



مدیریت کسب و کار در صنعت ساخت (Construction Business Management)

ماژول ۴: توسعه کسب و کار

بخش هفتم: پارامترهای موفقیت برای توسعه فعالیت

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What we will learn?

- ☐ Success Factors For a Changing Industry
- ☐ What a Client Wants?
- ☐ A Client Perspective of the Contract
- ☐ How Contracts Are Won?
- ☐ Relationships and Contract Divergence
- ☐ Goals of Alternative Delivery Methods
- ☐ Successful RFP Response Strategies
- ☐ Effectively Using Risk Analysis in a Proposal
- ☐ How to Develop a Winning Proposal
- ☐ Successful Interviewing Strategies
- ☐ Exercises

Success Factors For a Changing Industry

Success factors for a changing industry

- ❑ This section considers **success factors** for contractors in the **changing dynamics** of the construction industry,
specifically around **how clients** and **buyers** of construction services are seeking to **minimize their risks** and **costs**
through different procurement methodologies, contractual structures,
and operational requirements.

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Success factors for a changing industry

- ❑ With knowledge of **how clients are seeking** to minimize their risks and costs, a contractor can
more effectively compete for contracts and
more efficiently work with their clients once the contract has been won.
 - ❖ In some cases, it can also **increase** the **contractor's competitiveness** for **future work**.
 - ✓ However, before moving into **success factors** for these changing dynamics, a perspective of **how the industry functions** should be explored.

What a Client Wants?

What a client wants?

- ❑ Clients want the **greatest value** for their construction dollar and seek to extract this value from the **vendor community**,
1. First through procurement competition (thus seeking to foster a more aggressive pricing approach);
 2. Second through contract documents, requirements, specifications, standards, etc.; And
 3. Third through client management and inspection of the contractor's efforts during the actual construction process.

Value, in its purest sense, is the comparison of one option versus another, considering cost and performance.

What a client wants?

- ❑ Since **most clients** of construction have had one or **multiple** bad experiences working with contractors, whether due to cost overruns, delays, quality issues, or just an overall unpleasant engagement, they have **learned** that **simply writing** performance requirements into a contract does **not** make it actually true.

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What a client wants?

- ❑ At first, this may be a **difficult concept to understand**, since society largely assumes that **contracts provide protection**, which they do, **but typically only** in the minimization of loss.

For example,

- ✓ **Liquidated damages only** apply once the project is already **late**.
- ✓ A **performance bond** is only effective **after** the **poor performance** has already been experienced.

What a client wants?

- ❑ As a result, since many owners have realized that
 - ❖ **Performance** cannot be **regularly predicted** and
 - ❖ In **actuality** cannot be **contractually guaranteed** or **mandated**,
they then further rely upon the **quality** of
 1. The construction documents and
 2. Their own internal managerial expertise
 - ❖ To help **minimize** the **risk of low performance** and
 - ❖ To **achieve value** from their construction dollar.

What a client wants?

❑ Clients report that the **quality of contract documents** has regularly been **decreasing**, along with the **level of accountability** of the design, architecture, and engineering industry.

❖ Moreover, in a **competitive bid situation**,

it may actually be **easier** for a contractor to

achieve a profit on a project

if the contract documents (drawings and specifications) are of a **lower quality** rather than if they are of a higher quality.

What a client wants?

❑ Clients report that the **quality of contract documents** has regularly been **decreasing**, along with the **level of accountability** of the design, architecture, and engineering industry.

❖ If the **contract** documents are **good**, the **pricing** will be **tighter** and there will be **less opportunity** for **change orders** (and maybe some extra margin) after the contract has been signed.

Clients are aware of this and so much of their effort to increase their value has centered around the various parts of the contract and its delivery methods.

A Client Perspective of the Contract

What a client wants?



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A Procurement Method That Compares “Apples-to-Apples”
 Makes It Much Easier for the Client to Show When They Got a Good Deal. It
 Is the Contractors’ Responsibility to Stand Out by Differentiating Themselves
 from Their Competition.

