

How the QS Can Create Values in the Procurement of Construction Works in Hong Kong

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SUMMARY

The role of the Quantity Surveyor (QS) in a typical construction project is very passive in Hong Kong. His value in the project team seems to be merely taking up the role of an estimator, measurer, document compiler and contract administrator.

The QS must, first of all, improve his basic services due to common complaints about his basic role. He needs to transform his estimating role from a compiler of past cost data to an analyst and a forecaster in the construction market. He needs to rely more on the market knowledge and supply chain and be more innovative to re-assert his value in his estimating and accounting roles.

To create extra values, it is not sufficient that the QS expands the range of services, but he needs to be able to drive and influence the team at a more strategic level to achieve better results, by commercial and other skills and approaches, particularly early involvement in the upstream activities and design matters. He needs to re-package and market his services, which must cater to the market needs, and relate them to the benefits for the client.

The evolution of the QS profession in UK in recent years show that the QS there has attained the role of a lead consultant and key adviser at strategic levels of organizations and still has to keep re-inventing to maintain his position. There are major challenges ahead for the QS to create values in Hong Kong. He should build on his counterparts' experience in UK to become similarly the lead consultant and key adviser for projects in the construction and other industries in Hong Kong and Mainland China.

1. INTRODUCTION

“For which of you, intending to build a tower, does not first sit down and estimate the cost, to see whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it will begin to ridicule him, saying, ‘This fellow began to build and was not able to finish.’”

The above quote is taken from Jesus' teaching in Luke 14:28-30 of the Bible (New Revised Standard Version). The role of what we know today as the QS is not new; as far back as more than 2000 years ago, there is a need for

the function of forecasting the cost of a construction project. Please note the emphasis by Jesus on estimating. This we consider is the most important and basic function of the QS and we would further add that it is the *raison d'être* of the QS.

To reinforce the above statement, we would like to share this with you. During our preparation for this paper, a chief architect of a large construction client organisation in response to our question on what are the values he would be looking for from the QS, stated that the most important value was, to our surprise, an accurate and reliable

estimate. He went on to complain that the various QS consultants employed by them never got it right! Not even the pre-tender estimates!

We were quite embarrassed that as QS ourselves, if the QS cannot even do his basic job right, how can we talk about the QS creating values in the procurement of construction works in Hong Kong? Hence, in this paper we need to address what we call the basic values first before discussing creating extra values.

At this juncture, let us refer to the Hong Kong Institute of Surveyors (HKIS) definition of Quantity Surveyors 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.” Does this really tell the reader what the QS actually does?

The Institute further lists out the principal services of Quantity Surveyors as follows:

- 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

An impressive list! But so what? It tells us perhaps a little bit of what the QS does, but it does not adequately relate

to the whole picture of the procurement process nor highlight the values and benefits to the client.

This paper sets out to re-visit the QS basic services, how they can be improved to reinforce his basic values and then deals with other services and ways which can create more values and thus benefits to the client.

The Cambridge Advanced Learner's Dictionary defines "value" as "the importance or worth of something for someone". To be of value, one has to examine what he does (services); how he does it (with know-how, tools, skills) and to relate (by marketing) how his services are important (values) and bring benefits to the client.

According to Steele and Court (1996), value to the organization is realized as the difference between the benefit of the output (usually sales turnover) and the expenses needed to run the business, which will include, among other factors, the cost of acquiring the goods and services.

This paper sets out to link what the QS does and what more he can do, to the values and benefits created for the client.

2. BASIC FUNCTIONS & VALUES

The basic or traditional functions of the QS are estimating, evaluation of variations and finalizing of accounts. Coincidentally, though not surprisingly, the services of the QS with which the above-mentioned chief architect was not satisfied, fall under these three functions.

We will discuss in detail below what the problems are and how these can be overcome or mitigated so that the basic values in these three areas can be achieved.

