



TARGET VALUE DELIVERY IN BID PROCESS

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INTRODUCTION



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Various Lean construction scholars have noted that while construction clients are demanding for more complex and dynamic projects; the traditional tendering procedure is becoming incapable of handling the complexities.



The traditional tendering procedure still focuses on the lowest cost for the selection of contractors, while neglecting the technical and management qualifications.



Complex





Problems



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The challenges of the traditional tendering procedure include rework & variation, cost & schedule overrun and missing items

There is no empirical data to show how TVD can be used to improve the traditional bid process

The application of TVD is quite challenging, especially in the public sector projects and traditional bid process, mostly due to the lack of early involvement of stakeholders and government policies.

There are no methods to foster collaboration in the Traditional bid/tendering process.

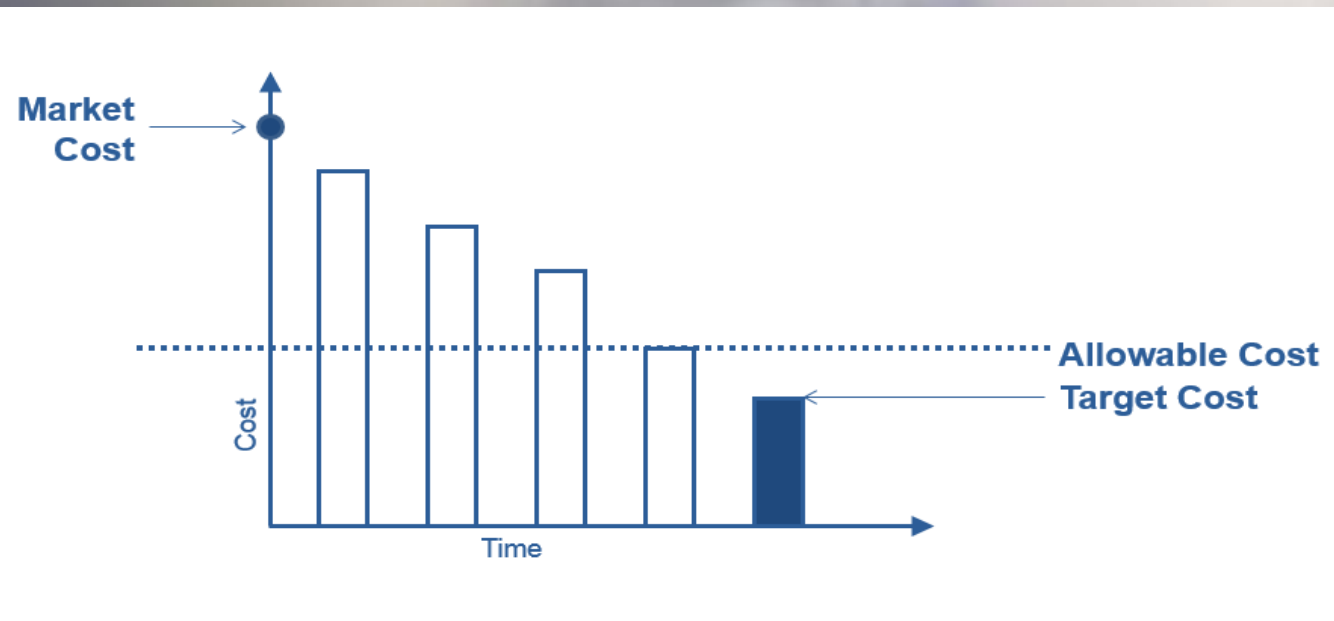
The idea of target costing focuses mainly on setting “cost” target while target value design broadens the concept to include time, quality, value targets etc.

The need to test TVD application on the traditional bid process and public sector projects cannot, therefore, be over-emphasized.



LITERATURE REVIEW

- **Target Value Design (TVD) =**
Designing to set targets (Cost, Quality and schedule) + Client's Value + Collaboration + early involvement of key stakeholders.



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TENDERING IS A PROCUREMENT PROCEDURE WHERE

POTENTIAL
SUPPLIERS
OFFER



ACCEPTED
OFFER



CONTRACT
BASED ON
OFFER

PRE-TENDERING

- ASSESS NEED
- PLAN DESIGN THEN PREPARE BUDGET
- DEFINE REQUIREMENTS
- CHOOSE PROCEDURE

TENDERING

- INVITE TO TENDER
- EVALUATE TENDER
- AWARD

POST AWARD

- MANAGE CONTRACT
- RECEIVE & MAKE PAYMENT



METHODOLOGY



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**The case study method was used:-
Two case studies**

