

# **BUSINESS GUIDELINE 13 GB**

## **ERECTION AND SERVICE**

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## 1. Introduction

Under the principal heading of „Erection and Service“, this guideline deals with two different subjects which are, however, closely connected. Their common feature is that they are provided by the pump suppliers at sites away from their own plants.

The relevant subjects are:

On-site installations, which embraces all operations on site such as erection, commissioning, trial running and acceptance test, and after-sales service, which includes maintenance, inspection and on-site repairs.

In terms of cost, various possible approaches are open to pump suppliers:

One: To regard as a „sale tool“ and to treat costs as general percentage added to overheads (particularly with regard to total services costs where quite arbitrary charges can be made totally unrelated to the real costs involved).

and

Two: To treat as an independent cost and profit centre. Naturally there will be a large number of cases where a compromise between these two definitions will exist.

In all cases, however, clarity as to the cost arising is essential. It is highly probable that initially unforeseen additional costs will arise, as the nature and extent of the various services of the pump supplier are virtually impossible to predict in advance. Additional cost due to the extra services may arise in particular in the following cases:

- Deficient co-ordination, or lack of co-ordination, between customer and the supplier prior to commencement of the work.
- Failure of the customer or other contractors to carry out preliminary work adequately.
- Modifications.
- Delays.
- Interruptions.

## 2. Definitions

### 2.1 General

On-site services are provided at the installation sites of pumps and pumping systems. For this purpose suppliers send their staff to the outside work locations.

### 2.2 On-Site Installation

This refers to establishment of the complete functional capability of a pump or pumping system at the installation site. In particular, it relates to installation and assembly ready for operation. On-site installation ends with functional testing.

### 2.3 Commissioning

This means that a pump or pumping system, after completion of installation, is put into the intended operating conditions.

## 2.4 Trial Running

This follows commissioning. It demonstrates the operational service ability of the pump or pumping system under operating conditions.

Trial running sometimes also serves to familiarize the operator's staff with the operation and maintenance of the pump and pumping system.

## 2.5 Acceptance Testing

These test of pumps and pumping systems, which are most often conducted at the manufacturer's plant, serve to demonstrate the characteristics (e.g. capacity, noise behaviour) stipulated and guaranteed in the contract.

If the Customer asks for another test on site, the extra price must be clearly stipulated. The Manufacturer must define the measuring conditions, so that in the case of discrepancies, the onus is on the customer to demonstrate that the measuring conditions and equipment are in accordance with specification quoted.

## 2.6 Maintenance

This covers the measures taken to ensure that pumps and pumping systems continue to operate according to specifications.

## 2.7 Inspection

This relates to the measures for determination and assessment of the actual condition of pumps and pumping systems. Inspection is often carried out regularly.

## 2.8 On-Site Repairs

Damage to pumps and pumping system is repaired on-site.

# 3. **Contractual Considerations**

- 3.1 To ensure that the on-site services can be provided successfully, the relations between those concerned (the pump manufacturer and the customer) must be taken an appropriate and practical form. For this purpose contractual agreements are necessary in addition to the legal requirements in force. These agreements may form part of the supply contract.

The contractual responsibility of each party must be defined clearly and completely. They depend specifically on the nature and extent of the on-site service and greatly affect the apportionment of the costs arising.

Particularly attention should in general be devoted to the following points in the draft of contracts:

- Extend of goods and service supplied
- Price and method of payment
- Period for performance
- Bearing of risk
- Guarantee
- Cooperation of customer

Matters specific to the various on-site services and to the particular transaction must also be agreed including the rights and obligations of both parties.

Note that the extend of the supply and its timing are largely determined by the situation at the site.

### 3.2 Services provided by the pump supplier

In the case of on-site services, special attention must be paid as to whether or not the supplier assumes responsibility for various additional items without the main work could not be carried out e.g.:

- Provision of fixtures, heavy tools, lifting gear and special equipment for staff, unloading, transport and storage of pumps and equipment: making connections for electricity, gas, water and compressed air, etc. at the site.
- Provision of accommodation for staff, storage yards and access tracks/roads.
- Appropriate safety equipment according to national requirements.
- Making of foundations and conduct of civil works.
- Security of site.
- Arrangements of insurance policies.

### 3.2 Duties of the pump purchaser (customer)

The customer undertakes to give his contractual partner full support and to make the site available in a condition enabling the works to be commenced. He will normally assume responsibility for a number of operations which are essential conditions for the performance of the supplier's work e.g.:

- Provision of covered space, storage yards, accommodation and lifting gear.
- Provision of fuels and other consumables, lighting, heating and electric power.
- Provision of auxiliary staff.
- Performance of civil works.
- Making of foundations.
- Obtaining licences, permits, etc.

## 4. **Types of costs**

The following are included among the pump supplier's costs in respect of on-site services, when appropriate:

- Staff costs.
- Staff travelling and overnight accommodation expenses.
- Staff equipment costs.
- Cost of fixtures, special tools, equipment etc.
- Transport, loading and unloading and storage costs.
- Costs of accommodation, day-rooms and workshops.
- Cost of fuels and other consumables.
- Cost of third party services.
- Insurance premiums.
- Taxes and duties.
- General overheads.

## **5. Price basis**

There are a number of possible price bases, e.g.:

- Staff charges rates, by means of which the price of each individual on-site service is calculated on a time basis.
- All-in price covering all on-site services.

The price basis must be expressly agreed before the work begins.

## **6. Unforeseen costs**

There must be agreements to cover all other contractual matters, for details see other relevant EUROPUMP guide-lines covering problems on supply.



