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IMPACT OF CONTRACTOR-OWNER RELATIONSHIP ON SUCCESS OF A PROJECT.

INTRODUCTION

Successful completion of any construction project is dependent on various factors like planning, control, supervision, facilities available, arrangement of material and labour, decisions needed during the currency of project, etc. etc.. Apart from these factors an important aspect for controlling the progress of any project is directly related to cordiality of relations between the contractor and owner. The relationship is dependent on the qualities of both, the contractor and the owner. A good and successful contractor should have qualities like cool temperament and willing to hear the owner on various points, tendency to avoid litigations, resourceful and capable of arranging transport, materials and manpower, as per site or project requirements. He should maintain his own equipment and skilled persons to handle it. He should be financially sound and should not depend on owner's payment at every step.

The owner should also have matching qualities like gentle behaviour, timely payments, arrangement of materials as committed, quick in taking decisions whenever needed, realise the value of contractor's time and willingness to provide help to the contractor in case of eventuality if any, clarity about provisions in the agreement, willingness to pay for items not covered in the agreement / contract as per market rates.

The qualities of contractor and owner as indicated above go a long way in the uninterrupted execution of work. The healthy atmosphere thus created also helps in achieving good progress and good quality construction. Any sort of misunderstanding, dispute or difference of opinion is liable to lead to litigations and delay in the completion of work. Efforts have been made to discuss various factors responsible for maintaining good relations and their impact.

CONTRACTOR SELECTION

All contractors may not suit all projects due to different requirements of varying nature, as when it happens to be a specialised job the contractor has also to be a specialist. Thus, for the success of a project, selection of a proper contractor is necessary. Selection criterion should normally consider the points mentioned below:

- Financial soundness
- Technical expertise
- Trained manpower

- General performance at recently completed works
- Working efficiency
- Condition and availability of machines and equipment
- Maintenance staff for machines / equipment
- Consistency in work progress
- Human relations and behaviour towards labour, supervisors, vendors and owners etc.
- Behaviour in time of emergency

All these qualities need consideration while selecting or registering them for various categories of work. It may not be possible to have all these qualities of desired level in a single person. So while selecting the contractor a compromise may have to be made and weightage for different qualities may be necessary for assessing the merits of a contractor suited for a particular work.

CONTRACT CONDITIONS

It is observed that in most of the agreements in vogue, the contract conditions are unilaterally imposed on the contractors. Even when the owner fails to keep up his commitments and the fault lies with him, he would like to simply grant an extension of time to the contractor, but would not like to compensate the contractor for his loss due to his (owner's) fault. In view of such a situation the contractor feels insecure and he tries to manipulate things to get false payments and find clues in items executed/to be executed which may lead to conflicts and give rise to litigations. In order to avoid such a situation the agreement should be framed with bilaterally reasonable conditions, with provisions for compensation to the contractor in the event of failure on the part of owner in any of the committed items. This will give a feeling of security to the contractor who will then try to satisfy the owner with progress and quality instead of looking for points of dispute to claim compensation or extra payment from the owner.

DESIGN RESPONSIBILITY

Design comes as a hinderance in the progress of work if not available in-time. Generally the structural designs are provided by the owner. But in major projects it is not possible to conceive each and every small component requiring designing. In case it is decided to permit the Contractor to design small components with the help of expertise available with him, it will pave the way for uninterrupted progress at site. Such a provision in the agreement will help to avoid confusion and hold-ups during the progress of the project. However, design of important

components needs to be prepared well in advance by the owner and made available to the contractor in time.

MARKET COST APPRAISAL

We all are aware of the fact that market prices are not constant over a time of period at any place. If the trend of market cost is rising and is high, and the duration of the execution of the work is long, the contractor feels uneasy, during execution of the work, if there is no provision of cost escalation in the agreement. Hence there should be a provision of payment on account of escalated costs with a rider that the progress of the work is satisfactory. Following points may be considered, when provision of escalation clause is to be made :

- Project duration should be six months or more.
- Reliable and easily available index should be referred for cost escalation.
- Percentage escalation should be allowed for the balance work on a particular date.
- Escalation should be worked out for index ranging for a particular state.
- Period/interval for review of cost escalation index should be fixed.
- The applicability of the index should be limited to the agreement items only and not to extra items if any. The payment of extra items should be based on current market rates and confirmation of market rates should be done through joint surveys.