2.1 Estimating & Forecasting

2.1.1 Forecasting the future

Normally the QS qualifies that his estimate does not include for any price fluctuation between the time the estimate is prepared and when the tender is returned. Does this not exclude a very important element of the purpose of estimating, viz. forecasting the future? Remember in Jesus' teaching quoted above, the purpose of sitting down and estimating the cost? Get it wrong and

the client (and the QS) will be ridiculed! That is how serious it is. In government departments or other large bureaucratic organizations, budgets are somewhat cast in stone because for the responsible staff to revert to senior management or the board for extra funding, somehow there is a fear that it would impair their career, promotion- or security-wise!

Estimating without forecasting the future simply means using past cost data and updating it to the present. It is akin to driving a car using only the rear view mirror, or investing in a company based on its past performance only.

In spite of the fact that not many can accurately predict the future, we still find proliferations of fund managers and financial gurus making a good living. Why? It is because they know their market and use their knowledge to confidently make some intelligent guess albeit with qualifications. We believe QSs should do likewise, purporting to forecast future trends in the construction industry, without being afraid of hitting the bull's eye spot on!

We consider that the following will assist the QS to forecast the future more accurately, thus improving the reliability of his estimates.

2.1.2 Basic Tools and Good Practices

We will not deal with the basic tools and good practices for estimating, but just list below what we consider to be necessary to improve the reliability of estimates:

- assessment and anticipation of the scope and extent of work
- adequate and reliable cost data and quotations
- cost plan and cost control with estimate updating at critical stages

2.1.3 Purchasing Skills

We have mentioned above that just as the fund managers and financial gurus are knowledgeable in the financial market, the QS should also be knowledgeable at least in the construction market and industry in order to be able to make intelligent guess of the future, using what we refer to as Purchasing Skills listed below as his additional tools:

- market intelligence
- supply chain analysis
- strategic purchasing

Large scale construction projects are increasingly getting more complicated and diverse in nature or characteristics due to the advance of new technology, the need for sustainability, sophisticated client's and other stakeholders' requirements. Nowadays, stakeholders of large projects would likely include environmental and political interest groups. All of these factors will have a bearing on the cost of the project. Without the above knowledge and skills, how can the QS expect to make a reasonable stab at the estimated cost of the project?

2.2 Evaluation of Variation Orders

Under a strict cost control regime, the minute a variation order is issued, or more preferably even before that, the cost implication should be known so that the budget is updated instantly at all times. Often, such cost implications are known at a late stage or during the preparation of the final account, by which time not much can be done to improve the budget situation such as by resorting to cheaper alternatives.

In some organizations, such estimate of cost increase resulting in additional funding, must be available for approval before the variation order is issued. However, with the unacceptable length of time taken by the QS to prepare the cost implication, either the issue of the variation order is delayed or the contractor unofficially carries out the work in advance at his own risk.

The QS needs to improve his skill in estimating in ballpark figures which must be done fairly quickly and at the same time be reliable. To do this, apart from having a good knowledge and experience in estimating, he needs to have a better understanding and knowledge of the supply chain and the market, a good network of sources of information and market intelligence and be able to apply Pareto's 80-20 Rule.

2.3 Preparation of Final Accounts

It is not uncommon to hear that a final account is still left unsettled ten years after completion of the project. Most common reasons are lack of records and receipts; unclear scope or details of variation orders; contractual claims not being settled; and priority given to other tasks.

Often the blame is on the QS for not telling the contractor at the time of issue of the variation order to provide the required records and receipts. Surely, the contractor does not need to be told if he adopts good practices in recording, filing and storing information. The contractor (as well as the QS for that matter) should adopt the mindset that his files are going to be audited and that they can be followed through by someone picking up the job halfway into the project.

Perhaps the QS should consider alternative solutions. Should "actual" cost in the form of receipts be the right approach? The "actual" cost shown on the receipt might not be the actual amount of money paid to the contractor, his supplier or sub-contractor and it may not necessarily be the market price.

The QS should also learn and apply effective negotiation skills, as opposed to confrontational debates, in settling variation and contractual claims. The focus is to generate movement rather than to be stuck in a deadlock for a long period of time, and to settle on a figure ideally with a perceived win-win result for both parties.

3. CREATING EXTRA VALUES

Having then achieved values in the basic or traditional functions, we can now think about what extra values the QS can create. The services offered by QS firms are normally presented more or less as listed in the HKIS principal services above. The range of services as listed is quite comprehensive, including those extra services which many QS firms purport to offer nowadays. The descriptions are generally quite broad and thus not as specific or focused as they should be whilst for other items they seem to give the impression that the services are very much low-level with not much added values.