What a client wants?

- ❑ With that said, the **client expects** that the information, quality, and details **stated in the agreement** are the **lowest level** of value or services they **will receive** from the construction professional they hire.
- ❖ To the client, it **truly is the minimum**, although it **may even be true** that clients may **expect to see more** than the minimum from what they **consider** to be a high performance contractor.

What a client wants?

- ❑ **Conversely**, to a contractor **proposing** or **bidding** in a competitive environment, the **minimum requirement** is typically treated as the maximum level of performance that will be realized on the project.
- ❖ **Anything above** the minimum is not contractually necessary and the cost of achieving such would be **directly taken** from the **potential profit** in the job.

Also, to do **more than the minimum** and **price** this “extra work” into a proposal would **actually decrease** a contractor’s competitiveness for **winning** the work.

So, what is the solution?

What a client wants?

So, what is the solution?

What a client wants?

- ❑ A contractor's **greatest risk** before the contract is **signed** is **winning** the **job** in the first place.
- ❖ Construction is an **“all or nothing” industry**, where the **winner** of a contract gets **every contract dollar** (and **all future dollars** on the contract via project change orders, for which there is **no competition** and the price of the changes is negotiated).
- ❑ Second place and **lower finishers** do not see any of the contract money and have **actually spent** significant time and resources in an **unsuccessful bid attempt**.

So, what is the solution in the short term?

What a client wants?

❑ So to **minimize the risk** of not winning the contract,

it is a contractor's best interest in the **short term** to compete to the **lowest interpretation** of the contract's minimum requirements and

offer the **required level** of performance at the **lowest prices possible**,

thus **increasing the probability** of getting the work.

But this has some inappropriate consequences, right?

What a client wants?

What can contractor do instead?

- ❑ The divergent perspectives of the client and contractor's expectation of performance as derived from the minimum requirement is a consistent source of consternation and project management difficulty on many projects.
- ❑ The lack of understanding between the client and contractor project teams around how the other views the contractual obligations can cause clients to feel they need to rely even further on their own ability to manage the contractor's work and attempt to extract value by high levels of oversight and involvement on the project.
- ❑ This frustration of divergent perspectives exists beyond the project level and pervades both client and contractor organizations.

This frustration of divergent perspectives exists beyond the project level and pervades both client and contractor organizations.

How Contracts Are Won?

How contracts are won?

❑ It is often thought that **winning work** in the construction industry is extraordinarily **difficult** when compared to other industries.

❖ This is not necessarily true.

✓ **Winning work** in construction can in actuality be **quite simple**; one needs only to bid **very low**, and the work will quickly come in.

*What is extraordinarily difficult is to **win work** and **make a profit** on that work.*

How contracts are won?

❑ Similar to the client organization, the **immediate motivations** and performance structure of the individuals tasked to win work are built **around contract dollars awarded**.

❖ The responsibility of these individuals is to **make the promises** to the client on **behalf of** the construction firm.

❖ The **individuals** that propose and **make the promises** on behalf of the construction firm

are **not typically the individuals** that are **tasked with fulfilling** the promises made.

How contracts are won?

❑ Estimators, vice presidents (VPs), and business development professionals **make the promises** and

then **work to minimize the specificity** of the promises into the contract (**while the owner is seeking to maximize** the specificity and rigidity of the promises within the contract).

❖ With this said, for the estimators, VPs, and sales staff, their **“project” ends once the contract is signed** and they are off to **win the next contract**.

✓ The **responsibility of executing** the expectations made and agreed to between the client's procurement team and the construction firm's sales team is **left to the project managers** (for the client and contractor), superintendents, foremen, and so on.

How contracts are won?

- ❑ A frequent lament of project managers is that the greatest risk that they face is how to actually do all that their estimators (or VPs, sales, etc.) promised that they could do.

This is an inefficient risk perspective, yet it is one that pervades the industry.

