

REVIEWING THE NUMBERS

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How do you think the procurement process influenced the budget?

The timing of the procurement increased the cost risk, and having an immovable deadline increased the price. The procurement itself followed a good process, and I don't think the way we tendered the work influenced the price. The project was like a runaway locomotive, it couldn't stop; it was huge and it was running. The information at the time that we tendered was not the same as when we started building. We tendered early because we needed to get the contractors on board, which meant that by the time we got on site, they often had to build a different design. Even the site of the building changed after tender, which meant that everything had to be redesigned.

We started construction on the stadium at a 20-year peak in South African construction activity. It was the worst possible time to obtain a competitive tender. Comparing our tender prices to other projects that were happening around the stadium, we found that the overheads and profit margins were much higher on the stadium. It cost 20% more to cast a cubic metre of concrete in the stadium than in the adjacent Waterfront at the same time.

What was the biggest challenge in terms of cost management?

It's no secret that the budget was under tremendous pressure. I started in August 2007 and in October 2007, after only two months, we informed the client we needed another billion rand. The biggest challenge for me was to calculate the estimated final cost because the stadium design was constantly changing and developing. It is a unique building that doesn't get built every day, so everyone was working on

something that was totally new. So as the design developed, the cost kept moving.

Professional fees were calculated on the total project value, which is fair in view of the tremendous amounts of changes throughout the project. Everything was priced net from the contractor: a variation had to have the contractor's profit and attendance added to every item, and then you had to add the fee. In October 2007 we rebudgeted the entire project and projected a final cost around R4,1 billion. That eventually became R4,3 billion.

How did the 'value engineering' influence the budget?

We had weekly value engineering meetings, but I am not sure if much of it got implemented because this locomotive was just running away. Time was limited to investigate alternative designs and cost them. At the end of the day, these mega-projects are unique and the normal economies-of-scale rules are not applicable to them.

What would you have done differently if you could?

The original budget was done by Davis Langdon International Sports Group in the UK. But if I had to do it again I would obtain more input from the local teams who have a much better understanding of South African conditions. The international experience from the Olympic Games in China or the UK was only partly relevant or useful.

What was your most difficult day?

The cost reports were very difficult. I still remember, a week after starting on the project, attending a meeting at the City of Cape Town. We were meeting with Mike Marsden, the City Engineer at the time, to

discuss the tender report of the precast concrete units. I went into the meeting and introduced myself to Mr Marsden, saying that I was officially taking over the project as the lead quantity surveyor and half an hour later I had to tell him that there was an enormous overrun on the precast budget!

What were the most valuable lessons that you learnt?

At the time when the budget was done the quantity surveying firms came under a lot of pressure from all parties, who believed that the budgets were too generous. Of course, when the tenders came in, the opposite was the case. You never know which side of the fence you will be seen to be on.

The pace was also incredible. I don't think people realise how hard you have to work to just keep up with the project. People ask me all the time if I would do another one like this, and, to be honest, I don't think I would...