The article "The QS Transformation" in RICS Business, March 2006 stated that UK Quantity Surveyors today service new industries and offer a wider spread of services to a wider spread of clients. These may well include facilities management and development appraisals. This paper does not examine what the extra services are but rather the extra values that the QS can create.

Some of the "services" discussed below are actually tools and techniques and the ways in which the QS should approach the procurement process; they may be services which he is already offering in some form or other. It is a matter of how to re-align and re-package these services so as to create values which can be seen and appreciated by the client. We call these "pro-active driving services".

3.1 Getting Involved in Design and Upstream Activities

The QS must get involved more and pro-actively in upstream activities, i.e. prior to contract award, as early as possible, because by the time the contract is awarded, most issues such as strategies, design and specification are firmed up already resulting in limited scope for making an impact by the QS or any others in the downstream activities. The impact of the QS role in downstream activities is comparatively minimal. Downstream activities are commonly fire-fighting in nature, or are the consequence of inadequate, poor or wrong planning,

design, specification and/or contract formulation. On the other hand, if upstream activities have been adequately and properly carried out, resources input required for downstream activities would be minimized.

Time spent on strategies and market analysis has proved to have a greater impact on a project as illustrated in **figure 1** (Activity Cost Versus Business Impact) below (Holder et al 1998).

Furthermore, the QS must also get involved in design issues because as illustrated in **figure 2** (Who Casts the Biggest Shadow?) below, the designers and specifiers, though costing the company only 5% of sales turnover, have a 70% influence on the cost of the contract, e.g. by specifying cost-effective 'fit for purpose' requirements (Holder et al 1998).

Increasingly, QSs are taking up the role of the project managers and that is a good start because through that role the QS will be able to get involved very early in the procurement cycle especially in design, specification and contract strategies.

3.2 Supply Positioning

Based on Pareto Principle (80-20 Rule), it is essential that time is not spent on insignificant activity; rather the focus should be on where the resources can create the most value. However, Pareto Principle does not give any guide on how.

The Supply Positioning tool shown in **figure 3** (Supply Positioning) allows review and categorization of commodities, services, works, contractors and suppliers on the

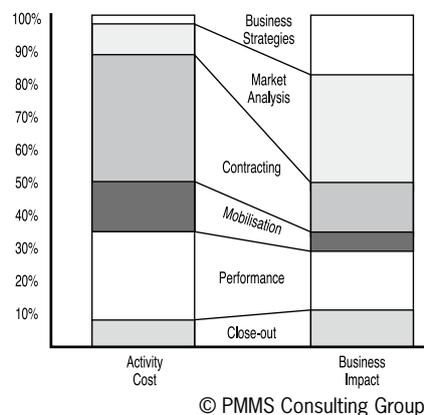


Figure 1. Activity Cost Versus Business Impact

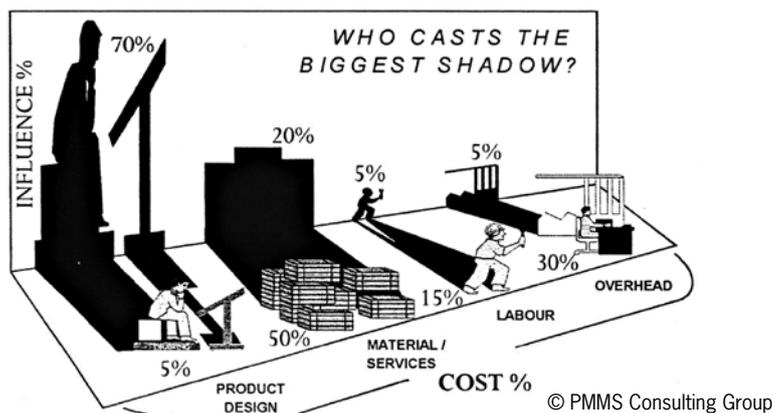


Figure 2. Who casts the biggest shadow?

basis of the relative importance of the spend, compared to the company's risk/exposure in the market. It is a tool for developing specific strategies with respect to each category of purchases.

