AN INVESTIGATION INTO CURRENT TENDERING PROCESS IN SAUDI CONSTRUCTION PROJECTS

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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 stakeholders one each from Client, Consultant and Contractor for these 24 projects were interviewed.

• Extensive literature survey was done.
Methodology Flow Chart

1. Literature review
2. Identification of Gap in knowledge
3. Semi-structured Interviews
   - Data Collection
   - Challenges
   - Impacts
4. Data Analysis
   - Solutions
5. Discussion and Conclusion
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.
QUESTIONS & SUGGESTIONS ARE INVITED
THANK YOU

VERY MUCH