

LOW PRICE IS NOT ALWAYS THE BEST PRICE

COMPETITIVE BIDS

This is the most common process for purchasing material on construction or retrofit projects. In this scenario several contractors and or suppliers submit bids for the project. These bids are based on plans previously prepared by the owner or the owner's representative and/or specifier. The owner then selects the bid which best meets those requirements.

The advantage in the "competitive bid" process is a specifier is usually selected by the owner to design the project, prepare detailed drawings and specifications and direct the bid process and sometimes oversee the construction. Specifiers are hired or chosen to specify the best products for the application. They also understand the bidding process and construction costs, and sometimes direct the bidding process for the owner. They become the owner's representatives to translate their needs onto paper and then see that the project gets built the way the owner wants it built. They will work with the owner in selecting contractors to submit bids on the project and should then advise them of irregularities, if any, in the bids. Needed are a minimum of three to four good bids **on the specified material** to assure accuracy. Bidding provides competition and gives the owner assurance that their project will be built for a fair price, and within a guaranteed timetable. As the owner's representative the specifier should observe the bidding process and make recommendations to the owner both before and after the bid. Since he is the owner's representative, he has no conflicting interest and will see that they get the best quality products possible under the terms of the plans and contract.

A problem sometimes associated with the "competitive bid/build" process is the contractor doesn't always quote what the specifier intended, even when the plans and specifications are very clear. When this happens the specifier cannot guarantee the bid results, which are then affected by the construction and economic climate. Sometimes contractors take an adversarial role and look only after their own interests providing only the lowest cost product available. This usually doesn't come close to resembling the original specified product. When this happens the owner must rely on the specifying authority to provide advice and direction after the bid. Too often the owner takes the lowest bid for alternate material and ends up with a completed project which does not meet his goals or the intentions of the specifier.

SUMMARY/CONCLUSION

REMEMBER THE TERM "VALUE ENGINEERING" IS REALLY NEITHER.

There are many qualified specifiers and contractors. It is in the owners' best interest to consider several contractors and verify each of their qualifications, experience, and some of the projects they have built. The purpose of this "LIGHT READING" has been to make you aware of the pitfalls of the process so that you can intelligently help your clients and customers make the correct decision.

Owners need not suffer if they will just understand construction processes and risks, and watch for these pitfalls. They must do several things: (1) Pre-qualify the professionals they choose. (2) Check for experience and quality, and how well they have worked with previous clients. (Don't take their word for it.) (3) Determine what is most important. Is it lowest cost, or is it, top quality, durability, energy efficiency and excellent design.

Specifications are written for a reason. Convince the owner to follow the advice of the specifier and they will not be disappointed with the project results.

The lowest price is not always the best price. The lowest cost of material is rarely the lowest cost of acquisition and the lowest cost of acquisition is not always the lowest life cycle cost.

It is not always wise to pay less in the beginning because it will probably cost more in the end.