

# **THE POTENTIAL FOR ADOPTING GMP/TCC IN SRI LANKAN CONSTRUCTION INDUSTRY**

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Degree of Master of Science in Project Management

Department of Building Economics

University of Moratuwa  
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Thesis / Dissertation submitted in partial fulfilment of the requirements for  
the Degree Master of Science in Project Management

Department of Building Economics

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December 2014

## Declaration

“I declare that this is my own work and this dissertation does not incorporate without acknowledgement any material previously submitted for a Degree or Diploma in any other University or institute of higher learning and to the best of my knowledge and belief it does not contain any material previously published or written by another person except where the acknowledgement is made in the text.

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The above candidate has carried out research for the Master of Science (Project Management) dissertation under my supervision.

Signature of the Supervisor:

Date:

## Abstract

### **The Potential for Adopting GMP/TCC in Lankan Construction Industry**

Increasing project complexity, schedule constraints and budget limitation causes a strong call for changes in construction contracting procedures. There has been a trend in world for applying both Guaranteed Maximum Price (GMP) and Target Cost Contracting (TCC) to align the interest of owners and contractors together. However, this practice has not yet evolved in the Sri Lankan construction industry and the knowledge about it is poor. Therefore, this research investigates the potential for adopting GMP/TCC in the Sri Lankan construction industry. Through literature review success factors for implementing of GMP/TCC and difficulties in implementing GMP/TCC was identified. Semi structured interviews were conducted to obtain the perceptions of the industry experts in order to find the level of existence of success factors and manageable level of difficulties relevant to GMP/TCC. The study concludes that favourable environment exists to development of GMP/TCC in Sri Lankan construction industry. The research helps key project stakeholders to equip with a knowledge and understanding of GMP/TCC and generates a useful outcome to construction industry of Sri Lanka to drive for increased efficiency in overall project performance.

Key words: Construction Contracting, GMP/TCC, Sri Lanka



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***Dedication.....***

*To my beloved parents*

## Acknowledgement

I would like to extend my sincere gratitude to the individuals and organisations who supported, encouraged and extended their kind collaboration in different manners with the intention of complete this dissertation.

First and foremost, I would like to express my earnest gratitude to Mr. Suranga Jayasena for his extremely considerate guidance and support as my dissertation supervisor. His advice and patience really strengthened me throughout the study to make this effort a success.

I would like to acknowledge the immense support of Mr. Indunil Seneviratne, Head of the Department of Building Economics. My sincere gratitude must be expressed to the guidance provided by Dr. Y.G. Sandanayake as the Dissertation Coordinator.

I must express my greatest gratitude to Mr. Lakshman Ramanayake, former Chief Quantity Surveyor of State Engineering Corporation as my former officer-in-charge for providing me an invaluable support throughout the MSc. Programme as well as in the data collection stage. Further, I owe a word of appreciation to staff members of State Engineering Corporation and Kalu Ganga Water Supply Project who supported me in numerous ways to complete the M.Sc. programme successfully.

It is my duty to thank Mrs. C.J.D. Perera, Project Director, Kalu Ganga Water Supply Project for the support she provided in the interviews. Further, I would like to render my gratitude to all participants who shared their experience and knowledge in the data collection stage.

It is also my duty to acknowledge the senior lecturers and lecturers of Department of Building Economics for their assistance and guidance. I appreciate the help given to me by the non-academic staff members of department including Ms. Lakshmi Siriwardana. I am forever grateful to my parents and Asiri for their love, emotional sacrifices and their encouragement to make this dissertation a success. Last but not the least; I would like to thank my batch mates including Ms. Manori and Ruvani for giving me the strength and encouragement throughout this study.

## Table of Contents

Declaration .....	i
Abstract .....	ii
Dedication .....	iii
Acknowledgement .....	iv
Table of Contents .....	v
List of Figures .....	viii
List of Tables .....	ix
List of Abbreviations .....	x
<b>CHAPTER 1 – INTRODUCTION TO RESEARCH .....</b>	<b>1</b>
1.1 Introduction .....	1
1.2 Background .....	1
1.3 Aim and Objectives .....	3
1.4 Methodology .....	4
1.5 Scope and Limitations .....	4
1.6 Chapter Breakdown .....	4
<b>CHAPTER 2 – LITERATURE REVIEW .....</b>	<b>6</b>
2.1 Introduction .....	6
2.2 Definition of GMP and TCC.....	6
2.2.1 Target cost contracting .....	6
2.2.2 Guaranteed maximum pricing .....	7
2.3 Features of GMP/TCC .....	9
2.3.1 Tendering method.....	10
2.3.2 Pricing mechanism .....	12
2.3.3 Contractor’s inputs in design and construction .....	14
2.3.4 Project variations .....	15

