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Relationship Dynamics

Consultants and contractors play a pivotal role in construction projects. Here, *Middle East Consultant* discusses the dynamic with several industry veterans



Construction projects are lengthy, complex and costly undertakings with multiple stakeholders. Developers, financiers, architects, engineers, material suppliers, surveyors and contractors are just some of the entities involved in the lifecycle of a project. With so many different entities, each with its own specific areas of interest and focus, there is always going to be a bit of tension between them right off the bat.

This inherent tension may be exacerbated by current market conditions, as well as the size and scope of the project itself. Ultimately, a project can only be successful if all the stakeholders work diligently with each other to ensure that the development is delivered on time, within budget, and with the expected level of quality.

This is particularly true of the two key stakeholders who arguably play the biggest part in the outcome of a project – consultants and

contractors. For the most part, their relationships are healthy and productive, but reduced budgets and hyper competitiveness in the construction market are currently putting pressure on the relationships between these two critical players.

“Arguably, relationships are becoming more confrontational. Generally speaking, we have observed a significant increase in disputes in recent times, and current market conditions are a big part of this. The construction industry is becoming more and more competitive, with contractors operating on much tighter margins. Consequently, contractors are much more claims-conscious, as they try to recoup their losses by way of increased claim submissions. This tends to create a confrontational environment,” says Jad Chouman, senior vice president and managing director, Middle East & Africa at HKA.

Richard Stratton, managing director MENA at Cundall, adds: “Challenging and sometimes unrealistic budgets, as well as unrealistic programme schedules, can cause conflicts. At present, the market is more competitive and aggressive than it has ever been. Client construction budgets are being slashed, leading to contractors

having to find ways to cut costs to meet them. The knock-on effect is that this often leads to contractors putting pressure on consultants to deviate from the employer's requirements, which were approved during design stages, or taking the risk of continuing with unapproved work. This makes the consultant's supervisory role very difficult, as they have to continually police the behaviour of the contractor."

David Larter, construction director – Property & Buildings at WSP, highlights other drivers. "There is an increasing reliance on quick delivery of design information, short tender durations and then fast-track build programmes with expectations on budgets. These are not new requirements from clients wanting to build great projects, and most people in construction relish those challenges, but the compounded expectations leave little room for contingency."

Saeed Al Abbar, director at AESG, reckons that the current liquidity crunch is one of the key drivers of a breakdown in relationships. "The constraints in terms of liquidity and increased commercial pressure on both clients and contractors can amplify fissures in relationships."

In some cases, developers handicap a project right from the start by appointing contractors with the goal of cutting costs. This can cause serious issues almost immediately, as LACASA managing partner Emad Jaber explains. "In cases where budget is limited, a developer may go to the second- or third-tier contractors, who may not necessarily have the expertise to handle such a project. If one of these contractors becomes the main contractor, you may find mis-coordination or conflict because although the specific work is in the contractor's scope of work, he is not qualified or doesn't have the expertise. This is when the consultants get involved, and this is where



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Saeed Al Abbar, director, AESG.



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Emad Jaber, managing partner, LACASA.



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Jad Chouman, senior vice president and managing director, Middle East & Africa, HKA.

the relationship will likely come under pressure."

Sameer Daoud, group chief development officer and managing director at Drake & Scull, has a similar viewpoint, believing that consultants can ensure the smooth running and delivery of projects. "Unfortunately, due to circumstances and having different opinions and agendas, 99% of the problems that arise are related to financial aspects, and the objectives of what we are all there to deliver are forgotten. Then it can quickly become more confrontational, factional and challenging between all of the involved parties. This is why you have to be selective about which projects you get involved with, because you have to ensure everyone is aligned. If the consultant does their job properly, it becomes a lot easier for the contractor. From the quality of the work delivered, the planning and budgets all become better and more accurate. When the consultant fails to do that, then the outcome and the consequences are a disaster for everyone."

VE to the rescue?

As construction budgets come under pressure, value engineering has grown significantly more prominent in the region in recent years. Value engineering, properly implemented, can achieve the original intent of the project and provide more bang for the client's buck – and can in fact improve consultant-contractor relationships.

"We have worked closely with clients and contractors to help facilitate value engineering, particularly where the client's budget or

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programme encounters challenges. Generally, as long as the quality of the finished project is maintained to the design intent and client satisfaction, value engineering should be embraced where it brings benefits to the client for savings in cost and/or time,” comments WSP’s Larter.

AESG’s Al Abbar concurs. “From our experience, any value engineering proposals are generally agreed between all parties. So, in fact, value engineering has the potential to improve relationships. In current market conditions, if contractors and consultants can find more innovative and cost-effective ways to deliver the same outcomes, it results in a better project.”

In contrast, HKA’s Chouman points out that value engineering can cause problems. “Circumstances undoubtedly arise where disagreements

flow from interpretational issues in respect of value engineering proposals – specifically where contractors submit tenders with the intention of introducing future value engineering proposals that are absent from the agreement with the consultant at the tender stage.”