Primary data collected:-

- Project documents,
- Semi-structured interviews of 17 project participants

The interviewees include:-

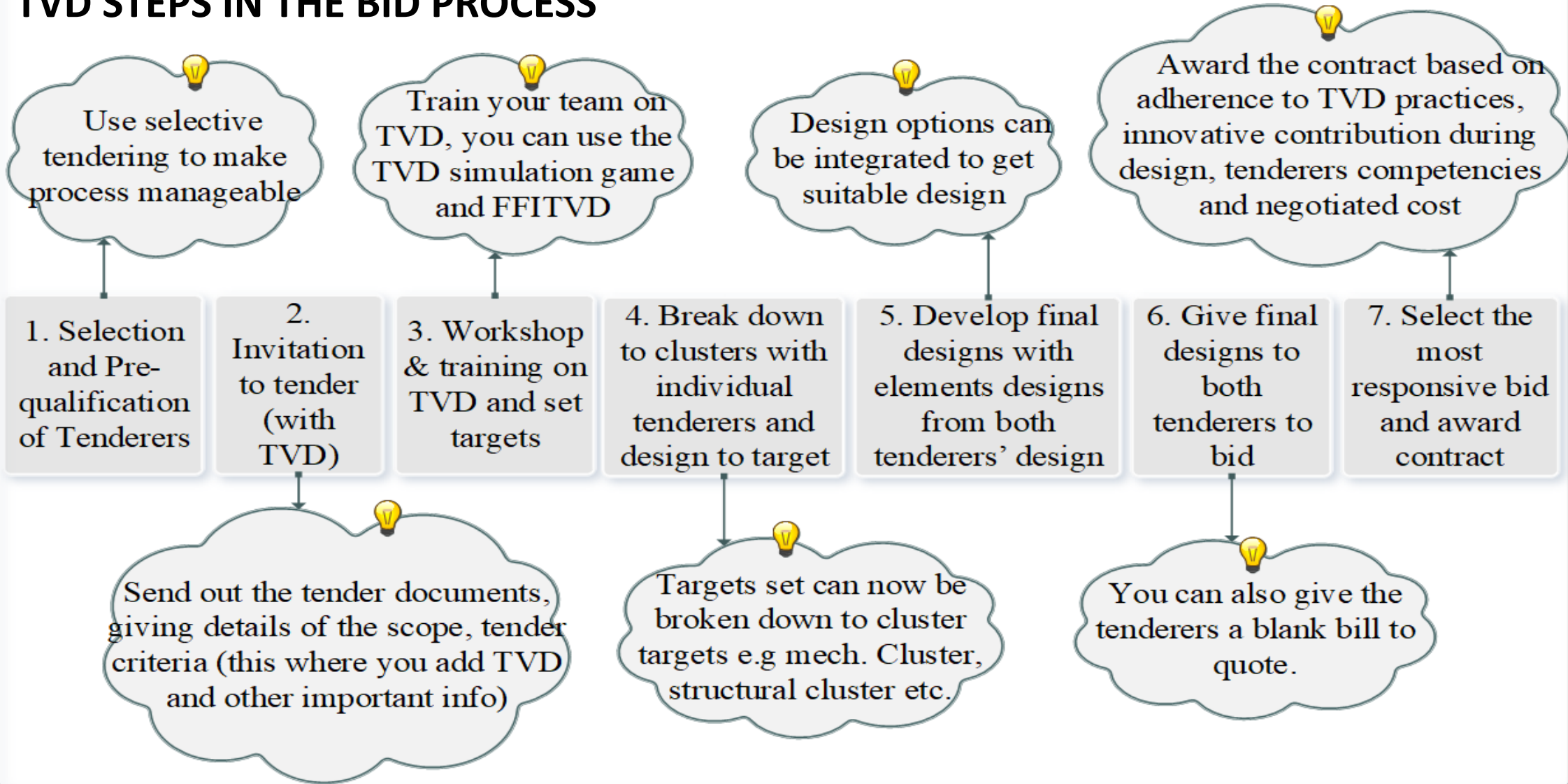
- Civil Engineers,
- Quantity Surveyors,
- Electrical Engineers,
- Mechanical Engineers
- Architects

