

# How the QS Can Create Values

in the Procurement of Construction Works  
in Hong Kong



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## Introduction

- QS: one of the oldest professions?
- A Chief Architect's complaint on QS
  - Estimate never right!
- Reinforce basic values first
- Then create values
- Relate values to benefits




## Basic Functions & Values

- Estimating & forecasting
  - Forecasting the future
  - Good practices
  - "Purchasing" skills:
    - Market, supply chain, technology, sustainability, sophisticated client, stakeholders
- Evaluation of VO's
  - Instant updating of financial situation
  - Market, supply chain, 80-20 rule
- Final Account
  - Low priority
  - Actual cost?
  - Negotiation skill







## Creating Extra Values

- HKIS List of QS Services 
- Need to market and re-package services
- Pro-active and driving services
- Not about extra services but...
- Tools & techniques



## Creating Extra Values

- (Tools & Techniques)
- Design & upstream activities 
  - Supply positioning 
  - Supplier preferencing 
  - Sourcing & selection of contractors
  - Incentives for continuous improvements
  - Life-cycle cost analysis 
  - Managing buyer-supplier interface



## Creating Extra Values Managing Buyer-Supplier Interface

- Counteract seller's conditioning
  - price list, discount, special offer, claiming low profits, friendly interest, entertainment & gifts
- Keep the seller selling
  - As long as possible before he considers deal is made
  - Seller's interest greatest in certain phases
  - Remarks which increase or decrease his interest
  - What stop him from selling
- Condition the seller
  - Concealing certain info
  - Varying buying methods
  - Avoiding deadlines
  - Claiming limited authority



## Benefits for the Client

- "What's in it for me?"
- Relate services/values to **benefits** e.g.:
  - **Projects delivered** on time, lowest sustainable cost & required quality
  - Effective & efficient **utilization** of assets, facilities & resources
  - **Protect client's interests** from risks, claims and budget over-runs
  - **Integrity, transparency and accountability** in business processes & transactions



## Development in UK

- QS: key advisers, strategic advice at high level
- Wider range of services
- Service new industries
- Lead consultant
- Need to fend off competitions from other professions
- Actively working with education institutions
- Need to keep on re-inventing to remain on top



## Challenges ahead

- Normally engaged for non-strategic services
- QS in Civil Eng. Projects
- Lowest price bid
- Pre-occupied with Mainland projects
- Traditional leading role of Architect/Engineer



## Conclusion

- QS needs to improve traditional role first
- Not just wider spread of services
- Involve early and at strategic level
- Purchasing and other skills/approaches
- Need to market and re-package services
- Relate to benefits for the client
- Build on UK experience to become top of tree & serve other industries



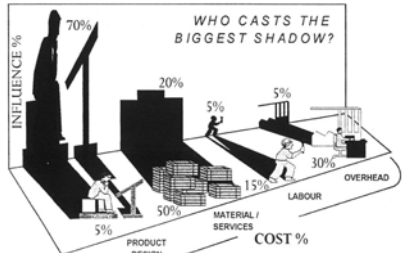
## Creating Extra Values

HKIS defines QS as "professionals who have been trained as construction cost consultants. They possess expert knowledge of costs, values, finance, contractual arrangements and legal matters pertaining to the construction field."

- Cost Planning
- Life Cycle Costing
- Value Management
- Value Engineering
- Project Management
- Preliminary Cost Advice
- Procurement Methods
- Contractual Advice
- Tendering
- Valuation of Construction Work
- Cost Control & Financial Management
- Financial Claims & Programme Analysis
- Dispute Resolution
- Insurance Advice

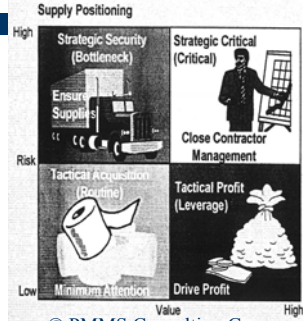


## Creating Extra Values Who casts the biggest shadow?



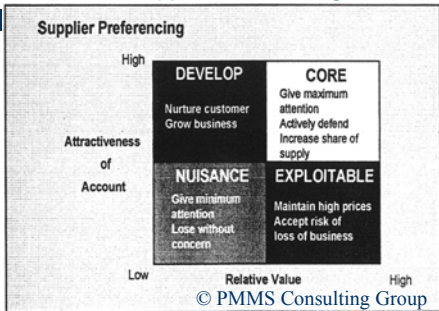
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## Creating Extra Values Supply Positioning



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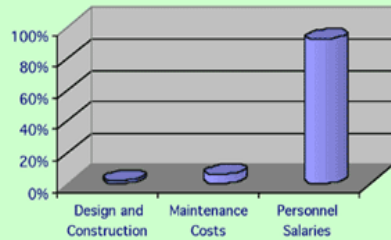
## Creating Extra Values Supplier Preferring



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## Creating Extra Values Life-cycle Costing Analysis

### 30 Year Cost of a Building



Source: Sustainable Building Technical Manual