".

In Summary, the focus of this course/workshop is to understand fully the contracting environment and how that environment influences business operations with respect to the following activities:

- Importance of Early Project Definition, Defining Scope of Work, Identifying, Schedule and Cost Constraints, Selecting Optimal Contract Strategy along with Pricing Options.
- Following an effective Process of Tendering to secure Proper, Complete, Clear and Complementary Set of Tender Documents during the tender stage, which in turn will make up the Contract Documents (*your first life saver!*).
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- Contract Formation with respect to Key Contract Clauses, Liabilities and Responsibilities of contracted parties, Breach of Contract and Suspension and Termination.
- Tender Evaluation Criteria keeping in mind "Value for Money" and "Performance-Based Contracting" rather than Lowest Bidder.

FORMAT:

The course/workshop has been designed to provide the participants with:

1. **Lectures** – Concentrated talks by the speaker dealing with governing principles, realistic application of those principles, sound strategies, workable techniques, and experience-based assessments and advice.
2. **Discussions** – Between the lecturer and the participants, where the participants' questions will be answered and their particular problems will be considered.
3. **The Workshop Book** – A detailed volume prepared by the lecturer to support presentation and, most importantly, to serve as a continuing guide for the participants after the workshop end. The workshop book is a future use reference book!
4. **Practical "Real" Case Studies** – Practical case studies of "actual" cases to help the participants recognize, analyze and negotiate contracts and claims issues effectively.
5. **Power Point Computer Presentation** – The lecturer will present all the material using colored power point computer presentation for effective and interactive discussion with the participants.

WORKSHOP DAILY OUTLINE

DAY ONE:

Preparing for Effective Contract Administration

EARLY PROJECT PLANNING AND DEFINITION

(The secret for good drafting of contracts..!)

- The ingredients of early project planning and definition
 - Benefits of early planning
 - Optimum approached to the objectives
 - Who and What should be involved in early planning
 - Evaluation of all possible risks
 - Preliminary Cost Estimates and Constraints
 - A Schedule for each contract package and constraints
 - Further planning and definition
- Definition of Scope, Statement of Work or Scope of Work (SOW)
- Watch for Scope Creep - it is a killer!
- Basics of contract law and contract interpretation
- Contracting methods available
 - Overview
 - *Selecting Suitable Strategy; Turnkey, Design-Construct, EPCM, EPC, Traditional, Fast Track Construction.*
 - Selecting the best or optimal contract type - match type with service and emphasis required, *one size does not fit all!*
 - When time is prime
 - Cost reimbursable
 - Quality consideration
 - Different Pricing Structures (Lump Sum, Re-measured, Cost Plus Reimbursable)
- Guidelines for Contractor or supplier pre-qualification - *your life guard!*
 - Prepare and maintain a list of prequalified contractors
 - Financial qualifications
 - Experience for selected work and contract type
 - Management Structure
 - Compare with prior projects of same type and size
 - Check list for pre-qualification and later evaluation

- Sources of information
- Local contractor preference

DAY TWO:

TENDERING PROCEDURES

- Types of tendering to consider
 - Recommend pre-qualification for all contractors
 - Competitive tendering
 - Selective Competitive Tendering – Fair and Ethical for all!
 - Single Source Tendering
 - Single Source on Site
- Preparation and Contents of the tender package
 - Tender documents list
 - Tender Briefings/ Pre-Bid Meetings
 - Receipt of Tenders
 - Bill of Quantities (BOQ) and its relationship to other tender documents
 - Order of Precedence between Tender Documents, *which comes first!*
 - How to resolve conflicts and ambiguities between Tender Documents - *it is a nightmare!*
 - Contractor's view of tender package - Do Contractors have a *crystal ball*, *may be not!*
 - Mistakes in Tenders

DAY THREE:

THE CONTRACT FORM

- Match the contract form to the job required
- Key Contract Provisions
- Include the contract form selected in the tender package
 - The contract document - Key provisions to contractors
 - Bonding Capacity
 - Payment Terms and Cash Flow Analysis
 - Variation Orders Clauses and Process for payment
 - Mechanical and Substantial Completion Certificates
 - Direct and Consequential Damages
 - Liquidated Damages and
 - Penalties and Bonuses!!

- Delay clauses and provisions for impact
- Termination and Suspension clauses
- Extension of time provisions
- Warranties and Guarantees requirements
- Suspension, Termination and Breach of Contract

DAY FOUR:

TENDER EVALUATION

- Tender evaluation methods - *Technical and Commercial Evaluation, separate or jointly?*
- Weighted Evaluation Tender Evaluation System, *Quantitative vs. Qualitative!*
 - *Look for Value and Price only!*
- *Using score and relative weight method for objectivity*
- Unbalancing and Front end loading of Bids! Is it ethical?
- Assuring conformity to tender documents
- Bidder's Exceptions and Alternative Bids from contractor
- Scope of subcontracting
- Qualifications
- Payment requirements
- Exceptions taken

DAY FIVE:

CONTRACT AWARD

- Pre-Award Consideration
- Resolve exceptions and open issues before awarding the contract
- Selecting the Successful Bidder
- Final Review of commercial and technical requirements
- Skills of Contract Award Negotiations Techniques
- Contract Negotiation Strategies
- Negotiating terms and conditions
- Negotiating the final contract price
- Documenting the negotiation
- Issue of Letter of Award/Acceptance (LOA)
- Performance Bond and Insurance Requirements
- Mobilization Period