For example, if the spend on a project is high and, because there are many contractors in the market capable of carrying out the works, the risk in the market for the client is relatively low.

Hence the client can "drive profit", as indicated in the lower right quadrant (Tactical Profit), by getting the best price from competitive tendering. On the other hand, projects in the upper right quadrant (Strategic Critical), are those which can be carried out by only one or two contractors and such projects are critical to the business. In this scenario, a partnering approach with cost targets and sharing of benefits obtained from value engineering incorporated into a contract with a joint-venture company may be the course of action to take.

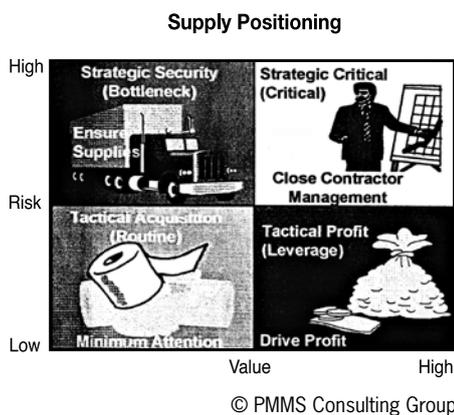


Figure 3. Supply Positioning

3.3 Supplier Preferencing

The Supplier Preferencing technique, as illustrated in **figure 4** (Supplier Preferencing), shows how contractors segment their customer base and how they are likely to react in a given set of circumstances. Based on this technique, if the contractor, for example, is in the upper right quadrant (Core), i.e. treating the client company as the core of his business portfolio, the client will find it easier to obtain a high level of services and attention from this contractor.

This technique then becomes even more powerful when it is combined with the Supply Positioning tool into what is known as the "Market Management Matrix" in managing the market forces,

such as creating strategic alliances, taking commercial caution, etc. As an example, the QS would recommend a term contract (outline agreement) for ground investigation works (Tactical Acquisition) to be established with any contractors in the upper quadrants, viz. "Develop" or "Core".

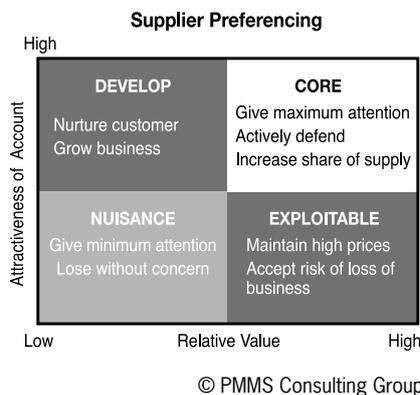


Figure 4. Supplier Preferencing

3.4 Sourcing and Selection of Contractors

It is amazing how sometimes tenderers are selected casually. Considering the fact that the contractor to be appointed is one of the two main parties to a construction contract, the success or failure of the contract very much depends on whether or not the right contractor has been selected, not unlike the situation in a marriage! The QS should take the lead in sourcing and selecting contractors as described below.

3.4.1 Sourcing

Apart from the list of contractors, mostly from the projects in which he has been involved, the QS should also be actively sourcing others from the local and overseas market so as to have an adequate list for each of the various categories of projects.

3.4.2 Pre-qualification

Normally a tenderer's capability or other aspects should have been assessed prior to tendering and is therefore deemed to be qualified to carry out the works once he has been invited to bid. If a tender is rejected because the tenderer is found to be unsuitable on technical or other non-price issues, then he should not have been invited to bid in the first place. Therefore the QS should ensure tenderers invited are contractors of known integrity with adequate

financial strength; acceptable safety, health & environmental performance; proven workmanship; and competent management and technical skills. To do that, tenderers should be pre-qualified based on the following:

- reputation
- experience
- reliability (history on claims and disputes)
- resources
- technical and logistical capability
- financial strength
- management quality
- safety and environment performance
- company policies
- quality of and relationship with subcontractors
- other relevant aspects

It is worth noting that the need for and the importance of visits to a prospective contractor's office, workshop and existing sites, interviewing some key staff and finding information from other sources, should not be under-estimated because they can reveal a lot about the contractor.