Cundall’s Stratton has observed the impact that the incorrect use of VE can have on consultant-contractor relationships. “Sorry to be cynical, but there is very little value engineering, only cost cutting, and this does cause conflict, as contractors are pushed to hit budgets and consultants are trying to preserve the approved employer’s objectives. The majority of contractors either don’t understand – or, more worryingly, are aware but choose to ignore – the importance of true value engineering when reducing costs without compromising on delivery, or on high-quality health and safety and environmental standards.”

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Getting back on track

Although current market conditions are having a negative impact on consultant-contractor relationships, it is possible to maintain healthy relationships and deliver a project as it was intended. Alignment and trust play a major part, according to AESG's Al Abbar.

"We have been involved in very successful projects in which, when we look back at them, the relationships were great. A precursor to this is a relationship built on trust and transparency, and clear alignment on the objectives of all parties – which is for the successful delivery of an excellent project. Scenarios where relationships become strained are almost always down to these two criteria not being present or eroding during project development. Without trust and shared goals, it is very difficult to deliver the best outcomes for the project."

WSP's Larter builds on that sentiment: "We operate in a wide range of roles in the region, and generally the relationships rely on positive leadership from each organisation. Collaboration with clients and contractors when working on project challenges helps to create a healthy and constructive team approach. We find that many of the projects we are involved in are very positive."

LACASA's Jaber understands that contractors sometimes have limitations, and believes a proactive approach from consultants is required. "As a consultant, we

are ready to take on construction management; we have qualified people and take this task on, although it is not within our scope. We do it to help contractors overcome challenges. At the end of the day, engineering is what makes it all happen and contractors may not have that expertise, so we bridge the gap and help them with it."

Like his peers, Drake & Scull's Daoud believes both sides have to work together to ensure a positive result. "We need to engrain



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Richard Stratton, managing director MENA, Cundall.



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David Larter, construction director – Property & Buildings, WSP.



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Sameer Daoud, group chief development officer and managing director, Drake & Scull.

transparency, trust and faith in each other to align ourselves with the objectives, and be accountable and take responsibility. We must ensure we don't take things for granted. If we think about how to do things a little better every day, we can achieve excellence and make a difference. When all that is accomplished, all previous difficulties disappear, and it all becomes worthwhile in the end."

HKA's Chouman also believes consultants should maintain their neutrality on projects. "Consultants should retain their impartiality and objectivity in respect of all project-related decisions. Their decisions should not be unnecessarily influenced by the client. On the other side of the fence, contractors can be more vigilant with regards to their general contract administration. Transparency in all project-related risks, in particular matters affecting the progress of the works, is essential in creating a more collaborative consultant-contractor relationship."

Cundall's Stratton is convinced the market would benefit from workgroups that can analyse and come up with solutions to current challenges. "Integrated consultant/

contractor working groups could analyse the challenges and problems faced in the market, to outline measures that can proactively combat such issues. This would help promote the formation of client-consultant-contractor teams early on in projects, establishing the roles of all parties under integrated conditional preconstruction phase agreements. This is considered the most effective way to add value and to challenge the risks of excluding contractor contributions." ●



black&white
engineering



Black and White Engineering Project 2016 Sustainable Lighting Project of the Year.

Operating in the UAE for almost a decade, Reynard Lighting has successfully established itself as the qualified lighting specialists of choice. The company works alongside end clients, project managers, MEP and interior design consultants, as well as other lighting designers who are utilizing Reynard to deliver their projects.

Adding value by integrating all aspects of the project – design, engineering, efficiency, performance and value for money – Reynard Lighting’s design team ensures that all of its projects remain specified.

The company aims to exceed the demands of both clients and expectations, while considering the interiors and landscape vista, integrating both products and aesthetics.

Every design is treated with a true independent approach, delivering fit-for-purpose, value-for-money, technically robust and sustainable solution meeting the clients application.

Reynard Lighting won the 2016 Sustainable Lighting project of the Year at the Light Middle East fair for its eco-friendly lighting design for the Black and White Engineering office in Marina Plaza, Dubai.

Design Director, Greg Scott, explains that Reynard’s lighting design team of qualified specialists provided subtle lighting with matte white finishes, utilizing controls to take advantage of and balance natural day light sits in line with the client’s brief. The design work of the project encapsulates the very best practice

in lighting design – a simple but crucial application – delivering all key elements to be considered, such as aesthetic, architectural integration and engineering efficiency. Whilst ensuring visual and quality controls (app-based using a wireless Bluetooth Casambi System) for $<2\text{w}/\text{m}^2$ 100w daylight lighting and provides a lit environment that considers enhanced light distribution.

The minimal design delivers a clean aesthetic within a comfortable environment, with industry-leading energy efficiency and sustainability criteria, whilst including indirect lighting elements.

Working with an engineering company who wouldn’t compromise on efficiency or performance, or cause detriment to architectural appeal, proved to be a challenge. However, for this particular project it was essential to persuade the client of the role the interior finishes (matte white) played in maximizing lighting efficiencies and visual comfort.

It was crucial to demonstrate to the client that new technology investment in both architectural lighting and LTI-tech-wireless control was important and valuable for users and business in general – promoting best practice engineering solutions.

While commercial office fit-outs are not always the most exciting projects, in this case the balance of performance, efficiency, distribution and visual aesthetic delivers on all counts – a comfortable lit environment, visual quality and appreciation, within the open (exposed services) ceiling detail.