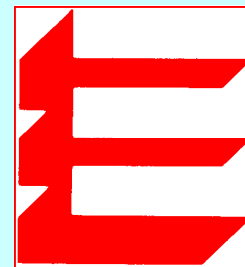


# THE LIBERTY BELL

ASPE Liberty Chapter 61, Philadelphia, PA



## Our Mission :

The American Society of Professional Estimators serves construction estimators by providing education, fellowship, and opportunity for professional development.

- EDUCATION
- CERTIFICATION
- FELLOWSHIP
- PROFESSIONALISM
- STANDARDIZATION

## Inside this issue:

President's Message	1
Partnering as an Alternative to Bid Shopping	2
continued	3
PROGRAMS	4
CHAPTER NEWS	5
WEBSITE	5

## AMERICAN SOCIETY OF PROFESSIONAL ESTIMATORS

### The President's Message

Let me wish everyone a Happy Thanksgiving!

I also wish to apologize to everyone in the Chapter for the problem encountered with this month's dinner meeting. We changed the date of this month's meeting so that it would not fall on the eve of Thanksgiving. The problem we encountered is that the Hotel was booked. We did not know about the problem until we attempted to call in our dinner count on the Monday before. As one member said, "No room in the Inn" should not occur until December" (a little Christmas humor). I

take full responsibility for the problem, since we encountered this once a few years ago, and therefore, the board should have taken steps to prevent a re-occurrence. For those of you who did not get the word in time and traveled to the hotel, I hope you enjoyed the Happy Hour as much as I did.

December's meeting is more a Social Event. There will be two short talks—one by Rick Krause discussing the procedure of writing a Technical Paper and the second will be by



Terry McGeehan, FCPE

a representative of Community Design Collaborative – both about 15 minutes each.

Have you recruited your member yet? See you in December.

**Terry McGeehan, FCPE**

**Chapter President**



## Partnering as an Alternative Bid Shopping

Bid shopping, as defined by the American Society of Professional Estimators, involves using the qualified low bid of a supplier or subcontractor in preparing a successful bid, and then revealing that bid to other competitors in an attempt to obtain a more competitive price. The use of bid shopping varies from an accepted norm in many parts of the country to being outlawed in certain states, such as South Carolina, where subcontractor bidders are required to provide a copy of their quotes in a bid depositary, for verification of the low contractor's bid. This article seeks to clarify that there is a better way of doing business ... through partnering with project stakeholders. Partnering is a process of team building that includes stakeholders at every aspect of the decision making process. With specific regard to this paper, it involves the owner, architect, contractor or construction manager, and also, the subcontractors, who perform the work under the direction of the construction manager, and their suppliers.

### *Recognition of and Responsibility for Outcomes:*

Bid shopping disturbs the natural competitive nature of bidding, by falsely instituting an atmosphere where a second chance can be attained after the initial bid. It generates a feeling of mistrust and can cause inflated numbers to be generated, defeating the competitive spirit of bidding. In the realm of bidding, it is always necessary to define bids in terms of being qualified. Estimators go into great detail to qualify low bidders. From the standpoint that they are providing a complete scope of work, to having the financial strength and capacity to provide all labor and materials, as needed to keep pace with the project schedule. Often, when bidding for a publicly advertised project a contractor will receive unsolicited bids. It is not always possible to qualify these bidders during the preparation of the bid. It is important, that if a contractor can not qualify, or chooses not to use an unsolicited bid, this after the being awarded the work, that he or she move on to the

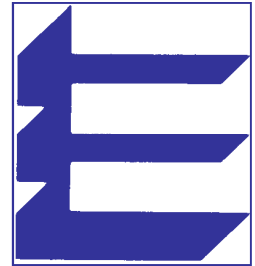
second bidder. Allowing the use of a low bid with the intention of shopping the work to a more preferred contractor is bid shopping.

### *Competing Obligations:*

In certain sectors of the construction industry, bid shopping is so entrenched that it goes beyond competing obligations, to the point of survival in a highly competitive industry. If a company does not discount its pricing sheet and resell the project to the bidders, they may not win any work. Negotiated work, on the other hand, requires full disclosure of the bids for review by the client. This client would not expect the bids to be shopped. Negotiated work tends to involve a short list of prequalified bidders, who would expect the bid results to be divulged.