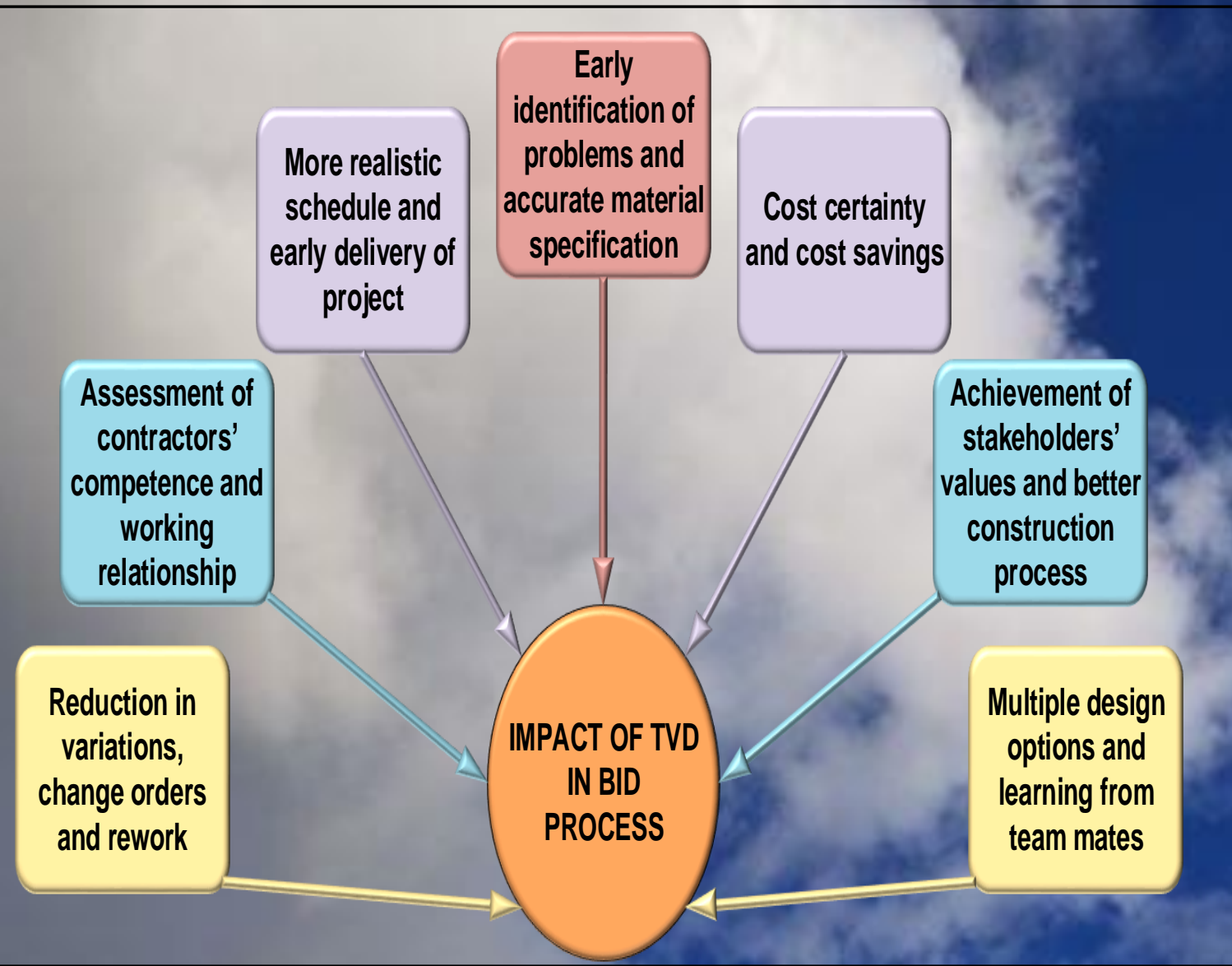
The researcher participated in both case studies as the project manager in the first case study and as the project director in the second case study





TVD STEPS IN THE BID PROCESS





- 35.4% and 8.2% Cost savings in 1st & 2nd case study respectively.
- Project team delivered 1 month and 3 weeks before schedule in Case study 1 and 2 respectively
- Developed knowledge and practice of TVD.
- Stakeholder satisfaction:
 - A better-integrated team.
 - Review of site conditions
 - Early identification of missing items on the design;
 - Improved tender document



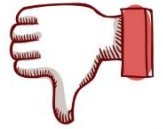
BARRIERS/DRAWBACKS



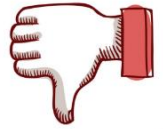
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Initially, a lack of trust was noticed among contractors as a few of them felt that the process was a way of exploiting their ideas without awarding the contract to them.



Another barrier to this process is the lack of incentives and payment for the participating contractors. A few of the contractors felt that they ought to be paid for their contribution during the design especially if they fail to get the final contract.





This research has exposed that, key stakeholders can be involved early in the project by introducing TVD principles and practice in the tender criteria; TVD benefits will also be reaped by said projects.

This study is relevant to the lean construction community as it provides empirical data to show that despite the challenges and negative reputation of the traditional bid process, the incorporation of TVD into the bid process mitigates the reported challenges.

The inclusion of TVD in the bid process in this study has helped to mitigate the problems caused by selecting the final contractor based on cost alone which has been a concern for the lean community.

This study has established that there are other criteria (such as competency, value for the client, cost, realistic schedule, the need and requirements of the project) that can be used to select a tenderer other than the lowest cost.

Incentives are recommended to motivate all participants especially those that are not awarded the contract to eliminate the perception of exploitation.

This will also be useful to the construction industry in Nigerian (that relies heavily on the public sector) and other parts of the world.

It also shows the TVD can be successfully implemented and its benefit realised in non-IPD contracts.

This study proffers a solution with practical evidence of how TVD can improve the bid process and mitigate the previous challenges reported.

THANKS FOR LISTENING



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