3.4.3 Advice on the Optimum Number of Tenderers

From time to time, there will always be clients or their advisors including the architects/engineers who believe the more the number of bidders, the more the chance of getting the lowest possible bid. The QS needs to convince them that more number than the optimum would result in:

- tenderers being less keen to bid, resulting in higher bids and/or poor performance later
- increase in contractors' overheads (arising from having to bid more jobs) being passed onto the client when they finally get the contract

- waste of time and resources such as papers and manpower, both for the client, his consultants and the tenderers

3.4.4 Evaluation of Bids by Weighted Technical and Commercial Offers

The QS's favourite phrase is "value for money" and whenever it is appropriate, he should advocate an evaluation model for selection of the best contractor based on a combination of technical and commercial offers. Typically the ratio of technical to commercial offers in a

“build only” project model will be 40:60. Government and quasi-government clients have already adopted this kind of evaluation model.

The model should reflect the business needs and objectives of the client and be tested with sensitivity calculations and analysis. The QS should ensure that the evaluation by the project team is done objectively but discretely enough to differentiate the quality of the different tenderers and their offers; otherwise the evaluation would boil down basically to price comparison only.

3.5 Incorporating Contract Provisions for Incentives for Continuous Improvements

Having appointed the best possible contractor is only half of the story. What about the contract? Is the contract right? Is it fair? Does it give any incentive for the contractor to excel and better still to make continuous improvements?

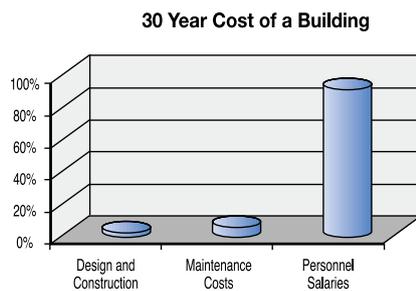
Regular assessment of the contractor's performance during the contract period should be incorporated into the contract and be linked to bonuses and penalties, although the latter may need to be handled with care in a collaborative environment. Incentives should also be considered to motivate the contractor to complete the job earlier so as to create benefits to both parties. Sharing of cost savings should also be considered to encourage the contractor to be innovative in exploring and adopting cheaper and more economical alternatives.

An assessment of his performance at the end of the contract will be useful for future references.

3.6 Application of Life-Cycle Cost Analysis (LCCA)

This tool has been around for some time already, but its importance is increasingly relevant in today's world of sustainability. Life-cycle cost analysis (LCCA) is a method for assessing the total cost of facility ownership. It takes into account of all costs of acquiring, owning and disposing of the facility (Fuller 2007).

Viewed over a 30 year period, initial building costs account for approximately just 2% of the total, while operations and maintenance costs equal 6%, and personnel costs equal 92% (Romm 1994). See **figure 5** (Life-Cycle Costs) right.



Source: Sustainable Building Technical Manual

Figure 5. Life-cycle Costs

As initial building costs amount to 2% only, surely the remaining costs cannot be treated lightly for any meaningful cost advice in a building project, particularly with reference to our theme “Affordable and Sustainable Development”. The task ahead is gargantuan. In Hong Kong, the Architectural Services Department is studying to establish life-cycle cost data pertaining to government buildings such that they can be used for estimating the total cost of ownership of future government buildings.

3.7 Managing the Buyer-Supplier Interface

The “supplier” in the purchasing field includes suppliers, contractors and other service providers. “Buyer”, in our context, is meant to be mainly the QS, but it could be anyone other than the QS from the project team procuring the construction works on behalf of the client, e.g. the architect, the client or any of his advisers or representatives. In the situation where the buyer is other than the QS, the QS should guide the buyer in skillfully managing the buyer supplier interface. The ideal arrangement would be for the QS to lead and manage the procurement team and process.

Normally, a supplier's sales person starts influencing the buyer very early on in the interactive procurement process. The buyer needs to learn a few tricks here, to manage the buyer-supplier interface, lest all the good work done previously could be negated. On the other hand, if it is well-managed, the buyer could be getting a much better deal for the client. Steel and Court (1996) give a comprehensive guide on purchasing skills for counter acting the seller's conditioning of the buyer; keeping the seller selling; and conditioning the

seller. Here are some which are relevant to the procurement of construction works and can enhance the values that the QS can create.

