

7. Contractor Selection - who will build it?

Client's Guide To Architecture Series

"Every good building results from a good architect, a good builder and a good client" How can you be a good client? This series follows the [Anatomy of Project diagram \(blog 54\)](#) and we'll continue with Contractor Selection. This has also been referred to as Construction Procurement or Tenders.

Studio B will advise on the best way to find an appropriate building contractor for your project. Getting a cheap price from a builder that is unreliable or goes bust will be more costly in the end. Competitive tendering remains the usual process in order to test the market for value. The design team's quantity surveyor should have been able to predict the likely tender range so that cost will not be a shock. However there are pros and cons to competitive tendering and alternatives to suit particular circumstances:

Full Design Package Tenders

- The design team need sufficient time to develop and coordinate a thorough set of drawings, reports and specification. This does not usually start until planning permit has been received.
- Builders have to carry the cost of unsuccessful tenders onto other projects.
- They must carry the risk of missing something during the three-week tender period.
- Having the architect as a contract administrator provides expert independent assessment for monthly valuations of work completed and provides design control for any changes that may be requested.

Negotiated Price

- In a busy construction market it may be difficult to find an appropriate builder with availability.
- If your project needs special skills, such as a Passivhaus certified tradesperson you may not be able to find two tenderers and must negotiate a price with one.
- Quantity surveyor should be involved in this process to advise whether the proposed cost is appropriate in the current market.
- The architect can provide Contract Administration as above. It is still important to have a full design package.

Design Build

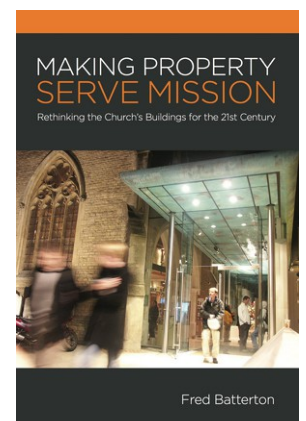
- This arrangement is not usually used on projects below \$10 million. Can accelerate build program.
- The builder assumes both design and construction risks following a preliminary tender process.
- The design team is often transferred (novated) to the builder during Documentation stage.
- The architect and design team is no longer acting independently for the client, but for the builder. Someone else (that may be less familiar with the design intent) must act independently for the client.

Cost Plus

- This is where the builder simply applies an overhead to each of the costs they receive.
- This is often considered to be the most costly method of construction.
- However it can be the fastest which may be important, particularly for retail fit out projects.

There are other arrangements, but the key to all of them is having a good tried and tested form of contract. There is little use having a bespoke contract if a dispute requires hundreds of thousands of dollars on legal fees to define issues. Standard forms of building contract have legal precedent.

Next time - Construction



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