A frequent lament of project managers is that the greatest risk that they face is how to actually do all that their estimators (or VPs, sales, etc.) promised...

Relationships and Contract Divergence

Relationships and contract divergence

- ❑ As the project is moved from **contract award to actual execution and delivery**, the **key project team members** (client and contractor project teams) move to the forefront.
- ❖ These key people **may or may not** have been involved in the development of the request for proposal (RFP), proposal response, and contract negotiations.
- ❖ Often the first time a construction **project manager** and **his or her team** look at a project is **after the award** has been made and the contract has been **signed**.

Relationships and contract divergence

The contractor mantra of “first, worry about getting work, and second, worry about how to actually do the work” rings true for many project managers and superintendents.

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Relationships and contract divergence

❑ As the **two project managers (the client's PM and contractor's PM)** meet and begin to work together, there can be an unstated objective of **“how are we going to actually do this?”**

❖ Indeed, the beginning of a project is often a jovial and **happy affair**.

❑ It is normal to be in a **project kickoff meeting** where thoughts and phrases such as

❖ “we have a great team here,”

❖ “I’m looking forward to working with you,”

❖ “I can’t wait to get started,” and

❖ “this is going to be a great project” fill the air.

Relationships and contract divergence

- ❑ At the beginning of a project the **contractor will say “yes” to too much** of what the **client asks for**,

because they view the **need to build their relationship** with the owner's PM as of paramount importance.

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Relationships and contract divergence

- ❑ Once the **relationship** is established,
the critical team members begin working together to **execute the contract expectation**,
which they **legally assume** to be understood and interpreted the same
by all participants.
 - ❖ As the two parties work together, the **mentality of many PMs** is
one of **task orientation**,
a “**get things done**” approach
where a **good working relationship** facilitates quick
decision making and assures continual progress to the
accomplishment of a goal.

Relationships and contract divergence

❑ **Unfortunately**, this approach can at times cause all parties to deviate from the contractual expectations.

- ❖ If a **significant disagreement** around the understanding or interpretation of the contract expectation does arise,
 the **only recourse** is to refer to the **agreement from which both parties** have potentially deviated.



Figure 17.3 The Strong Tendency to Rely on Relationships Can Backfire When Contract Terms Are Not Clearly Defined before Beginning the Project.

Relationships and contract divergence

- ☐ A **contract, once signed**, is typically not **significantly examined** again unless there are **problems on the project**.
- ☐ These instances are then **complicated** by that fact that the **contract was developed** by **individuals who did not** typically plan or discuss operational details **during its negotiation** and who are **not the ones** involved in the **day-to-day execution** of the work.

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Goals of Alternative Delivery Methods

Goals of alternative delivery methods

- ❑ Perhaps the **oldest of the alternatives** to low bid is the delivery method of design-build. In the scenario of a challenging design-bid-build arrangement, the **owner is stuck between** the architect design team and the general contractor.
- ❖ The owner can see that the **design professional's product** may not be to the level that was expected, while also having **no effective way** to prove that the **contractor's cost submittals** for **change order requests** are reasonable.

The mediating and lose-lose possibility between the design team and construction team is an uncomfortable and unnecessary position for the client.

Goals of alternative delivery methods

❑ The **contractor is the newest** comer to the party,

as the design team and client team **have been working together** for quite some time (years is not uncommon) before the **contractor is even considered**.

❖ Being the **third and final member** of the owner-designer-contractor team and integrating into the established owner-designer relationship can be **difficult**.

*For all of these reasons, and many others,
owners developed the concept of design-build delivery.*

- ❑ The **perceived inefficiencies** of a designer and contractor relationship in **design-bid-build** are intended to be **eliminated** by
requiring the design and construction professions to be contractually or organizationally **obligated to each other before competing** on the design-build solicitation.
- ❑ In other words, **owners thought** that if a **designer** and **contractor** can't get along in design-bid-build,
then we will **force them** to **get “married”** before we let them compete and execute our work.