2.4 Critical Success Factors for GMP/TCC .....	17
2.4.1 Well defined scope of work.....	19
2.4.2 Demonstrated partnering spirit .....	19
2.4.3 Right selection of project team.....	20
2.4.4 Reasonable share of risk and cost saving .....	20
2.4.5 Early involvement of the contractor in design development.....	21
2.5 Difficulties in Implementing GMP/TCC .....	22
2.5.1 Unclear definition of changes in scope of work .....	24
2.5.2 Cost premium for GMP/TCC .....	24
2.5.3 Need for greater commitment by project participants .....	25
2.5.4 Unfamiliarity with GMP/TCC methodology.....	25
2.6 Summary .....	26
 <b>CHAPTER 3 - RESEARCH METHODOLOGY .....</b>	<b>27</b>
3.1 Introduction .....	27
3.2 Research Design.....	27
3.3 Research Approach.....	28
3.3.1 Survey .....	28
3.4 Data Collection .....	28
3.4.1 Data Collection Techniques.....	28
3.4.2 Interview Guideline Design.....	29
3.4.3 Sampling.....	29
3.4.4 Interview Process.....	30
3.5 Data Analysis .....	30
3.6 Writing of the Dissertation.....	31
3.7 Summary .....	31



<b>CHAPTER 4- ANALYSIS OF DATA AND FINDINGS .....</b>	<b>32</b>
4.1 Introduction .....	32
4.2 Data Analysis .....	32
4.2.1 Critical Success Factors for GMP/TCC projects .....	32
4.2.1.1 Well defined scope of work.....	32
4.2.1.2 Demonstrated partnering spirit .....	34
4.2.1.3 Right selection of project team.....	37
4.2.1.4 Reasonable share of risk and saving.....	39
4.2.1.5 Early involvement of contractor in design development.....	42
4.2.2 Difficulties in Implementing GMP/TCC .....	43
4.2.2.1 Unclear definition of scope changes in scope .....	43
4.2.2.2 Cost premium for GMP/TCC .....	44
4.2.2.3 Need for greater commitment by project participants .....	44
4.2.2.4 Unfamiliarity with GMP/TCC methodology.....	45
4.3 Summary .....	47
<b>CHAPTER 5- CONCLUSIONS AND RECOMMENDATIONS .....</b>	<b>48</b>
5.1 Introduction .....	48
5.2 Summary of Study .....	48
5.3 Conclusions.....	50
5.4 Recommendations.....	50
5.4.1 Success Factors.....	51
5.4.2 Difficulties.....	51
5.5 Limitations .....	52
5.6 Further Research Directions .....	52
<b>REFERENCES .....</b>	<b>53</b>
<b>APPENDICES</b>	
Appendix A: Interview Guideline.....	58
Appendix B: Example of Interview Transcript .....	61

## List of Figures

Figure 2.1 - Gain-share / Pain-share mechanism of GMP / TCC procurement strategy .....	8
Figure 2.2 - A typical procurement route of the GMP/TCC approach .....	11
Figure 2.3 - Client Influence over Design and Procurement Type .....	15
Figure 3.1 - Methodological Framework .....	27
Figure 4.1 - Coding structure of Well-defined scope of work .....	32
Figure 4.2 - Coding structure of Demonstrated partnering spirit .....	34
Figure 4.3 - Coding structure of Right selection of project team .....	37
Figure 4.4 - Coding structure of Reasonable share of risk and saving .....	39



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## List of Tables

Table 2.1 - Potential difficulties in implementing GMP/TCC .....	23
Table 2.2 - Summary of factors affecting the successful implementation of GMP/ TCC from literature review .....	26
Table 4.1 - Summary of Research Findings .....	46



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## List of Abbreviations

BOQ	-	Bill of Quantities
CIRC	-	Construction Industry Review Committee
GMP/TCC	-	Guaranteed Maximum Price and Target Cost Contracts
HKHA	-	Hong Kong Housing Authority
NEDO	-	National Economic Development Office



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