EXECUTION PLANNING

Aggregate planning and scheduling should be prepared jointly to match the available resources like manpower, material and equipment etc. There should also be well defined stages for issue of major consignments of material to the contractor along with quantity (if it is to be supplied by the owner).

One of the major problems in execution of the work is engagement of sub-contractors by the main contractor without knowledge or consent of owner. The owner finds difficulty in issuing instructions because he does not have any agreement with subcontractors and is also unaware of their working quality and system. Owner loses control over them and most of them do not care for the owner's supervisors and instructions. For this purpose suitable clause should be added in the agreement and the consent of the owner should be made compulsory. If permitted, the subcontractor may also be bound to sign some formal agreement with the owner for proper control. Another problem is non-availability of

contractor at site during construction. Many a times it is found that during visits of owner or his authorised supervisor neither the contractor nor any of the contractor's authorised personnel is available at site. Contractor's supervisors refuse to say anything or take any instruction as they have no authority. A clause in the agreement to bind the contractor to remain at site himself or to ensure availability of his authorised nominee at site during execution of the project work is necessary. He should inform in writing about the person authorised on his behalf to take instructions/decisions in his absence. This provision will empower owner to pass all important information, valuable for the progress of the work, to the contractor without any delay.

PAYMENT STAGES

Timely payment to the contractor is the backbone of the progress of the project. Usually, for running payments the stages at which it will become due are not well defined. It often becomes a source of conflict. So the stage or quantity of work executed should be defined for which contractor may legally demand running payments, and this is also known to the owner in advance. Making advance payments against supply of material at site should be discouraged, as it may give rise to the following problems :

- After getting this type of payments the contractor may utilise it for some other work with a motive of higher return and more payment. He will get less payment due to the adjustment of advance payment, which may hamper the progress of the work.
- In case of breach of agreement and suspension of work, it is difficult to store all materials safely or utilise elsewhere.
- As a result of delay in work progress some materials stored at site may lose their strength due to aging.
- In case of theft of material, recoveries of payments may become difficult as contractor may ask for compensation etc.

With the above points in view it is suggested that the system of advance payment against supply of material at site should be discouraged, if not abolished.

EMERGENCY PLANNING

Often, it is seen, that in case of any emergency various decisions are imposed on contractors without taking them into confidence. So, the contractors find difficulty in execution of various items due to changed decisions. His schedule of work gets altered and his other works are also affected. Some important suggestions to be considered are :

- Risk responsibility and acceptance level should be fixed in advance and reflected in agreement for the envisaged possible risks.
- Auxiliary equipment and supplementary engineering work facilities (if available) should be provided to the contractor at reasonable rates.
- Some concessions should be allowed to the contractor for the loss due to natural calamities and hazards at site, provided he is not at fault.
- For implementing emergency planning there should be some safety margin in the cost.
- As far as possible, alternate items should be included in the bill of quantities for taking rates from the contractor and if, there is a need during execution they can replace original items. For example in case of shortage of cement, activated lime pozolona could be used in masonry work or in the mortar in place of cement to ensure progress.

Emergency plans may be properly chalked-out with the support of each other.

CONCLUSION

In the present scenario, completion of a construction project by dictating terms to contractors and supervisors has become a thing of the past. Today, realising human relations, taking skilful decisions, giving importance to mutual understanding, to keep abreast with the latest technological know-how, knowledge of present trends and fashion and selection of appropriate solution etc. has become the need of the hour. So, owner and contractor relations should be friendly, humanitarian and based on bilateral good will. This is possible only when both parties give due weightage to each other without involving in wasteful use of time and money. They should cooperate in a constructive manner for achieving good progress and quality and successful on-time completion of a project.

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