KCA process

The focus of all KCA's is to deliver **high quality spaces on time**. The cost is relevant but we understand that there will be some 'wastage' in the quest of completing quality works on time.

In the recent past, few cases have been observed where not only have we NOT been able to deliver on time (or even cost), but most importantly, the quality has been far below expectation – this includes quality of both design and execution.

On analysis, it is found that the problems can be attributed to following key factors:

a. Very limited time given for site execution
b. Design changes made in last 3 months before target completion date of KCA
c. Delay in ordering due to 'budget' reasons
d. Inability of vendors to meet committed dates
e. Lack of thinking/co-ordination by ID team on related areas like security, automation, landscape

It has also been observed that:

a. All vendors are treated similarly. There is lack of clarity on who the 'high expertise / not easily replaceable' vendors are and how they are to be given more professional treatment.
b. While a lot of delay is due to 'cost', there is very little tracking or analysis of the final cost of delivering these areas.

How do we resolve this?

Run hard at the start (not at the end) wrt time

No.	Step/Action	No. of days (d) / months (m) from decision to start design of KCA	Responsibility
1	Ops Strategy associate should immediately be given responsibility of KCA	2d	Design HoD / RCEO
2	Finalization of brief	7d	ID Manager handling KCA (IDM) + Ops Strategy Manager (OSM)
3	Appointment of key consultants	21d	IDM
4	KCA level Budget to be put in system as per norms	21d	VEE
5	Complete concept design with CGI and take HoD/Director approval.	2m*	IDM
6	Share approved concept with CM-Finishing, MEP, KCA Procurement and Façade (if façade works are involved) teams	2m+7days*	IDM
6	Complete value engineering, budget reconciliation and place order for long-lead items.	3m*	OSM

7	Complete detailed design including coordinating of linked items like security, automation and landscape	3.5 m*	IDM
8	Prepare list of critical vendors and take approval of HoD-Design	4 m	OSM
9	Float tender and appoint vendor	4.5 m*	Procurement (KCA team)
10	Complete issue if package wise VFC	5 m*	ID Manager handling KCA (IDM)
11	Complete site works	8 m*^	CM-Finishing
12	Buffer	0.5 m (overall float)	
13	Opening to Customers (post snagging – 15 day review, snagging and rectification period for CM-Finishing, Design as well as Hospitality/Marketing)	9 m*^	IDM + OSM + CM-Finishing
14	Close KCA plant after budget review and learning summary	10 m*^	IDM

* Add 2 months if foreign designer or Indian celebrity designer.
^ Add 2 months if carpet area > 20,000 sft. and add 3 months if carpet area > 40,000 sft.

As can be seen above, the critical path wrt time is through the Design (including VEE) and Procurement and not through construction. Construction has to be given reasonable time to deliver good quality and that can only be done by ensuring that time is not lost at the start.

Treat critical vendors with professionalism:

1. World over great projects can be delivered in tight timelines only with goodwill of the supply chain (designers, contractors and material suppliers).
2. We cannot treat all vendors like commodities – some are critical to the success of the project and have to be dealt with differently. These 'critical' vendors shall be identified by OSM within 15 days of completion of detailed design and list approved by HoD-Design. Once finalized, OSM, IDM and Procurement (KCA team) shall have power to make concessions to our policies to ensure that 3. is attained.
3. Vendor goodwill can be earned by fairness – we have to ensure that they are treated with respect, make reasonable money, payments are made in time, they believe that they will get repeat work if they perform well and any issues raised by them are resolved in timely manner.
4. Judgement of critical vendors (especially designers) should be respected – if we have concerns, we can raise it to them but should willing accept their considered view.
5. We also should remember that not all items/materials are 'commodities' and can be replaced with something else. This should be implemented in line with 4. and for such critical items decided by critical vendors, we should not let budget become the cause for delay.

Make the right tradeoffs wrt budget

1. Note that KCAs typically cost <2% of the marketing project (MP) cost but create ~50% of its value. Delivering these in time is key to maximizing NPV of the MP.
2. Hence, while budget has to be adhered to, strategic business calls have to be taken by HoD-Design and/or RCEO on overall budget of the KCA to ensure that the more important objectives of quality and timeliness are not compromised.

3. IDM, OSM and Procurement (KCA) associates should bear in mind that overall KCA budget is important and there is only guidance value (not strict adherence) to allocation to individual items within that budget because this allocation is done by VEE with very little information. Hence, while trying to meet overall budget, always consider 'where to spend' is your decision not of the VEE team, who is largely interested in achieving overall budget only. Stop wastage but don't lost quality or value for budget reasons.

Avoid late design changes:

1. Post closure of detailed design, all design changes should be done only using 'change instruction' format (see *Annexure B*).
2. Once work starts on site, avoid changes. OSM shall have power to reject any changes which are likely to affect timely delivery.

Do not tradeoff quality and timeliness:

1. Cost of delay in completion of KCA – lost/delayed sales in period of delay. Cost of poor quality KCA – we lose reputation forever.
2. All associates of the Operations team as well as business reps have to remember that during execution phase, do NOT force any tradeoff between quality and timeliness. As noted above, all the compression of time has to happen prior to start of works at site, not after start of works at site.

What is role of the business (represented by RCEO)?:

1. Ensuring that the aforesaid key tenets are met i.e. run hard at start, treat critical vendors with professionalism, make the right tradeoffs wrt budget, avoid late design changes, and do not push for or accept tradeoff between quality and timeliness.
2. Work with the functions to ensure that they have sufficient capacity to deliver, especially in the early stages i.e. pre-start of works at site.