When owners are receptive to partnering, they are provided with value added service. Construction is a risky business. Bid shopping can cost more in the long term due to excessive change orders. Partnering provides an atmos-

(Continued on page 3)



**“Bid shopping disturbs the natural competitive nature of bidding”**



(Continued from page 2)

phere where cooperation can help to minimize the risk, by eliminating some of the unknown costs that can erode the fee.

#### *Values in competition:*

Owners are always looking for the best possible price, and some believe that by competitively bidding a project, and then proceeding to auction it off, that they will derive the lowest possible cost. Often times, the unforeseen conditions, or the lack of sufficient time and / or funds to produce one hundred percent construction documents, will lead to a higher end cost than the partnering approach. In his article Partnering Penrose Hospital Surgical Renovation, architect John C. Hoelscher, AIA identifies that traditional bidding procedures were not an option on this job due to the highly technical nature of the project. With too many variables, such as working in an occupied hospital, and unforeseen conditions that could not be identified until the construction work was started, it was understood that bidding the project in a traditional sense would ultimately yield a higher cost. The architect real-

izes in this case that bidding the project would not be in the best interest of any stakeholders. Through partnering, solutions to potential problems are discussed openly and planned for in the overall budget. What is central to this point, however, is that the hospital is involved in the process, and therefore, is part of the solution. If this project were bid, the lack of planning would ultimately lead to construction delays.

#### *Intention and Action of the Decision Maker:*

The "Principle of Equal Regard" teaches us that we need to look at the needs of others as we look to our own, or as many of us were taught as children, owing to the Golden Rule to "do unto others as you would have them do unto you". As estimators, some of us have encountered owners who shop contractors, who in turn shop their subcontractors. The result of this process is misunderstanding and distrust that makes for an antagonistic project, in which there is no cooperation. The stakeholders are maligned against each other in order to protect what little profit they hope to salvage.

Conversely, by partnering all of the stakeholders are brought together through teamwork.

The owner is guaranteed a fair price since value analysis is applied to all aspects of the project. The Architect is not in a position where she feels compelled to become defensive, and therefore, will contribute to the ongoing process with clarification to her design as required. Many projects in the partnering realm are negotiated on a fee basis, so there is not a deterrent towards providing additional value through alternate materials or methods. The result is a "Win / Win" situation for all concerned.

In conclusion, bid shopping erodes away at the necessary fees required by the designers, contractors and subcontractors who perform in a very competitive industry. It destroys harmony on projects by creating an antagonistic atmosphere where distrust rules. It can lead to eventual cost overruns due to unwarranted change orders and scheduling delays. Contrary to this process, the AIA (American Institute of Architects) advocates movement towards partnering. Partnering provides value-added services, such as value engineering, preliminary construction cost reviews

**"we need to look at the needs of others as we look to our own"**

Partnering brings all the stakeholders together early on in the project, and at a time when changes can be made at the least possible cost. Partnering reduces the tendencies that promote bid shopping since there is no incentive to needlessly cheapen a project by cutting the price. Building owners, contractors and architects all benefit from the partnering approach.