3.7.1 Counteracting the Seller's Conditioning of the Buyer

Salespeople have a variety of ways to condition or influence the buyer, some of which are:

(a) The Price List

Suppliers know that if they present their price lists, especially if they are well printed and in glossy or laminated paper, their asking prices would appear to be very legitimate and as if they cannot be challenged. The QS should be prepared to challenge all price lists presented to him, e.g. by investigating the real cost and the market price vis-à-vis the current and future market conditions.

(b) Discount

Normally there are discount offers off the price list, either printed in the list or presented separately. Coupled with flattering words like “special offer” or “only for you”, buyers are conditioned to think they are getting extra value and hence will not question the price further. The QS similarly should be prepared to challenge the so called discounted price.

(c) Volume Discount and Price Break

This ploy works both ways. It could make the buyer order more than necessary and divert the focus on discussion about the price. The buyer should examine the absolute price and how it is affected by bulk purchase and mass production.

(d) Special Deal or Offer

Some deals may be genuine but more often than not they are just normal business under the guise of so-called special deal or offer. Some of the common explanations given by the seller are: breaking into the new market; disposal of surplus stock; and having obtained very competitive prices from their suppliers. These shouldn't be accepted at face value and further probing is required to establish the validity of his statements.

(e) Claiming Limited Authority

Sellers sometimes claim they have limited authority in giving further discounts over what they have already

offered, leading to the buyer not pursuing any further in the negotiation for further reduction in price. A good way to respond to this kind of technique is to request to meet the person with that authority

(f) Claiming Low Profits

This is a very common way of the contractor conditioning the QS. All claims about low or no profitability should be treated with caution and not be accepted without further investigation. For example, a 3% profit as presented to the QS could mean profit on sales prices whereas it might be a 30% return on investment.

(g) Friendly Interest

Salespersons are trained to take a friendly interest in the buyers, including their hobbies and families. Taking them out for lunch is a very common custom here in Hong Kong. Such friendly interest aims to influence the buyers. So buyers should be aware of this ulterior motive and there is no reason why buyers should not do the same with the aim of obtaining the best deal from the sellers.

(h) Entertainment and Gifts

Whilst these should not be frowned upon, as they are part of the normal business relationships which benefit both parties, excessive or frequent entertainment and gifts should be avoided or refused. Buyers should from time to time reciprocate the seller's hospitality as appropriate. In one project, after the project manager upon the suggestion by the buyer, had taken the contractor QS and other site staff out for a *dim sum* lunch, the contractor never again pursued the claims he made previously.

(i) Talking to Clients and Management

Talking to the top people is one sure way of getting the business. Either the top management may have been influenced or when the seller talks to the buyer, the seller may be making reference to his talk to the top management subtly implying the buyer is merely being obstructive. This ploy needs to be treated with care as upsetting the top management is the last thing one wants. One way to respond to this will be to investigate further what sort of commitment has been made.

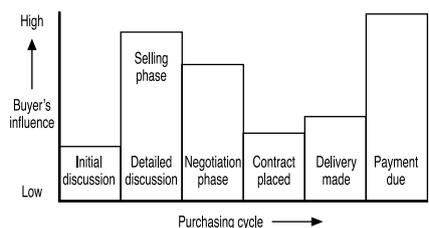
Another is to remind the seller of the need for the buyer to go through the company procedure and channel for approval of the purchase.

3.7.2 Keeping the Seller Selling

Merely reacting to the seller's conditioning is not good enough. The buyer should take control of the interface with the seller.

The most important thing for the buyer to bear in mind is to keep the seller selling as long as possible so that the seller keeps on granting more concessions before he reconsiders that the deal is made. In one project, during the negotiation meeting with the lowest tenderer, when the buyer mentioned about the possibility and hence the benefit of combining four projects into one contract, the contractor, without even the buyer asking, automatically offered a discount on the total of his tender prices for the four projects.