Also refer to:

a. KCA brief format
b. KCA timelines policy
c. List of long-lead items

Annexure A

KCA Process – other guidelines (recommendatory in nature, ultimately OSM to decide):

	Type A KCAs (Time Critical) - Sales Gallery, Show flat, Club and any other with high customer impact if built early
	Design & VEE
1	ID brief shall be approved with HoD-Design with clarity on cost and time (for KCAs > 10,000 sft this shall also be reviewed by Director Design). This copy shall be immediately circulated to Procurement, VEE and CM-Finishing.
2	Based on brief, single no. budget will be specified in SAP by VEE, based on historic costs of equivalent completed projects. OSM + IDM will ensure same is met.
3	Drawings shall be issued by package (Civil, MEP, Finishing, Façade, Infra) (and can be divided into separate show flat and sales office packages). Dates for this should be stated in Design Brief and also informed to Contractor at time of appointment.
4	VEE shall prepare BOQ for ease in tendering (specifications) and floated with tender. This BOQ shall be indicative and will not be binding on Lodha and in case of conflict, drawings will prevail.
5	If any design changes are made after issue of drawings for a specific package and/or after (partial) execution at site, 'ID Change Instruction' Format shall be followed for such change instructions - this cannot be done post facto.
	Procurement
6	Procurement shall ensure that contract is awarded on basis of rate card for KCA (atleast 70% by value) and balance non-rate card items on Cost + pre-agreed margin basis (open book method with reasonable proof of cost). Integrated contractor shall be appointed except for civil, facade, HVAC, specialist packakges (as per Annexure A) and FFE.
7	For Lodha Supplied material, standard PR/PO process shall be followed.
	Bill Processing and Payments
8	Accounts shall have a SPOC to process all bills for type A KCAs. For FFE items, payment shall be made within 5 working days as per approval of ID.
9	Ad-hoc payments to contractors shall not exceed 50% of the estimated value of works done by the contractor.
10	All bills shall be finalized within 60 days of opening of the KCA.
11	Upon acceptance of Sales Gallery / Show flat by the sales team / HFM, the projects must be closed out by a time period no greater than 3 months by ensuring all transactions are duly completed. Exception to the above requires the approval of the RCEO.

	Audit & Controls
12	Within 30 days of opening of KCA, inventory of all moveable items shall be made by ID and handed over to Hospitality/HFM (whoever is running the KCA).
13	Hospitality/HFM (whoever is running the KCA) shall ensure that the KCA is kept in 'like new' condition with regular maintenance and strong aesthetic focus. There shall be no involvement of ID or CM-Finishing in this, save and except anything which is a major change. Full refresh is to be done every 3 years - ID and CM-Finishing shall help with this.
14	Audit shall review 3, 5, 6 and 11 within 90 days of opening of KCA and present report to team. In case of any significant issues, discuss with COO/Director.

	Type B KCAs - Entrance Lobby and any other KCA
	Design & VEE
1	ID brief shall be approved by level 1-Interior Design with clarity on cost and time (for KCAs > 10,000 sft this shall also be reviewed by Director Design). This copy shall be immediately circulated to Procurement, VEE and CM-Finishing.
2	100 % Design (except FFE) shall b finalized at one time to be shared with VEE by ID prior to float of tender.
3	Budget control shall be at package (Civil, MEP, Finishing (ex-FFE) & FFE, Façade, Infra) level.
4	VEE shall prepare BOQ for ease in tendering (specifications) and floated with tender. This BOQ shall be indicative and will not be binding on Lodha and in case of conflict, drawings will prevail.
5	If any design changes are made after issue of drawings for a specific package and/or after (partial) execution at site, 'ID Change Instruction' Format shall be followed for such change instructions - this cannot be done post facto.
	Procurement
6	Integrated Contractor appointment should be on fixed cost basis, with pre-agreed cost+margin basis for changes. Scope shall be all works except façade, building linked services, specialized packges (as per Annexure A) and FFE. Façade and building linked FFE contract shall be awarded as per standard practice for other areas eg. on item rate basis.
7	For Lodha Supplied material, standard PR/PO process shall be followed.
	Bill Processing and Payments
8	For FFE items, payment shall be made within 7 working days as per approval of ID.
9	Ad-hoc payments to contractors shall not exceed 50% of the estimated value of works done by the contractor.
10	All bills shall be finalized within 60 days of opening of the KCA.
	Audit & Controls
11	Within 30 days of opening of KCA, inventory of all moveable items shall be made by ID and handed over to Hospitality/HFM (whoever is running the KCA).

12	Hospitality/HFM (whoever is running the KCA) shall ensure that the KCA is kept in 'like new' condition with regular maintenance and strong aesthetic focus. There shall be no involvement of ID or CM-Finishing in this, save and except anything which is a major change. Full refresh is to be done every 3 years - ID and CM-Finishing shall help with this.
13	Audit shall review 3, 5, 6 and 11 within 90 days of opening of KCA and present report to team. In case of any significant issues, discuss with COO/Director.

Annexure B

Change Instruction Format for KCAs

ID Change Instruction Format

CHANGE INSTRUCTION FORMAT DOC. NO : DCA - 0001

DATE:

1 Name of Project: _____
Plant within Project: _____

2 ORIGINATOR:
(Name of Lodha Associate who has instructed the change)

3 Contractor Impacted:

Contractor	Package

4 Photographs of impacted areas as on date of instruction:

5 Changes finalized and likely impact:

No.	Change (describe)	Ref Drg/Sketches	Likely Time Impact (Days)

Note: Cost impact also to be considered by Originator but final value shall be determined as per contract terms.

6	APPROVAL:	(level 3 b or higher)	Design - ID	Const Mgmt - Finishing
7	COMMENTS:			
11	ENCLOSURES:			