- ❑ One **major unanticipated problem** this created for clients was now they could **no longer accomplish** with proof their **main objective** of eliciting value from project proposers.
- ❑ This is true in that the **full contract amount** is being **signed for** (albeit under a variety of different available modes) **even before any significant design** has been accomplished.
- ❑ Before, in design-bid-build, the **smaller design costs** were expended with a **measurable deliverable** before the **vastly larger construction contract costs** were aggressively competed, thus staggering the value proposition and allowing a **high level of competitiveness** on the **largest portion** of the total project cost.
- ❑ Under design-build there is **not much true price competition** as most proposers seek to use the **entire available budget**, instead of delivering a predetermined scope, priced as competitively as possible.

Goals of alternative delivery methods

❑ The

1. Lack of price competition,
2. Linked with fuzzy performance metrics and
3. Questions of whether design-build projects truly and consistently performed better than design-bid-build projects,

led to the creation of the construction manager at risk (CM@R or CMAR or “pure CM”) delivery method.

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Goals of alternative delivery methods

- ❑ Under this model, the **owner would first hire** a design professional to develop **100 percent complete construction documents**.
- ❑ The **owner would also hire** a construction management consultant (CM) to
 1. **Assist** with scope pricing of the design, constructability, and scheduling, and
 2. **Take** the design and **break it up** into bid packages that would elicit the **best pricing** from the industry.

The owner would then let multiple bid packages, one or more for each major trade.

Other developments

- ☐ If **clients were satisfied** with the value of construction they were receiving in design-bid-build, design-build would **not have been developed**.
- ☐ Likewise, if these **two methods** met the expectations of construction buyers, **CMAR would not have been developed**.
- ☐ And recently, another iteration has been introduced called **integrated project delivery (IPD)**,
where even more client involvement, oversight, and integration is required,
commonly with shared profit and contracts being involved with a
high degree of building information modeling (BIM) and digital
representation of the project being executed prior to actual
construction.

- ❑ The evolution of client sophistication is of critical importance to the current and future success of a contractor.
- ❑ Contractors must be able to document their performance and differentiate their value proposition against their competitors in order to be continually competitive in the ever-changing project delivery modes and contractual schemes.
- ❑ A simple bid proposal to win work will be a diminishing reality, and the ability to prepare and deliver a proposal response to a new type of request for proposals is a skill contractors must develop.

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Successful RFP Response Strategies

Successful RFP Response Strategies

❑ In alternative delivery methods, the ability to **differentiate yourself** as a construction provider in

1. A **written RFP response** and
2. An interview format

is a **learnable skill** that is developed through practice and education.

❑ The goal of the RFP is to **differentiate the value** of your construction company on factors **other than just price**.

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Successful RFP Response Strategies

☐ Most RFPs request

1. Price or fee proposal (although some U.S. States do not allow price to be considered for public works),
2. Various measures of potential future capability of your firm and key team members, and
3. Narrative of how the construction activities will be executed (this may include a schedule or simple bar chart graphic).

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Successful RFP Response Strategies

- ❑ **Estimating construction cost** is not an unknown skill for most construction firms.
- ❖ However, the **ability** to show and prove the **capability** to perform at a high level is a skill **rarely** possessed within the construction industry.

... the ability to differentiate yourself as a construction provider in a written RFP response and in an interview format is a learnable skill . . .

Successful RFP Response Strategies

❑ The qualifications are typically joined with a **narrative** to the project approach and schedule.

❖ It should be remembered that in most solicitations the **owner specifies** the schedule start and stop dates, and even milestones dates, as part of the submission requirement,

so the schedule is often really **more about how the activities** will be fit in to a predetermined duration that has been decided by the client.

✓ Within these criteria, however, it is common for a **client evaluation committee member** to feel that **not much differentiation** exists between proposals.

