

## Cost Management

Effective and pro-active financial control from inception to completion, successful cost management is founded on a thorough budgetary preparation which in turn depends on a clear brief and finalisation of specifications.

Accurate an early advice is imperative leading to the first deliverable, the preliminary cost indication or cost plan. We apply a lateral approach to cost planning in order that the different characteristics of the project can be taken into consideration and the most optimum scheme formulated. Value engineering is applied from the outset and benchmarking also forms a vital part of our early advice.

During both the design and construction stages we do not merely convey problems but try to solve these as we progress.

Cost management during construction must be prepared for in the documentation, cost certainty and the apportionment of risk being the key drivers without compromising the need to obtain economically advantageous tenders. Onward through the construction process, our financial reports are accurate and forward looking and aim to pre-empt potential overspends allowing our client and the design team enough time to properly consider the most appropriate way forward.

The agreed final account should merely be an extension of the on-going agreement during the construction process, the ultimate aim being to complete the project on budget and demonstrating discernible “value for money”.

## Project Management

In order to achieve an optimum level of efficiency, it is necessary to allocate to a project a cohesive team of professionals who are able to adapt to and appreciate each other’s working styles and objectives.

The Project Manager himself needs to be of strong character with a “get it done” approach but who at the same time motivates others without being overtly dictatorial. Specialist market sectors require a similar specialism in the Project Manager.

Service scopes of course have to be defined but we aim to provide a seamless, all-embracing and pre-emptive service. Project management is not a deliverables reliant service. The following abbreviated list is indicative only of our typical role.

### **Design, Documentation and Tender Stages**

- Establish Client requirements, objectives and means of achievement
- Establish quality and function.
- Establish time and cost objectives including key dates, financial objectives and cash flow requirements.
- Establish lines of communication and agree reporting procedures.
- Prepare outline programme showing key dates for decisions, approvals and long delivery items.
- Instigate master programme to include all activities, procurement stages, etc, and onward monitoring.
- Administer the obtaining of local authority consents, building permits, etc.
- Define and agree frequency of meetings and receipt of reports from design and supervision consultants.
- Organise and chair meetings, arrange minutes, etc.
- Prepare full financial appraisal with master programme and inform Client.
- Progress site and soil surveys.
- Instigate design and cost studies and report, including all time and financial considerations.
- Ensure full design and specification of the project work and invite fully competitive tender bids.
- Consider types of contractual arrangements available and appropriate to time and cost.
- Prepare list of suitable contractors to tender including pre-qualification.
- Ensure cost control measures, insurance arrangement, etc, are in place.

- Tender receipt and report thereon, including interviews, negotiations and final recommendation.

### **Construction Stage, Commissioning and Close-Out**

- Prepare and monitor master schedule, incorporating consultants' and contractor's schedules.
- Co-ordinate activities of others and ensure all decisions are made promptly and
- Advise and assist with direct orders to be placed by Client.
- Review Contractor's detailed schedule of programme and monitor progress of works.
- Maintain effective cost control.
- Monitor progress.
- Settle and agree final account of works.
- At completion, ensure testing and commissioning carried out.
- Organise and effect occupation of the building.

## **Project Monitoring**

In many ways, this is scaled down Project Management. The services are similar in scope to that of Project Management but with an emphasis on monitoring work by others and providing an early warning system.

Project Monitoring services have been provided by BWS on many occasions for banks, funders and joint venture partners such as developers, airlines and hotel operators. It constitutes the overseeing on your behalf of all aspects of the project to ensure that the scheme is carried out in accordance with the Contract, exactly in line with your requirements, within budget and on programme. The cost monitoring element serves as an important "early warning system" of potential problems, reduces any chance of financial claims from the contractor and ensures that the project is being constructed in line with established budgets.

This can be applied in traditional procurement situations or with Design and Build where our service extends to that of Employer's Representative. The level and scope of our service can also vary significantly between projects. We are a very international practice and able to immediately consider established local procurement methods, roles and responsibilities, contract conditions and cost levels.

The experience that BWS has in all relevant areas of construction provides an excellent basis for undertaking this role. Since all projects will display special characteristics we would welcome the opportunity of discussing your specific requirements further with you.

## **Commercial Management**

In some situations, there is a necessity to separate the labour intensive technical duties from the high level commercial input. The decision to do this will depend on the need for consistency and consideration would also have to be given to the responsibility interfaces. However, when appropriate, BWS carry out Commercial Management. Essentially, we become the client's financial "eyes and ears".

In this respect we are very familiar with the Commercial Advisor and Peer Reviewer role. It is a natural extension to the traditional disciplines of a Professional Quantity Surveyor, but the service is always resourced by us and carried out with qualified quantity surveyors with a minimum 15 years commercial experience.

The role requires that the Client be provided at all times with sound contractual and commercial advice with respect to this project. This would encompass budget, funding, programme, procurement and contracts. Predominantly, this means providing an independent peer and advisory service of the deliverables of both the Project Managers and the Consultant Quantity Surveyors.

The role provides an important auditing function during the design phases. We review and comment on the Cost Plan produced at the concept approval stage. At each milestone sign off the detailed cost plan will be reviewed and commented on. We will require that all major cost elements are either benchmarked or validated. Value engineering will play an important role in maximizing design solutions.

An important task is the review of the tender and contract documents, including the Bills of Quantities, prior to the calling of tenders. This would fundamentally constitute a risk assessment and carried out by very

senior personnel. We would provide a written commentary of our review, including itemising points we feel need further discussion as well as suggested/recommended amendments.

In summary, this is a role that can bring very tangible added value to a client together with greater fee economies by re-distributing some of the technical tasks.

## Insurance Valuations

In 1989, an Elizabethan country mansion in West Sussex owned by the National Trust, UK, was destroyed by fire. BWS then provided cost management services on the sympathetic restoration of the mansion over a period of four years.

The disaster at Uppark heightened the attention of the insurance industry which led to the implementation of various standard policy amendments, many of which transferred risk from the insurer to the policy holder.

The Trust then commissioned BWS to devise a system whereby insurance valuations could be carried out for historic buildings both economically and accurately. We completed this (centred on a methodology based on the grading of interiors aligned to a comprehensive cost database) and were then appointed to carry out insurance valuations by many of the regions. The same service was also provided for the National Trust for Scotland, English Heritage, corporate owners, local authorities and many private owners amounting to another 300 properties.

Over the years, the system was modified to take account of characteristics which became apparent in the field and to resolve problems that often arose such as multi-floor height rooms, high density of internal walls, isolated mechanical and electrical services, etc, but it is essentially the same system (now thoroughly tried and tested) as we devised in 1992.

Uppark was the catalyst for our developing this expertise but we have also adapted the system to deal with modern buildings and have provided this service worldwide also publishing articles and conducting seminars and lectures on the subject.

## Specialist Services

BWS provide a range of services associated with the full cost and project management function carried out on construction and engineering projects. Some of these are listed below.

- Design Management
- Value Engineering
- Asset Appraisals
- Dispute Resolution and Expert Witness
- Project Audits