Contractor's Guide to Problem Solving & Decision Making: Case Study

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Learning Objectives

By attending this session participants will be able to:

• Review and analyze the case study
• List the advantages of using case studies in the workplace
• Lead a discussion on the recommended solutions
Ethics in Project Planning and Execution

Case Study Provided By
AGC Education and Research Foundation
Case Study Overview

Allied Constructors

- Step Procurement
- Guaranteed Maximum Price
- Lump Sum Preconstruction
- Lump Sum Specified General Conditions
Preconstruction

Site Characterization

- Is it ethical for an owner to hold the contractor responsible for underground conditions? Is this exacerbated by the fact that the owner has provided a complete geotechnical investigation?

- What is the contractor’s defense if he runs into unforeseen underground conditions? For example, what if the water table is a five feet when the geotechnical report shows 15 feet?
Preconstruction Project Cost Estimate

- Are there variables, other than price that should be considered in making the final selection? Is it ethical to award to the second bidder?
- Can Allied renegotiate with the preferred subcontractor? Is this ethical?
- Does lowest responsible responsive bid = lowest price?
Subcontract Solicitation and Award Phase

Underground Site Conditions

- Should Largon share this information with Allied?
- Who bears the financial risk for the cost of handling potential differing site conditions?
Subcontract Solicitation and Award Phase

Subcontract Clauses

- Is it ethical for G & S to insist on exculpatory clauses? Is this impacted by the fact that G & S does not have those same clauses in its contract with Allied?
- What are a subcontractor’s options in dealing with a contract that includes exculpatory clauses?
Subcontract Solicitation and Award Phase

Material Pricing

- Does Rafferty have recourse against the subcontractor who gave the oral quote?
- As the supplier analyses whether to honor its verbal quote, are there other issues that should be considered besides price?
Subcontract Solicitation and Award Phase

Material Pricing

- From which suppliers should Rafferty purchase the material? Should the second lowest bidder on the acoustic ceiling package voluntarily notify Rafferty of its competitor’s financial situation? What is ethical practice in this case.
Project Execution 
(Construction) Phase
Schedule Management

- How should G & S Mechanical deal with the available extra project float?
Project Execution (Construction) Phase

MBE Utilization

- Was Geiger & Peters justified in claiming the MBE status for a supplier whose main line of business did not pertain to the scope of work for which he is claimed?

- How will Geiger & Peters respond to the Allied project manager deducting 5 per cent from their contract for this activity?
Project Execution (Construction) Phase
Close-Out and Hand-Over Phase

- What is the extent of Kildare’s legal and ethical exposure in the situation?
- What should be Allied’s response?
Q&A

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