

CLIENT

COMMUNIQUÉ

Contracting Methods

I am often asked for advice about the best method by which to deliver a project. My answer is always to make sure that the method is closely aligned with the priorities of the project.

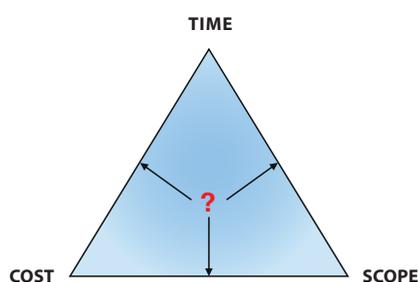
But first, what are the most common methods? While government uses techniques such as public private partnerships and alliances that facilitate large scale infrastructure projects, private enterprise usually uses one of the following four methods:

- Documented Design
- Design Development & Construct
- Design & Construct
- Managing Contractor

Each method has its own advantages and disadvantages.

In our experience, the three most common priorities in a project are time, cost and scope (which is also referred to as quality). It's generally possible to maximise only two of these - in doing so there is a corresponding trade-off of some control over the third variable.

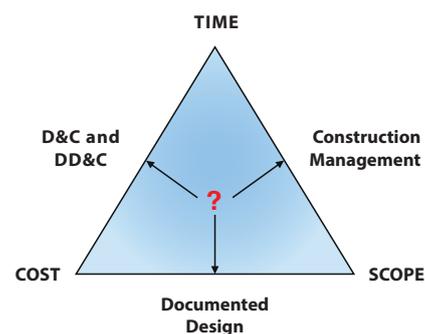
This diagram demonstrates my point.



In essence, the process of selecting a project delivery method is a decision about risk and how this will be allocated and managed. EPM holds the view that risk should be managed by those who are best placed to manage it. In our experience, an attempt to transfer risk to someone who is unable to manage it usually fails. Transferring responsibility for the preparation of design to a builder solely to transfer the risk arising out of the quality of the design will probably fail.

Many of our clients operate the facilities that they build. This means that they will live with the quality of the design including the selection of materials for many years after the building is completed. Most of our clients are also

constrained by budget. It is therefore our general recommendation to clients that they adopt a method that allows them to maintain control over scope and cost. In doing so, they accept that they will trade off the same level of control over time. The same diagram shows the methods that are aligned with each set of priorities.



What is the best method by which to deliver your project? The method that most closely aligns with the priorities in your project.

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