



SMART OWNERS KNOW THEIR OPTIONS

Joseph A. Cleves, Jr.

Most Owners are unaware of the different project delivery options available to them. But those who are aware may select the project delivery method that best suits their projects. This blog quickly summarizes four project delivery methods available to Owners.

The traditional and most familiar method contemplates an Owner contracting separately with the Contractor and the Architect. The Architect completes the plans and specifications for the project, and the Owner selects the Contractor with the lowest bid. This method can be advantageous because of its familiarity, its concentration on lowest bid, and its simplicity for uncomplicated projects. However, it also presents disadvantages. Change orders are more likely because the contractor does not assist in the project design. Additionally, Contractor and Architect place blame on each other because of their segregated roles. Change orders and claims dramatically increase project costs and time.

A second approach is the Construction Manager (CM) at Risk method. This method parallels the traditional approach but includes the Contractor in the project before the Architect finishes the design. This allows the Contractor, or CM, to help with the design. During the construction phase, the CM resumes its traditional role of general contractor. One primary advantage of this method is that it allows the Owner to select a Contractor based on quality rather than cost, while retaining the familiarity of the traditional method. However, the CM at Risk method presents disadvantages. When the CM's role shifts to general contractor, tensions over quality, schedule, and budget can arise. Claims may result, and the adversarial nature of the construction process returns.

A third method, known as Design-Build (DB), allows the Owner to hire one entity to deliver a completed project. The owner provides the DB team with a preliminary design, and the DB team finishes the drawings and receives proposals from subcontractors. The primary attraction of DB is the single point of responsibility in the Design-Build team. This minimizes the owner's risk, reduces the likelihood of change orders, and reduces construction delays. However, DB also presents some serious disadvantages. The method is complex for an inexperienced owner, who must clearly define the design from the start. Furthermore, because the Architect and Contractor work together, the checks and balances system is lost, and quality may suffer.

Finally, the fourth method, Integrated Project Delivery (IPD), provides for the Owner, Architect, and Contractor to enter into one contract. All three parties participate in the project from design to construction to improve the design and achieve a better, more efficient project. To incentivize the parties to work together, the parties share in the risks and the savings of the project. IPD boasts advantages such as better quality, more savings, and an on-schedule project. Furthermore, IPD dissipates the adversarial relationship that plagues many of the construction methods discussed above. Despite these advantages, IPD does have some drawbacks. The process is unfamiliar for owners and requires the parties to trust each other. Therefore, IPD is not feasible for all projects or all parties.