

Commercial Management in Construction

Module Descriptor

Module Code: MAN6CMC

Version: 7.00

Status: Final

Date: 18/03/2021

Summary Module Details

Module details

Module Title: Commercial Management in Construction

Module Leader: Martyn Quarterman

Module Mode: Supported online learning

Semester: Autumn (UK)

Level: 6

Credits: 20

Learning Hours: 200

Contact & Study Hours:

Directed Study Time: 90hrs (45%)

Self-Directed Study Time: 50hrs (25%)

Assessment Study Time: 60hrs (30%)

Assessment Type:

Coursework: 100%

Computer Marked Assessment: 0%

Self-directed Research Project: 0%

Portfolio: 0%

Module Summary

This module explores a range of strategic and operational issues in commercial management of construction experienced by contracting organisations. The dynamic business environment within which contracting organisations operate means that they need to be astute when competing or bidding for work and seeking to sustain their turnover and profit margin whilst enhancing stakeholder value. This module therefore provides an opportunity for the student to develop the knowledge, understanding and skills required to operate in this competitive commercial environment.

Taken on which Programmes

BSc (Hons) Construction Management (E)

BSc (Hons) Quantity Surveying (C)

Core (C) or Elective (E)

Module Aims

This module aims to:

- Develop understanding and the ability to critically evaluate the underlying concepts and theoretical principles in construction commercial management;
- Develop further knowledge, understanding and skills to solve a variety of problems in construction commercial management; and
- Develop research skills, and to be intellectually reflective.

Module Learning Outcomes

- LO1. Critically analyse concepts, theories, principles and processes relating to strategic and operational commercial management in construction.
- LO2. Analyse problems in construction commercial management and propose justified solutions to complex problems.
- LO3. Provide justified advice to contracting organisations regarding the achievement of project objectives, risk management and financial management.
- LO4. Discuss commercial leadership and the impact of sustainability issues.
- LO5. Evaluate the significance of business ethics and governance in dynamic and competitive business environments

Indicative Module Content

Module topics

- **Introduction to commercial management**

A study of the definition of what is the meaning of 'Commercial Management' in the context of the construction industry. How you differentiate general financial management and associated disciplines within construction. The specific role of the commercial manager as a discipline looking at what he or she does will be looked at in detail aligned with practicing commercial management in construction.

- **Commercial leadership including the importance of sustainability awareness**

A study of the reason for project failures, e.g. due to poor leadership, and the adoption of best practice. Corporate social responsibility and the clear need to address sustainability issues on a commercial basis will be reviewed against working practices.

- **Principles of strategic management and marketing in construction**

The importance to the construction organisation of the business development strategy, business model, management and marketing strategies, which together provide the business context that the commercial management function supports, and within which the commercial manager operates.

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- **Corporate governance including corporate environmental sustainability vision**

An examination of corporate governance within a company and the measures of control in order to ensure that the risks the company takes are monitored. This is to ensure corporate objectives as set out in the business strategy, are appropriate, proportionate and well managed. The importance of recognising the need to protect our environment in making executive decisions is highlighted.

- **Culture, ethics and the management of international construction**

An introduction to some of the background linking concepts of ethics and culture, particularly in the multicultural environment commonly presented by large projects carried out by multinational, multicultural teams.

- **Sources of finance and financial management**

Identifying the nature and purpose of the financial information typically used in a construction company including basic accounting control systems. Examine sources of corporate finance and the importance of cash flow in the running of a business.

- **Tendering and risk/uncertainties**

Study of the tendering and bidding policy formulation by the construction organisation for the purposes of securing workload from the market place in conjunction with a detailed study of risk management.

- **Overheads and profit**

Definition of the terms 'working capital', 'turnover', 'corporate overheads' and 'profit' and the relationship between them in the context of a construction company. Further, a look at the importance of this relationship in ensuring the organisation remains financially solvent.

- **Tender settlement and bid submission**

A look at the 'commercial cycle' model to gain an understanding of the conversion of the estimate to a tender for submission, through the tender settlement process. Understanding how this is ratified in order to set the budget for the project, should the submitted bid be accepted.

- **Bidding strategies**

Considering the organisation's 'future work' strategy, the process through which such a strategy could be developed and its relationship with the company's business plan, business model and marketing strategy, and the factors which will influence its content and development.

- **A client's view of commercial management processes and how they satisfy the needs of clients**

An overview of the need to report accurately the financial status of the project enabling the client to assess if the project remains within budget and the need for accurate forecasting to ensure adequate funds are available to meet applications for payment.

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- **Budget, budgetary control and cash flow**

Review the relationship between programme, budget, forecast cost, actual costs and predicted forward funding requirements in the commercial management of a construction company. Also, analyse the methodologies for monitoring project cash flow.

- **Outsourcing/sub-contracting and supply chain management including sustainability considerations**

The part the supply chain now plays in delivering the project post contract award, considering the current forms of building procurement and current sustainability initiatives.

- **Risk management**

A study of the difference between risk and uncertainty, both in conceptual terms and in terms of their management. A review of methodologies in common use for the management of corporate and project-based risk with a focus on behavioural aspects and their effect.

- **Open book accounting**

An explanation of the term 'open book' and the circumstances revolving around this type of arrangement being made between the client and the construction company relative to project costs and budgetary control.

This content will be reviewed and updated regularly to reflect the legal, moral and financial changes in professional standards and practice.

Overview of Summative Assessment

| Module learning outcomes | Assessment | Word count or equivalent | Weighting |
|--------------------------|-----------------------------------|--------------------------|-----------|
| LO1, LO2, LO3, LO4 | Assessment 1 Coursework | 2,000 | 40% |
| LO1, LO2, LO3, LO4, LO5 | Assessment 2 Coursework | 3,000 | 60% |

Module Pass Mark (as a weighted average of all assessments): 40%

Key Module Learning Resources

Core Sources and Texts

The core reading resources within each module will be provided via the specific Virtual Learning Environment (VLE) module pages and within the e-Library. Additional reference material and supplementary resources to support your studies are available through the UCEM e-Library.

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Module tools

Students will have access to study materials, dedicated academic support, student forums, and learning activities via an online learning platform (VLE).

The module page on the VLE is broken down into structured study weeks to help students plan their time, with each week containing a mixture of reading, case studies, videos/recordings and interactive activities to go through. Online webinars/seminars led by the Module Leader can be attended in real time and provide opportunities to consolidate knowledge, ask questions, discuss topics and work through learning activities together. These sessions are recorded to support students who cannot attend and to enable students to recap the session and work through it at their own pace. Module forums on the VLE provide further opportunities to discuss topics with other students, complete collaborative work and get extra help from the module team.

Professional online resources

The e-Library provides access to trusted, quality online resources, selected by subject specialists, to support students' study. This includes journals, industry publications, magazines, academic books and a dissertation/work-based library. For a list of the key industry specific and education resources available please visit [the VLE e-Library](#).

Other relevant resources

Access is also provided to further information sources that include the British Library and Open University UK catalogues, as well as providing a monthly current awareness service entitled, **Knowledge Foundations** - a compendium of news, research and resources relating to the educational sector and the Built Environment.

The module resource list is available on the module website and is updated regularly to ensure materials are relevant and current.