Project Management – Part 1

Poor project management is very expensive to your organization from a capital perspective and it can hamper the maintenance function severely in its effort to maintain the facility and its assets.

So, in this issue and the next we will discuss in detail the following components of good project management:

- Scope of Work Development
- Contractor Selection
- The Bidding Process
- Contract Award Process
- Pre-construction Meetings
- Project Management Fundamentals
- Contract and Invoice Payments
- Contract Closing and Documentation

Scope of Work Development

Of all of the project management components the development of the Scope of Work or the Statement of Work, as some call it, is the most important piece. If you don’t start off with a detailed description of what you want the project to accomplish then you will never have a successful project. You might complete it eventually but it will probably be over budget, finish late, and have varying levels of customer satisfaction. Take time to develop a detailed Scope of Work and you will always have a more successful project. Make sure you review your scope with your customer as appropriate and peers who have a stake in the project.

Contractor Selection

The contractor selection is a difficult one at times to do well. Many organizations, especially the public organizations which include county, city, state, and federal groups have difficulty determining who qualifies as a qualified contractor. Often they have to accept anyone who applies as a contractor. This can lead to substandard work and projects which often fail because of the contractors we select. In the private sector we select contractors based on cost and quality of performance which leads to more successful projects and improved quality. The bottom line is you should never allow a contractor to bid on a contract if you are scared they will be awarded the contract. Only bid to contractors who can do the work well!
The Bidding Process

The bidding process is where you, as the project manager, explain the scope of the project and the subsequent contract. The process is also very valuable in obtaining information from the bidders about problems they see with the scope of work and often announce ideas to the design and scope which will make the project more successful.

All bidders must be required to attend the bid meeting and no one should be allowed to bid on the project or contract without attending the bid meeting. During the bid meeting all items discussed must be documented in an addendum document as it relates to changes to the scope of work. This document must be communicated to all attendees to the bid meeting. The key is to have everyone understand the same information and details regarding the bid meeting. Bidders should be required to acknowledge the addendum notes in their official bid proposal and quote.

Once the bids are received and accepted, a letter should be sent to all bidders announcing the successful bidder and the order of all unsuccessful bidders. Details and cost should never be published. I know this differs dramatically from the public sector.

Contract Award Process

Once you have your bids received it’s time to select your contractor. One note of caution, if the bid is extremely low, meaning much lower than your original estimates, you may want to offer the contractor the option to decline or withdraw their bid. The reason for this is if the contractor missed something critical in the scope of work and as a result their bid is very low then you more than likely will not want them to be awarded the bid. If you award them the bid knowing they offered a very low bid the subsequent performance will more than likely be substandard. If your contractor enters the process knowing they will lose money, I guarantee their performance will not be satisfactory. Now is the time to stop the process and pick another contractor or restart the entire process.

I hope this has been helpful in the process of project management, in our next tip we will discuss the remaining topics: Pre-construction Meetings, Project Management Fundamentals, Contract and Invoice Payments, and Contract Closing and Documentation.

Remember, Project success is in the details.

See you next month for Part 2!