CONSTRUCTION CONSULTING, LLC

A Kick in the, Well, You Know: "Last Minute" Bid Postponement

Executive Summary

The effects on a Project by an Owner who untimely, in a "last minute" manner, postpones a bid are significant – here's how.

How does a bidding schedule work?

Whether it's the private or public sector, they pretty much work the same. First, a set of drawings and specifications are available for pickup (either at a location when they're paper documents, or on a website when they're electronic docs). And somewhere in the documents is a date and time that bids from the prime Contractor are due to the Owner.

How are changes in the bid date made?

Most Owners use addenda (which is plural for addendum) to announce changes in the bid documents and/or the bid date/time.

What is a customary number of addenda?

Most projects have an addenda (or ten). I'd say one or two is in the normal number per project, but it really does vary.

Why does a bid postpone?

Often times addenda are issued to postpone a bid. Bids push from minutes to days, or months. Sometimes they even get canceled. The reasons for postponement usually have to do with unfinished drawings or specifications known at time of bid advertisement or, even more common, is the fact that bidders have raised so many questions that the Owner needs more time to figure out answers to the Contractors' questions.

When a bid date postpones, what is a *professionally courteous* notice time?

A week (or more). This question phrased a bit differently from the Contractor's standpoint is "how many days before the bid date would Contractors like to see the bid date changed?"

So, for example if the bid date is a week from today, if I'm an Owner, "is today the last day you'd like me to announce a bid postponement? Notifying you one week ahead of the currently schedule bid time is good?" The Contractor's answer is "yup, a week ahead of time is professionally courteous, thanks."

What's the impact to the Project because of untimely bid postponement?

The direct, tangible, measurable impact to an Owner, frankly, is "not much". It probably only helps an Owner on bid day if the goal of the Owner is to get the lowest possible price. However, this behavior by an Owner can only go on for so long. Owners cannot do this over and over and over.

When a bid postpones, subcontractors' and suppliers' proposals to the General Contractors are exposed. Their prices, terms, and unique means and methods are out there and available for anyone to "steal" or "shop".

There's a cost to the Contractor, too. If the job is large enough, Contractors will transport in people to help close the bid. This requires additional expense (airfare, hotels, et cetera) and people sacrificing other events to accommodate a bid. This is a true impact to a construction company.

The impact to a Project may be minimal, or zero, but it can do reputational damage to an Owner and, if this behavior persists, result in higher margins from Contractors to make up for additional bid preparation time. The margin can also gets another boost from the Contractor because "if they're acting this way at bid time, it must be hell to run their jobs – increase the fee to account for untimely decisions and disorganization in this Agency!"

These costs are real and come in increases in the points in the margin.

My Story

Many of these articles I write because I recently have experienced the subject matter. Well, today is no different. I recently *worked late* and *got up early* to get ready for bid. The morning of the bid the Owner postponed the bid a week. Are you kidding me? I won't repeat all of the items mentioned above, but each of the mini-anecdotes above are stories personal to me.

Work Safe!

Scott Jennings, P.E., is the President of SJ Construction Consulting, LLC (808) 271-5150, sj@sjcivil.com. He is former Owner of a heavy/civil construction company and now provides cost estimating and training, litigation support, and efficiency advice to Contractors. He is also the founder of Runjob Software, Inc. **Download our QR scanner app: runjobsoftware.com/mobile/**