Successful RFP Response Strategies

- ❑ Another common issue is that some criteria (like a schedule) where the “best” answer requires a **high degree of construction knowledge** (which **some evaluators will not have**),
forces the client evaluation committee members to **use other de facto criteria** (consciously or subconsciously).

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Successful RFP Response Strategies

- ❑ For example, **various studies** have shown that other than price, the most common factors evaluators of proposal consider is
 1. How the proposal **actually looks** (formats, colors, layout, organization, nice pictures and graphics, etc.) And
 2. If they have had a **past experience** with the proposing firm before.
- ❑ Humans are **naturally comparative**, and as such there is no true scale of evaluation but instead a **relative evaluation** of one proposal against another when determining scoring and preference.

Successful RFP Response Strategies

❑ This can be a **frustrating reality** for a competitive contractor who **cannot win work** with clients

because they have pre-established favorites and

the **RFP tools they are given** to differentiate themselves from their competition are not being used to their full extent.

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Successful RFP Response Strategies

❑ **Performance information**, when used properly, provides the **clearest differentiation** of potential future capability of a contractor.

❖ When the performance information

1. is **extended** beyond the general construction firm and
2. **addresses** the key project team members, key subcontractors, and other key people,

the proposing firm presents a **highly differentiated proposition** to the client evaluation committee that **alleviates their need** to find differences.

Successful RFP Response Strategies

- ❑ In other words, **successful contractors** in the changing construction industry must
1. Be able to document their performance and
 2. Use their performance information to differentiate themselves from their competition.



Figure 17.4 Performance Measurements Can Clearly Differentiate You from Other Contractors during the Proposal Process.

Successful RFP Response Strategies

❑ Moreover, **marketing** and **self-promoting** narratives of

1. Qualifications and
2. Descriptions of project approach

must be minimized or eliminated.

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Successful RFP Response Strategies

- ❑ The **clearest method** to **differentiate** an expert contractor from a non-expert or less experienced (or less competent firm) is through the ability to identify, prioritize, and minimize **risk**.
1. An **expert and experienced** contractor can talk specifically about risks and solutions to the current project being competed **since they have done so many** similar projects before.
 2. A **contractor with less expertise or less experience** will not be able to offer specific project risk and solutions and **instead can only speak in generalities** about solutions or about common risks that are **part of every project** (such as safety, communication, teamwork, etc.).

Effectively Using Risk Analysis in a Proposal

Effectively using risk analysis in a proposal

❑ A **risk description** in a narrative response to an RFP should include

1. The description of the risk,
2. An explanation of why it is a risk, and
3. The solution to minimizing the risk.

❖ As a contractor, you must remember that the **majority of the evaluation committee members** may not be highly proficient in construction knowledge.

- ✓ An effective proposer explains, in **non-technical terms**,
what a risk is and why it is a risk.

Effectively using risk analysis in a proposal

- ☐ Also, **every risk** identified should have a **solution accompanying** it.
- ☐ The solution should be **non-technical** and include **performance information**, wherever possible, to show the **solution is viable**.
- ☐ If **performance information** is **not viable** for the type of risk in question, then a **clear actionable plan** of how the risk will be **eliminated or mitigated** should be given.

... every risk identified should have a solution accompanying it.

Effectively using risk analysis in a proposal

- ❑ **Examples** of technical and non-technical explanations and solutions of a simple construction risk are featured next.

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Effectively using risk analysis in a proposal

Consider that a risk or technical concern you have is that a poor roofing system can result in roof leaks, which may inconvenience building occupants, increase complaints, increase maintenance, damage building contents, and be a source of mold issues.

Proposer 1

An inefficient technical solution to the technical concern:

To minimize this risk, we are proposing a thermally-welded roofing system that has a tensile strength of 2,130 PSI, elongation of 300 percent, tear strength of 312 lbs that has been tested for 10,000, and has a cold brittleness of -30°C .

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Effectively using risk analysis in a proposal

Proposer 2

A better, non-technical solution to assist the client's evaluators:

To minimize this risk, our proposed roofing system has been installed on over 400 roofs and has had an average roof age of 18 years, in which 99 percent of the roofs don't leak and 100 percent of the end clients are satisfied.