The second point for the buyer to note is that there are certain phases in the procurement process in which the seller's interest will be greater than in other phases. Steel and Court (1996) illustrate this by reference to the relationship between the buyer's influence and the procurement cycle as shown in **figure 6** (Supplier's Interest Cycle) below. It is quite commonly known that whatever changes are to be made after a tender has been issued, it is better that they are treated as tender addendum before the contract is awarded, rather than as variations to the contract after the contract is placed. This is because the supplier interest will drop dramatically after he has got the contract in his hand. Contrary to common belief, the supplier's interest is minimal during the initial discussion with the buyer because he may feel that he is being used by the buyer to get information or any purpose other than giving him some business opportunities.



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Figure 6. Supplier's Interest Cycle

Thirdly, the buyer should be aware of the ways and remarks which can increase and decrease the supplier interest and which can stop the supplier selling. They are outlined below.

(a) Increasing Supplier Interest

Remarks which increase supplier interest will encourage the seller selling and include:

- We are interested to hear more about your recent project...
- We are aware of your good reputation...
- We would like to explore with you how you can help us in ...

(b) Decreasing Supplier Interest

Remarks which decrease supplier interest will discourage the seller selling and include:

- We are just checking you out...
- We have been talking to your competitor...
- We are very satisfied with our existing contractors....

(c) Stopping Suppliers Selling

The buyer should aim to keep the seller selling as long as possible and to keep him away from the negotiation phase. Sellers will stop selling if there is any indication that they have

- got the deal
- no competition
- the lowest bid
- the best offer.

3.7.3 Conditioning the Seller

Apart from keeping the seller selling, the buyer should also be taking control of the interface by conditioning the seller with the aim of getting a better deal out of him.

Some of the ways are:

(a) Concealing Certain Information

The buyer should conceal certain information until such time when it is appropriate to release it, if at all. Examples are:

- if there is no other competitors
- the number of tenderers
- the budget available (this may well include project and contract contingencies)
- the estimated cost of the project

- the buying company's decision making machinery

(b) Varying Buying Methods

Varying buying methods will make it difficult for the seller to condition the buying organization. For some companies, there is always a negotiation after the tender is submitted, which obviously results in tenders not being at the best offers when first submitted – this is a classic predictable buying method. One of the standard conditions of tendering used by one of our clients actually states that the client may negotiate with a tenderer if there is room for the tenderer to improve his offer after submitting his bid. We consider that there is more downside to including this condition than being silent about it.

(c) Avoiding Deadlines

Deadlines should be checked if they are genuine, or if they can be changed. Deadlines should not be revealed to the seller as the party working under a deadline is under pressure to accept whatever is offered by the other party. Thus if the buyer reveals the deadline that he has to work to and there is no time left for the buyer to negotiate or to find alternatives, the seller will stand firm on his price and terms.

(d) Claiming Limited Authority

Just as the seller using this technique to discourage further reduction in price, the buyer should also use this to discourage the seller from increasing his price or imposing other conditions which would require the buyer to seek further approval from a higher level or a committee. However, this should be used discreetly as it might result in the seller requesting for the right person to speak to. It is therefore better to relate the seller to the company's buying machinery such that it is not possible to identify the decision-maker.

4 BENEFITS FOR THE CLIENT

Whatever services are offered or values created in the procurement of construction works, the most important thing in the client's mind is "What's there for me?". We know that the bottomline is his profit margin or, in the case of a non-profit making organization, the maximization of the output of a project.

We need to convey to the client the benefits more specifically, relating to his business and interest.

Referring to the HKIS list of principle services of the QS and the range of services as listed in most QS consultants' brochures, the client can legitimately ask "so what?" or "what's there for me?"

Whatever the services are offered, they should be, as far as possible, related or linked to the values or benefits which the client will receive. For example, cost planning will ensure the project will be completed not only within budget but with the best value for money. Depending on the business nature of the client, some of the benefits may include or relate to the following:

- Projects being delivered on time, at the lowest sustainable cost and to the required quality
- Effective and efficient utilization of assets, facilities and resources
- Protection of the client's interests from risks, claims and budget over-runs
- Integrity, transparency and accountability in business processes and transactions

5 DEVELOPMENT IN UK

The article "The QS transformation" gives a good picture of the development and evolution of the QS profession in the UK and other places where UK QS practices have carried out their assignments. This is outlined below:

- Quantity surveyors have become key advisers on construction and development strategy, giving strategic advice at a much higher level than before.
- Apart from offering traditional services, they service new industries and offer a wider range of services which cater to the clients' needs.
- They have become the lead consultant, partly due to the fact that many architects prefer to do what they are best at, viz. designing.
- They have developed more sophisticated electronic information management systems.
- They nevertheless have to fend off competitions from other professions such as purchasing professionals, accountants

and management consultants.

