



Why Develop a Commercial Management Culture

The Institute of Commercial Management (ICM) defines commercial management as: 'The identification and development of business opportunities and the profitable management of projects and contracts, from inception to completion.'

In construction, commercial management generally refers to the overseeing and management of a project's finances as it progresses. It can also refer to the long-term management of business opportunities that will enable the organisation to develop and grow.

The Commercial Manager must maximise business potential in terms of growth and profitability, while monitoring and controlling internal processes as well as managing external relationships with subcontractors, clients, and so on.

Due to the complexity of valuing and costing construction projects, commercial management has developed into a technical discipline, most commonly undertaken by quantity surveyors. Often Quantity Surveyors progress to become Commercial Managers, with responsibility for a commercial team and reporting to the Project Manager.

A successful construction project is one that is delivered on time, to budget and at the required quality. Commercial Managers balance these drivers with longer-term strategy of the business and the client's own commercial drivers. If a project achieves, or exceeds, the anticipated return for the business, with the client relationship maintained or improved, then the commercial management strategy will be seen to have been a success.

A commercial management culture can be considered to cover:

Accounting.

Assessment of financial viability.

Budget planning, monitoring, and forecasting.

Estimating, tendering and procurement.

Cash flow forecasting.

Contract administration, valuation, variations, disputes, claims and negotiation.

Risk management and value management.

Supply chain management.

Business development and planning.

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