Assuming the two proposers are actually proposing to install the same roofing system, the second example clearly speaks of the concern in simple, non-technical terms and provides performance information around the proposed solution. (Of course, this solution requires the contractor to document the performance of their projects.) To be able to respond in the fashion of Proposer 2 should be a goal of every contractor competing on RFP work under the various alternative delivery methods.

Considering a more specific technical risk, a project existed where the design called for the use of a heating and cooling system for a building based in geothermal technology. Consider the following proposal responses to this risk.

Effectively using risk analysis in a proposal

Proposer 1

An ineffective, marketing-based solution:

We will use our twenty years of experience in working with mechanical systems to minimize the risk of the heating and cooling system design.

(continued)

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Effectively using risk analysis in a proposal

Proposer 2

An effective, plan-based solution to the technical concern:

- We have identified the design of the heating/cooling system as a risk. It has not been used before in this area of the country. We will ensure that the system performance and installation is verified prior to finalization of its purchase.
- We have bid using the best rated mechanical contractor in the area (rated at 9.8 out of 10.0) and the next best available mechanical subcontractor (rated 9.1). (Note that this requires performance measures of subcontractors and will be discussed in Chapter 18.)
- Our mechanical contractor identified modifications to the design to improve output and sustainability of the system that will reduce the cost of the mechanical system by 15 percent. We would be happy to present these details during the interview stage of the proposal process.
- We will ensure that the mechanical system will be provided by one manufacturer, and will be commissioned by the manufacturer, contractor, and general contractor, who will take full responsibility for the commissioning of the system. This cost is included in our proposal.

Effectively using risk analysis in a proposal

- ❑ Another example considers the management of **noise during demolition** and **renovation of a portion** of an operational building, so as to minimize its impact in disturbing the occupants.

Proposer 1

A non-solution posing as a solution:

We will work with the user to minimize the impact of noise from demolition.

Proposer 2

A viable solution with performance metrics:

- We have planned to perform demolition during off hours and weekends. This will have a slight impact on our cost (less than 1 percent), but the impact to customer satisfaction justifies this.
- We will also install rubber sheets on the floors to diminish noise and vibrations.
- Both solutions can be performed within your budget.
- Both solutions have been used on multiple previous projects with high levels of customer satisfaction (9.4/10).

Effectively using risk analysis in a proposal

- ❑ When responding, be sure to have a **viable solution**.
- ❑ A final example is **presented next** that shows the abilities of an **expert versus those of perhaps an average contractor**.
 - ❖ The risk in this example is around having water at a site to irrigate softball fields that are part of a new city park being built.
 - ❖ The grand opening will commence with the mayor welcoming the citizens and the first games of the city softball league being played on the new fields.
 - ❖ The site is remote, and no existing utilities are available.
 - ❖ Irrigation of the fields to have the grass in place in time for the grand opening is on the critical path.
 - ❖ The client and contractor must coordinate with the local water utility company to have water at the site.

Effectively using risk analysis in a proposal

Proposer 1

A good, but average plan to minimize the risk, but it does not truly address the real risk:

Coordination with [the water company] is critical. We will coordinate and plan with [the water company] as soon as the award is made to make sure that we get water to the site to irrigate the fields.

Proposer 2

An expert's explanation and solution to the risk that they do not directly control:

- We will coordinate and schedule the water with [the water company]. However, based on past experience there is a high risk they will not meet the schedule (the water company does not meet the agreed and coordinated schedule over 90 percent of the time).
- We will have temporary water lines set up and ready to connect to the nearby fire hydrant to irrigate until [the water company] is ready.
- We will also have water trucks on-site if there are problems with connecting the lines.

