

THE IMPORTANCE & EXPANDING ROLE OF A OWNER'S REPRESENTATIVE

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More often than not, an owner's first move after securing financing and some of the necessary approvals on their project is to hire design firms to continue the pre-construction process. After the documents are completed, the owner will then look to get them out to the general contractors. Between the design and contracting firms, the owner is nearly complete with the hiring of the project team. In addition, these firms will be more than capable of managing the entire project on the owner's behalf.

NOT SO FAST.

Let me introduce you to the Owner's Representative - an individual or company hired to act as an extension to the owner's staff, protect the client's interests, assemble all of the required consultants, design firms, contractors, and vendors, and coordinate and effectively communicate to the team's members throughout the project's life-cycle, from cradle to grave. All of this while paying close attention to budget and schedule.

AS AN OWNER, WHY DO I NEED AN OWNER'S REPRESENTATIVE?

LACK OF TIME.

Whether building out of the ground or moving into an existing space, there is proper planning required that is absolutely necessary for a successful project. And it doesn't matter if you're moving into a 3,000sf space or building a new 200,000sf facility, as an owner you have to devote the time to your project and team.

The most critical and time consuming phase of any project is prior to putting a shovel in the ground. The owner, in order to minimize financial and schedule risks, needs to hire ALL of the project team members as early in the process as possible. Thereafter, the members need to be provided with the appropriate information in order to carry out their required tasks. The owner also needs to consistently manage the team during this pre-construction phase to ensure the correct information is identified on the construction documents, and more importantly, is thorough and complete.

Does an owner have the sufficient amount of time to dedicate to a project, especially during this stage? Typically, no. Owners many times feel they can manage their project while running their full time business. An Owner's Representative can oversee and address all of the details so owners can focus on their company.

AS AN OWNER, I ONLY HAVE TO HIRE THE ARCHITECT AND CONTRACTOR, AND MAYBE A VENDOR OR TWO, CORRECT?

Some owners are under the impression they are only responsible for the design firms and general contractor, but that is certainly not the case.

Depending on the building type, here are some examples of vendors/firms the owner typically hires direct and do not work for the design firms or contractors:

- ▶ Testing & Inspections (soils, concrete, steel, roofing)
- ▶ Furniture
- ▶ Information Technology

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- ▶ Low voltage (phone & data)
- ▶ Audio Visual
- ▶ Security
- ▶ Signage
- ▶ Moving

The above represents only a portion of the list, but the bottom line is the owner needs to identify the required firms early in the process, hire, and coordinate to ensure minimal schedule and cost overrun issues.

WHAT ARE SOME OF THE “MYTHS” REGARDING OWNER’S REPRESENTATIVES?

Myth #1 - The Owner’s Representative is an additional, unnecessary expense to my project

The owner’s representative should not increase overall project costs. As on every project, budget management is paramount. The advantage of the owner’s representative’s presence early in the process is by managing the entire project team, from design through move-in, costs are reduced as a result of close coordination.

Therefore, the “additional” fee is typically not additional after all, as costs are redistributed with reduced project budgets resulting from a more focused and efficient process.

Myth #2 - The other project team members view the Owner’s Representative as a “roadblock”

Many of the team members (architects, contractors, consultants, and vendors), have aggressive profit margins, especially in these challenging times. While assembling their proposals, they are also assuming a certain number of hours dedicated to each project. These team members rely on the owner to deliver information to them in a timely manner in order to keep pace with their own internal budgets. Part of the owner’s representative’s role is to assist all of the project team members by extracting this information from the owner, and communicating back to them. With the absence of an owner’s representative, many project team members can lose money if an owner is not on time with responses to inquiries. And at times, claims can be filed.

IS THE ROLE OF THE OWNER’S REPRESENTATIVE EXPANDING?

In the past 10-15 years the role has expanded greatly, more firms have been established from construction and design executives entering the field as a result of the economic downturn. This coupled with owners making tough decisions about layoffs has increased the importance of the Owner’s Representative.

Owners have been taking notice more recently due to ObamaCare, the number of firms in the market place, and quite frankly in speaking with other owners whom have experience using an Owner’s Representative. The “quality of life” factor also helps owners to make the decision to hire part time support. After realizing that running project can be more time consuming than originally thought while trying to concentrate on their own business, usually is the point where an owner seeks help, if not sooner.

Design and contracting firms are beginning to see the value of an Owner’s Representative as well. Having someone as the focal point of a project allows each of the team members to have a sense of security knowing the project will be closely monitored. This lends to quicker decisions for everyone which translate into higher profit margins.

FINAL THOUGHTS...

By no means is Owner Representation rocket science, but it is necessary. Clients need experts to work on their behalf to bring in-depth project knowledge to the table, be aware of current codes and technologies, and assemble the best project team possible. This will allow delivery of a successful project to the client from a budget and schedule standpoint while meeting expectations.

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We can somewhat compare the role of an Owner's Representative to a CPA. If you're a business owner and it's time to file your taxes, do you try to do it yourself? Are you familiar with all of the rules and ever changing regulations of the IRS? I doubt it.

CASE STUDY

A client hired The FGX Group, LLC to manage a fit-out for space in an existing medical office building.

During the design phase, the mechanical engineer proposed a certain number of heat pumps for the space. It was determined by The FGX Group that three (3) of the pumps could be eliminated due to proposed utilization. As a result, there was a savings of approximately \$10k in equipment, material, and construction costs.

This savings single handedly paid for the Owner's Representation fee, and construction hadn't even started.

ABOUT THE AUTHOR



FRANK GALLAGHER, P.E., PMP, LEED GA is President of The FGX Group, LLC, a consulting company based in Wayne, PA. Focusing on the commercial real estate industry, The FGX Group, LLC assists its clients with program management within various markets, such as healthcare, institutional, industrial, corporate, retail, and mixed-use. The FGX Group, LLC specializes in assembling, coordinating, and managing professional teams on behalf of the owner while closely overseeing project budget and schedule, and meeting their every expectation. The FGX Group, LLC provides owner representation services throughout the Pennsylvania, New Jersey, and Delaware regions.

Frank has 20+ years of experience directing and coordinating design and construction activities. An expert collaborator who creates rapport and trust in relationships with other departments, staff, and customers, he is an effective communicator at all levels. An outgoing, analytical self-starter, Frank is dedicated to customer service, inspires confidence, and consistently delivers projects on, or under, time and budget.

Frank attended Villanova University and graduated with a Bachelor of Science Degree in Civil Engineering. He received his Professional Engineering License in 2002 as a Civil Engineer. He also received certification as a Project Management Professional (PMP) and earned his LEED Green Associate credential, both in 2010.

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