

AN INVESTIGATION INTO CURRENT TENDERING PROCESS IN SAUDI CONSTRUCTION PROJECTS

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5th International/11th Construction Specialty Conference
5^e International/11^e Conférence spécialisée sur la construction



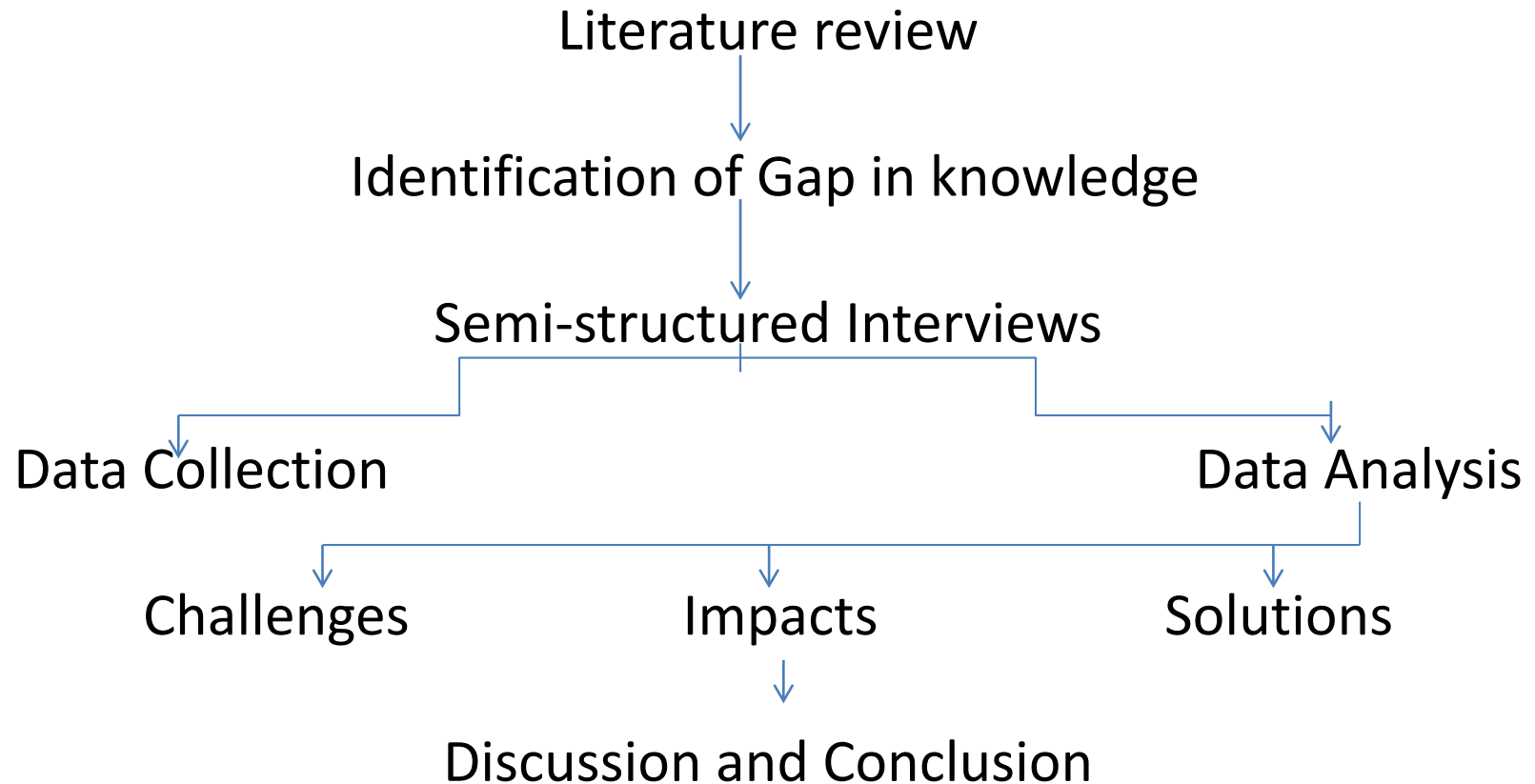
OUTLINE

- Under achievement project performance, delays, breakdown, retendering, cost escalation etc is very common in KSA.
- Need arises to see the causes of these factors
- It is realised that tendering process is the main cause and this was studied in detail with respect to impact, problems and solutions of current tendering processes.

METHODOLOGY

- 24 projects from 8 companies in three sectors viz. housing, utilities and industrial construction were taken for consideration as a case studies.
- Documents were studied related to these projects.
- All three stakeholders were informally interviewed for 90 to 120 minutes (semi-structured interviews approach).
- Total 72 stake holders one each from Client, Consultant and Contractor for these 24 projects were interviewed.
- Extensive literature survey was done.

Methodology Flow Chart



FINDINGS

- Findings were categorized into three groups:
- Challenges of current tendering processes
- Impacts of current tendering processes
- Solutions for current tendering processes

CHALLENGES of current tendering process

- Inefficient and non-comprehensive system of tendering
- DBB approach in procurement
- Awards of contracts to lowest price
- Long tendering duration
- Uncertainty in tendering process
- Inexperienced tendering staff

CHALLENGES

- Non- use of FIDIC forms of Contracts
- Decline of MNCs in Saudi Construction Industry due to inflexible and bureaucratic process
- Deficiency in contractors & consultants classification
- Lack of professional contractors

IMPACTS of current tendering process

- Lengthy delays
- Selection of inefficient contractors
- Underachievement in project performance
- Low quality of work
- Failed projects
- Re-tendering several times
- Increased litigations

IMPACTS

- Frequent change in project scope
- Financial loss to contractor and client
- Encountering shortage of resources
- Stress on public services – water, sanitation, electricity transportation

SOLUTIONS for current tendering process

- Effective strategic plan for tendering needed
- Effective and robust system of evaluation of bids required
- Adopt innovative procurement technique
- Attract international firms
- Implant project in stages (not depend on DBB)

SOLUTIONS

- Develop a holistic data base for contractors and consultants
- Improve classification system for contractors and consultants
- Support small and medium contractors

CONCLUSIONS

- Stakeholders discontentment with current tendering process
- Current tendering process is inappropriate for extensive programs undergoing in Saudi
- Wastage of lot of resources on failed projects
- Strategic tendering planning is required

RECOMMENDATIONS

- Strategic planning for tendering process is to be developed which needs separate research
- FIDIC may be introduced as a remedy until the new Tendering process finalised.
- Suggested solutions to be implemented
- Detailed quantification of project performance is to be done with respect to factors like time loss or delays, cost, quality, failure, litigation etc.

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QUESTIONS
&
SUGGESTIONS
ARE INVITED

5th International/11th Construction Specialty Conference
Vancouver, British Columbia, June 8 to June 10, 2015



THANK YOU

VERY MUCH

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