Effectively using risk analysis in a proposal

- ❑ In **Proposer 2's** response, the expertise is
 - ❖ in **thinking like the client** and
 - ❖ **understanding** that **simple coordination** is **not enough** based on the past experiences and performance information of working with the water company.
- ❑ **Clients** in the changing market do not want to hire a reactive, complacent construction company.
 - ❖ They want to work with a construction professional that is **actively engaged** in the project and is thinking in the client's best interests.

Effectively using risk analysis in a proposal

- ❑ A simple response that **addresses reality**,
considers what would be of **interest from the client's perspective**, and
provides **clear solutions and performance information** (when available)
is a highly effective form of proposing.

How to develop an effective proposal within your company is presented next.

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How to Develop a Winning Proposal

How to develop a winning proposal

- ❑ This section **cannot** provide experience or expertise,
but it **can** provide processes and strategies that will help
augment your ability as a contractor to differentiate yourself in
proposal-driven selection processes and delivery methods.

The following process is based on numerous debriefs with winning proposers under alternative delivery methods.

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Best practice proposal development

1. Identify the best available team in your company for the specific type of project being proposed.

- ❖ This could typically include the project manager, superintendent, foreman, estimator, preconstruction manager, key subcontractors, etc., **along with the business development team or person responsible to develop the RFP response.**
- ❖ **Time** should be made for these individuals to **meet to develop** the core of the proposal response (they will **not do the actual** writing, formatting, etc., but will **provide the plan and information** the proposal should be written around).
- ❖ **Some individuals** will need to **take a few hours off** from the job site to do this.

Best practice proposal development

2. Place the team into a planning room and minimize (or eliminate) their outside distractions.

- ❖ The process may need to be **repeated for several days**;
all key individuals will not be required for all aspects of the planning.

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Best practice proposal development

3. Review the RFP and associated documents, and then identify what you know of the client and their specific needs and constraints

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Best practice proposal development

4. Plan out the project in major milestone activities with approximate durations.

- ❖ This can be a **simple** plan, even drawn on a **whiteboard**.
- ❖ All considerations must be **within the known client requirements**, laws, rules, and constraints (such as budget, schedule, etc.).

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Best practice proposal development

5. Have the team members think of their past projects that were similar to the proposed one and the parts of those projects where things did not go as well as they had wished.

❖ This will help to **identify**

- past risks,
- problems, or
- challenges

they have experienced.

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Best practice proposal development

6. Prioritize the agreed risks or concerns.

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7. Develop plans to minimize the identified risks, concerns, challenges, technical issues, etc.

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8. Within the agreed-to plan or schedule, identify the areas of concern, potential risks that exist, and any other issues that might occur and where they might happen.

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9. Within the agreed plan or schedule, identify the areas where information, activity, direction, decisions, etc. will be needed from the client.

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10. Next consider what the client has requested, and consider that the client's team may not know what is best for them.

- ❖ They may **lack construction or design knowledge** (do not assume the client has asked for what is best for them, based upon your past experience of working with similar projects).
- ❖ Remember, this **may be the first time ever**, or the first time in a long time, that any member of the client's project team has **attempted to deliver a project like** the one in question.
- ❖ So as an expert contractor, and in order to more clearly differentiate yourself from your competition, it is **requisite of you to be thinking** as though you were the client; if this were your money,
how would you specify and request the aspects of the project.

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11. Price out the proposal, giving the client what they have requested.

- ❖ If viable under the procurement rules, **prepare pricing** for the alternative solutions you develop.
- ❖ Typically **ensure that all the costs** of managing the risks you have identified are included in your base proposal cost.

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12. Allow your proposal team to take this information and prepare the response to the actual proposal, within the requirements stated in the RFP.

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- ❑ This process may seem to **take longer than your current** proposing process, but it should be more effective.
- ❖ If **estimators** and **business development staff** work in a silos separate from the **operations and field personnel** in proposal development, it **reduces the viability and competitiveness** of a contractor's RFP responses.