- There is a possibility that there will not be enough quantity surveyors to cater for oncoming mega projects; some firms are actively working with education institutions to review university course contents and to promote the QS career to school leavers and career advisers.

There is a need to keep on re-inventing themselves in order to remain as the lead consultants and as the key advisers.

The development in UK shows the possibility of what the future can be for QSs in Hong Kong. We should grasp the opportunity of learning from our UK counterparts.

6 CHALLENGES AHEAD

For the QS to create values in the procurement of construction works in Hong Kong, as discussed in this paper, there are going to be major challenges ahead.

6.1 Prevalent Practice of Appointment of QS for Non-Strategic Services

Clients in Hong Kong generally appoint QS consultants for non-strategic services, i.e. estimating, production of bills of quantities, interim payment valuations and preparation of final accounts. They would rather use their own in-house expertise which may include quantity surveyors to plan their contract and procurement strategies.

The HKIS, as well as the Hong Kong branch of the RICS, needs to help to market the more strategic aspects of the QS services. QS consultants will need to review how they describe, present and market their services, which may well include re-packaging their services and fees.

6.2 Lack of Separation of Duties of the QS in Civil Engineering Contracts

Civil Engineering contracts normally are much larger in value and therefore that is where the potential lies, in respect of the impact of the values created by the QS. Unfortunately, in civil engineering contracts, with the QS working under the Engineer, there will be a limited scope for the pro-active and driving services.

The HKIS and RICS Hong Kong Branch

should continue to fight for separation of the QS appointment from the Engineer so that the role of the QS can be independent from that of the Engineer.

6.3 Bidding of Fees and Basis of Award

The bidding of consultancy fees and the basis of the award of consultancy contracts purely on price consideration will limit the scope for the QS to create values. This is particularly prevalent where the client is a government or quasi-government department or a large corporation.

6.4 Pre-occupation with Mainland China Jobs

QS consultants are increasingly relying more on Mainland China projects for their turnover.

Clients, similar to those in Hong Kong, are more interested in the non-strategic services. As the demand for QS services is potentially increasing exponentially, QS consultants are going to be pre-occupied with merely churning out bills of quantities and other non-strategic services. Great effort is required to upgrade the QS services and re-package them to influence the market.

6.5 Review of Education & Training for QSs

The QS needs to be more commercially minded and trained in purchasing and management skills. Existing curriculums for quantity surveying or other similar courses need to be reviewed accordingly. Graduates and even qualified QSs should consider joining the Chartered Institute of Purchase and Supply and their talks, seminars and workshops.

6.6 Traditional Leading Role of the Architect and Engineer

The traditional role of the architect or engineer as head of the project team will be a great challenge to the QS if he is to carry out his proactive and driving services. Clients are now beginning to appreciate the value of QSs as project managers. The QS needs to market more of his project manager role and to prove his worth as clients will be convinced only when they see the results or benefits.

6.7 Culture of Covering Oneself

To be able to perform the above-mentioned pro-active and driving services and especially to overcome those challenges outlined above, there is a need to deal with the culture of covering oneself which is prevalent in government departments and large corporations.

7 CONCLUSION

The QS can create values in the procurement of construction works in Hong Kong but must improve his services in his traditional role to re-assert his basic value. Creating extra values involves not just a wider spread of services, but participation in the project at the earliest stage of the procurement cycle and at more strategic level, using commercial and other skills and approaches. Re-packaging and marketing his services related to the client's benefits will greatly enhance his value to the client.

Development in UK gives the QS in Hong Kong a vision of what is to come and what is possible; the QS in Hong Kong should build on UK experience to become the lead consultant and key adviser for projects in the construction and other industries in Hong Kong and Mainland China.

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