**By Donald Logan, CPE**

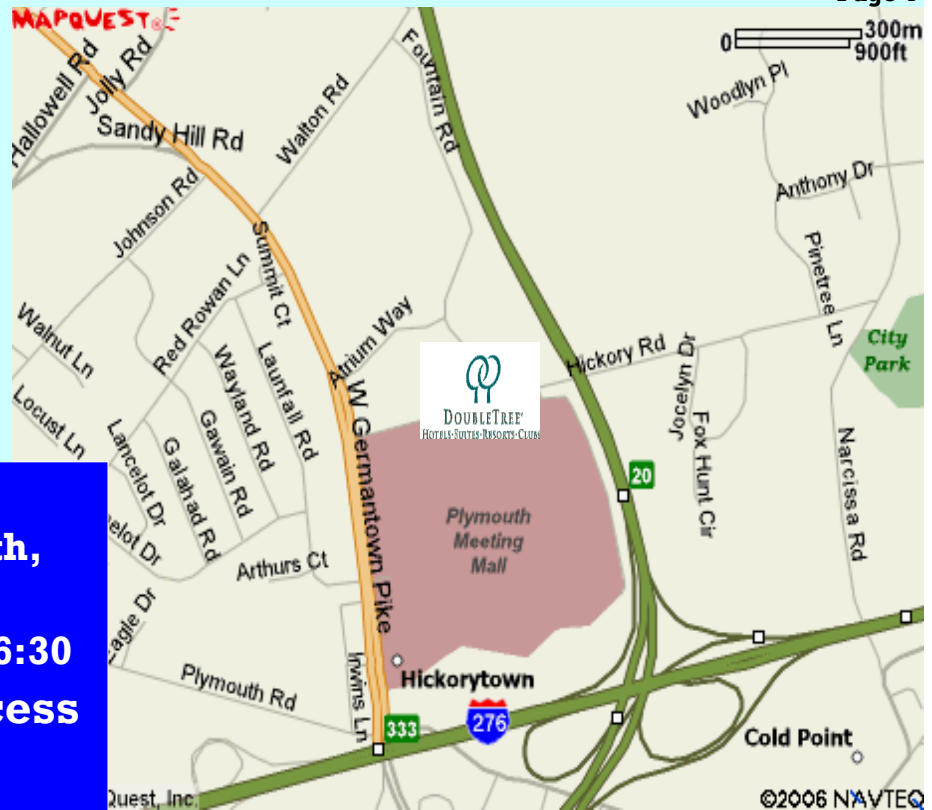


For **December** we meet  
on the **3rd Wednesday**  
of the month!

### **Doubletree Guest**

**Suites:** 610-834-8300  
640 W Germantown Pike  
Plymouth Meeting, PA

**December's Meeting:**  
**Wednesday December 20th,**  
**2006.**  
**Happy Hour 5:30, Dinner 6:30**  
**The Certification Process**  
**Presented by Terry**



We are on the Web: [www.aspe61.org](http://www.aspe61.org)

ASPE Liberty Chapter 61  
PO BOX

### **2006 / 2007 PROGRAM SCHEDULE**

Aug. 23rd, 2006	Fire Protection — Roundtable Discussion
Sept. 27th, 2006	Const. Employment Outlook, Jack Wark
Oct. 25th, 2006	Certification, Terry McGeehan, FCPE
<b>Nov. 15th, 2006</b>	<b>Annual Ethics Roundtable w/ AACE</b>
Dec. 20th, 2006	Annual Holiday Party, w/ Rick Krause, CPE
Jan. 22nd, 2007	Joint Meeting with NAWIC
Feb. 28th, 2007	CHOP Research Bldg., Turner Construction
Mar. 28th, 2007	Estimating Glass & Glazing, Paul Pryor, CPE
Apr. 25th, 2007	Change Order Litigation, Sid Numerof, CPE
May 23rd, 2007	Estimating HVAC, John Stewart, CPE
June 27th, 2007	Awards Banquet



## 2006/2007 OFFICERS and DIRECTORS

Terry McGeehan, FCPE	President	<a href="mailto:terrencemcgeehan@yahoo.com">terrencemcgeehan@yahoo.com</a>
Mike Smith	First Vice President	
Karla Wursthorn	Second Vice President	WEBSITE
Lee Hartwig	Third Vice President	MEMBERSHIP / CALLING
Joe Clearkin	Treasurer	
Tom Rowland, CPE	Secretary	
Ron Trawinski, CPE	Immediate Past President	AWARDS
Mike Lese	Director	BY LAWS
Kelly Sigman	Director	EDUCATION
Margaret Jones	Director	
Dennis Gleason, CPE	Director	CERTIFICATION
Jim Ward	Director	PROGRAMS
John Stewart, CPE	Past President, Director	"ASPE NATIONAL PRESIDENT"
Sid Numerof, CPE ME	Past President, Director	CALLING
Don Logan, CPE	Past President, Director	NEWSLETTER

ASPE Chapter 61 is pleased to announce the launch of it's new website at [www.aspe61.org](http://www.aspe61.org). Check out our new look! The website offers a calendar of events and other general information. We changed our web hosting service. While we are still working through a few kinks, it will be well worth the effort in improved design and easier editing features. In the near future, more pages will be added to create a more robust website that's easy to navigate.

### NEW MEMBERS UPDATE:

#### Membership Drive!

**While quantities last, new member sponsors will receive an ASPE Liberty Chapter 61 Golf Shirt!**

