



Construction Manager at Risk

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Selecting a project delivery method is a critical first step for owners beginning a construction project. Owners now have more options for project delivery. These range from the traditional design-bid-build to construction management to design-build and integrated project delivery. Each project is unique, and owners should fully analyze their options before beginning a project.

Construction management is a delivery method similar to the traditional design-bid-build method. The Owner still has separate contracts for the architect and contractor. However, this approach includes the Contractor in the project development early in the process. Unlike design-bid-build, the Owner interviews and selects a contractor before the design and bidding documents are fully complete. This allows the construction manager to participate in the design. Once the design is complete, the construction manager acts as a general contractor. The construction manager sets a guaranteed maximum price (GMP) and then awards subcontracts based on proposals.

Construction management has many advantages. It reduces the management burden on the Owner, and the GMP offers the Owner some cost security for the project. The construction manager's early involvement and input on the design improves constructability and the accuracy of estimating. In addition, construction management allows the Owner to select a contractor based on quality, rather than solely on cost.

However, there are disadvantages too. If the GMP is based on incomplete design documents, it may put the construction manager at risk for significant cost overruns. A disadvantage for Owners is that construction managers may charge a higher fee for their management services and the risk incurred with the GMP. Further, this method may require more meetings between the architect and construction manager, and the architect may increase its fees accordingly. Finally, despite the early collaboration on design, this method still requires two separate contracts for architects and contractors. This may lead to traditional adversarial relationships. And tensions over quality, schedule, and budget may arise between the architect and construction manager.