

Practice Notes Webinar Series

Webinar 4: Good Business Practice

Part 3: Establishing a Practice

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ISSUING INVOICES AND LATE PAYMENTS

PRACTICE NOTE - PN37 (GBP/ops/2)

STATUS - Current

ESTABLISHING A CONSULTING ENGINEERING PRACTICE

PRACTICE NOTE - PN55 (GBPops1)

STATUS - Current

CONSULTING ENGINEERS AND SUSTAINABLE DEVELOPMENT

PRACTICE NOTE - PN61 (GBP/ops/3)

STATUS - Current



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Introduction

- ◆ Purpose of Practice Notes 37, 55 and 61
- ◆ Establishing a Consulting Engineering Practice
- ◆ Issuing Invoices and Late Payments
- ◆ Consulting Engineers and Sustainable Development

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◆ Purpose of practice notes

Practice Note 55: Compliance, commercial and strategic considerations when establishing a new Consulting Engineering Practice.

Practice Note 37: To promote a uniform and consistent procedure for issuing invoices, facilitate payment, steps when faced with non-payment or unduly delayed payment by an organ of state.

Practice Note 61: To explain the concept of Sustainable Development and the role of the Consulting Engineer



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PN55: Establishing a Consulting Engineering Practice

- Introduction

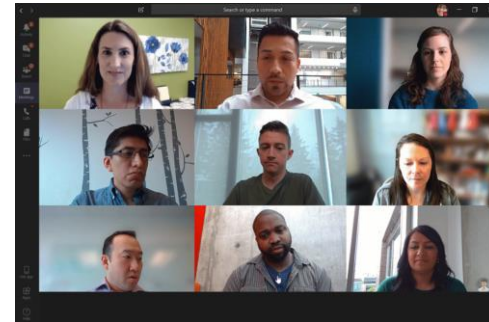
1. Industrial context of consulting engineering is fast changing
2. Infrastructure spend in decline
3. State capture and reduced governmental institutional capacity
4. Corruption and state tenders
5. Above lead to decline of large construction companies, similar in consulting: jobs shed, graduates unable to find employment
6. SA has absorbed non-citizen colleagues
7. Reduced hours/remuneration
8. Over-supply of services
9. Prospects for establishing a new Consulting Engineering practice - daunting

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PN55: Establishing a Consulting Engineering Practice (continued)

NEW OPPORTUNITIES

- Mobility of resources
 1. Fragmentation of large multi-national firms: in-sourcing, sub-consulting specialists
 2. Standing agreements, base flow of work
 3. Good networking required
- Technology
 1. COVID-19 lockdown
 2. Remote, Youth
- B-BBEE
 1. Preferential Procurement Regulations of March 2017 RET
 2. EME/QSE opportunities



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PN55: Establishing a Consulting Engineering Practice (continued 2)

BARRIERS TO ENTRY

- Open market competition where supply exceeds demand
- Tender requirements: company experience, key staff,
- Long lead in time from tendering to first cash flow

TRADE REQUIREMENTS

- Compliance requirements (CIPC, CSD, Tax, PI, Quality System, OHS Act)



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PN55: Establishing a Consulting Engineering Practice (continued 3)

PLANNING FOR THE NEW CONSULTING ENGINEERING PRACTICE

- Partners and Equity Distribution
- Equity valuation and dividend policy
- Designated Group
- Remuneration
- Business Management System
- Business Strategy and Objectives
- The board



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PN37: Issuing invoices and late payments

- Standard invoicing procedure
 1. Submit timeously
 2. Interest to be charged, have contract
 3. Statement
 4. Phone call
 5. Limit conflict: financial manager to authorise
 6. Tax invoice requirements



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PN37 (continued): Issuing invoices and late payments

- Tax invoices
- Monthly or current statement of account
- Payments
 1. Institution of legal proceedings against organs of state: Act No 40 of 2002
 2. Notice of intent
 3. Series of example letters
 4. Additional steps
 5. Procedure instituted by National Treasury: must be lodged in writing
 6. Failure to pay creditors

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PN61: Consulting Engineers and Sustainable Development

PURPOSE

- To explain the concept of Sustainable Development and the role of the Consulting Engineer in finding a balance between economic, social and environmental demands of a project.
- Includes tabular checklists towards ensuring sustainability requirements are being met, and introduces the FIDIC Sustainability Pack, and CESA Sustainability Reporting Framework.
- References for further reading are also listed.



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PN61: Consulting Engineers and Sustainable Development (Continued)

WHAT IS SUSTAINABLE DEVELOPMENT?

World Commission on the Environment and Development (Brundtland Report):

"Sustainable development is development that meets the needs of the present, without compromising the ability of future generations to meet their own needs."



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PN61: Consulting Engineers and Sustainable Development (Continued 2)

Why is sustainability necessary?

- Climate change
- Declining resources
- Increased regulation and voluntary codes
- Improved risk management
- Stakeholder expectations
- Financial benefit
- Reputation and trust



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PN61: Consulting Engineers and Sustainable Development (Continued 3)

Why does the Consulting Engineer play such a valuable role?

- Services in water supply, sewage and water treatment, waste management, energy, buildings and transportation
- Assist legislators, politicians and public to implement practically
- FIDIC Task force
- FIDIC Sustainability Pack (2nd Edition, 2013)



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PN61: Consulting Engineers and Sustainable Development (Continued 4)

Striving for balance

- Integrates environmental, economic and social dimensions
- Ensure technical excellence, considering balance between environmental, economic and social.

CESA Sustainability Reporting Framework

- Member firms required to submit annual declaration



Thank you

**‘Your Partner in Enabling
Consulting Engineering
Excellence’**