



COMPETITIVE BID VS. NEGOTIATED CONTRACT WHICH GIVES YOU THE EDGE?



COMPETITIVE BID CHARACTERISTICS

- Highly competitive, effective at producing low cost results.
- This “bid process” is most effective when executed using a fully designed/detailed, and specified set of construction documents.
- Considered the most “adversarial” Project Bid/Delivery Method in the construction industry between Owner - Architect - Builder.
- Contractor input and pre-construction Value Engineering is limited during Plan Development and Design Phase.
- Strictly a competitive process, motivated to source out the lowest bid, and may not always serve the Owners best interest other than pure cost economics. Delay claims, disputes, and change orders are common.
- While the system is highly competitive among contractors, it does not promote a cohesive level of collaboration among the project team, which impedes the Value Engineering process.

NEGOTIATED CONTRACT CHARACTERISTICS

- Early involvement integrates Owner, Designer and Contractor at the on set of project.
- Relationship focused, collaborative innovation drives positive pricing and design results.
- Open book job cost accounting, scope review, and well defined accountability.
- Pricing and Value Engineering maximizes design options and effective use of time.
- Change management, time delays, and adversarial dispositions are replaced with project centric goals and accountability.
- Pricing aspects; soft cost/hard costs and quality standards are openly discussed during the early phase of design, reducing lengthy discussions during contract preparation. Keep in mind this delivery method allows for competitive bidding among qualified sub-trades, maintaining the predetermined level of quality.