



NATIONAL CONSTRUCTION
AUTHORITY
www.nca.go.ke

BIDDING PROCESS-PRICING AND ESTIMATION



OBJECTIVES OF PRESENTATION

- Undertake Pricing & Estimation
- Prepare a responsive and profitable bid
- Grow your company/Business

BIDDING -PROCESS

- Starts when the Quantity Surveyor 'Qs' /Eng. has finished preparing their cost estimates and those estimates tabled and approved by the developer/client.
- A search for the most responsive bidder and at best price is started.
- Thus the lowest priced bid is not necessarily the most competitive.
- To avoid collision this process should be OPEN to participants as much as possible.

Bidding process involves:

- Prequalification process, by which,
- A letter or notice placed in daily newspapers
 - Invited and or interested parties purchase the tenders
 - Tenderers fill the tenders as directed - PRICING
 - Submission of tenders as directed - Tender opening

Bidding process contd'

- Immediately tender analysis and evaluation is done, and results communicated to the tenderers.
- Award
- Any appeals if any are welcome at this stage 'PPRA procedure'

PRICING

- 1. Never price an item which you don't have the correct rates.**
- 2. Always have an updated pricelist file.**
- 3. If you don't have one, subscribe to IQSK magazine/JBC list which are regularly updated. The MOW list is also a useful guide that is sold to members of the public.**

To PRICE you need

a. A well structured Bill of Quantities (BoQ) from the Quantity Surveyor (QS) / Engineer

Defn: A BoQ is a document that precisely and accurately reflects the works to be executed. A well documented BoQ, includes (sections) :-

- Instruction to tenderers.
- A specifications bill (general description of materials & workmanship).

To PRICE you need

A preliminaries bill

- The works bill, can have sections depending
- 'Provisional & Prime cost' sum bill
- Appendices section.

b. A set of drawings from the designers (architects & engineers)

- In a nutshell you need **INFORMATION

Pricing continued' ** Information sourcing

Source your prices well in advance and maintain

Understand and determine your costs.

Maintain a data bank of all tenders submitted and the results – to enable you know your differences

Pricing continued' ** Information sourcing

- **Visit construction materials exhibitions to get latest material specifications and prices.**
- **Develop rates which are competitive.**
- **You must be competitive. This makes sure that your offer is considered **value for money.****

4. Obtain a QS Data Booklet

This contains comprehensive information that will enable you price your work appropriately.

The document contains analysis of basic materials per LM, SM, CM

e.g.. Concrete 1:2:4 '1cubic metre' consists of

Cement 5.5 bags

Sand 1.2 tone

Ballast 1.5 tones

Steel reinforcement bars.

Y8=0.395kg per Lm Y10=0.616kg per Lm

The document can also be useful in checking materials delivered to site.

e.g. establishing capacity of lorries used to supply materials

5. Accurate square metre estimating is key.

Square meter estimating is the bedrock of construction projects. If you can't do this you will not know how much material to buy or cost of your labour.

e.g. Walling:

- Observe how long a FUNDI takes to construct a SM, materials required, overhead costs and Profit Margins

6. Pricing preliminaries

- Time is of essence (time based prelims)

- Water
- Security
- Insurance
- Bid bond
- Performance bond e.t.c

7. Why PRICING matters

- Clients will look for competitive prices, but they will also need to be confident that the will be done effectively with **minimal risks**.
- Many clients are becoming more strategic are looking for best price but not necessarily the lowest. This concept is however not practiced in the public procurement of works.

How do you arrive at a rate?

- Consider what & where 'question'

- You need to know the cost of the following:-

- i) Materials
- ii) Labour
- iii) Plant and equipment
- iv) Office overhead costs.
- v) Your Profit
- vi) Preliminaries (normally a percentage)

Example: Pricing Concrete Class

1:2:4 (1 CM)

- Cement = 6 x 900
- Sand = 1.2 x 2000
- Ballast = 1.5 x 2000
- Water not very expensive =
- Labour & Plant hire of mixer, vibrator = 20%
- Transport =
- Wastage = 5% of
- Add profit/overheads = 15%
- Sub-total

- Add VAT 16% of
- Total

Important Notes

- Always remember that a winning submission/bid is the end result of a chain of well performed events
- To conclude and also 'advise' to all of you, to get it right, you need a QS/Engineer, do not fear the expense of engaging a Qs but the benefits. As a contractor you need these Qs /Engineer also during the execution stage

Always Understand Your Contract

After award, you now go to site, at this point let us briefly look at, different TYPES of conditions of contracts.

Agreement and Conditions of Contract for building works by JBC 'the green book'

FIDIC Conditions of Contract for Civil Engineering works

KABCEC for subcontractors

Always Understand Your Contract

- Conditions relating to World Bank financed projects
- Labor based contracts - client supplies materials,
- Directorate of Public Works Conditions of Contract

Another important aspect of contract to note-

Fixed cost contract? Fluctuation cost contract?