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Successful Interviewing Strategies

Successful interviewing strategies

- ❑ The interview is typically a **critical and highly weighted evaluation** criterion within alternative delivery methods, especially in those regions where **price is not allowed to be considered**.
- ❑ The following best practices are presented after the conclusions have drawn upon direct experience in **thousands of interview processes**.

The interview is typically a critical and highly weighted evaluation criterion within alternative delivery methods . . .

Successful interviewing strategies

☐ Send the right people:

- ❖ Clients are **growing acutely** aware that most often the people doing the **talking** in an interview are **not the people** that will be **doing the building**.
- ❖ Clients know that there is a **reasonable chance** that many of the individual **contractors sent to an interview** they will **not see again during the project**.
- ❖ The **presence** of presidents and vice presidents shows the **commitment** of the company,
but they are having **decreasing success** in differentiating their company from the competition to **sophisticated clients**.

Successful interviewing strategies

❑ Send the right people:

- ❖ To impress a potential client, **send** the project manager, superintendent, estimators, and/or other critical project personnel, and **let them talk**.
- ❖ Of course, they need to know about the project, but **sending the actual people** that the client will be working with **day-in and day-out** is an impressive move and provides clear **differentiation in the client's eyes** (assuming the individuals the contractor sends are indeed experts).
- ❖ The president and vice presidents **can still attend**, but the key project level personnel should be allowed to do most of the talking.



Figure 17.5 A Successful Interview Should Focus on the Individuals That Will Be Managing the Project rather than Executive-Level Personnel.

Successful interviewing strategies

□ What to talk about:

- ❖ First, the **interviewees** should establish **why they are there** based on their **qualifications**.
- ❖ They should **let the client know** that the reason they were selected by their company for the project in question is **because they have the most experience** in the company for that type of project or have **demonstrated the best ability**.
- ❖ They should talk about **at least one specific similar project** they have worked on before as a team.
 - ✓ They should be willing to talk about
 1. The good and the bad of the project,
 2. How the problems were minimized, and
 3. The success that was achieved.

Successful interviewing strategies

❑ What to talk about:

- ❖ The **similar project** used should also be part of the **performance information** that is used for **past references** as part of the **written proposal**.
- ❖ The **final and most important** issue to discuss or present is the project plan (that was developed by your project team as part of the RFP response),
with its **proposed schedule in simple form** (do not show a complex, multi-paged CPM schedule at this point).
 - ❖ Identify
 1. Key risk activities,
 2. Solutions to the risks,
 3. Key client activities, and
 4. Any other pertinent information.

Successful interviewing strategies

❑ What to talk about:

- ❖ If the **client budget** is known and is a risk, it should be **discussed at this time**.
- ❖ If the client schedule is unrealistic and is driving up cost, it should also be **discussed at this time**.
- ❖ **Most client evaluation** committees appreciate honesty and straightforwardness.
- ❖ The **vast majority of contractors** will seek to only say what they think the client wants to hear.

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Successful interviewing strategies

❑ What to talk about:

- ❖ The **value** of a project manager and superintendent in an interview is they can speak to **their experience** and are usually **more forthcoming and direct** than those of superior rank in the construction organization.
- ❖ Most **clients will excuse** the perceived lack of “polish” around a good superintendent,
because they are **seeing the man or woman** that they want to work with and are willing to put their faith in for the construction and delivery of their project needs.

Successful interviewing strategies

☐ The interview team should practice and prepare before the actual interview.

- ❖ For the **key people assigned** for the first time to this mode of
 - ✓ interview or presenting,
 - ✓ where real project risk, concerns, solutions, and
 - ✓ roles and responsibilities are discussed,it will be a frightening experience.
- ❖ The **payoff**, if done correctly, is **greater competitiveness** on projects that have an **interview evaluation criterion**.

Exercises

- ☐ If your company were submitting a proposal to build a new college dormitory, what potential risks would you recommend including in your proposal response?
- ☐ What strategies would you recommend implementing to minimize the negative aspects of the “let’s just get through this” attitude that is commonly observed in contract negotiations?

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