WHAT METHOD OF CONSTRUCTION IS RIGHT FOR YOU?

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Having grown up in this business and discussed projects with literally thousands of clients and potential clients, I can confidently say there are few things in life that elicit the breadth of emotions that construction projects generate for their owners. Especially for small and mid-sized business owners who are not in the business of real estate development. The process can be an emotional roller-coaster, the intensity of which can be more or less depending on the construction method used to bring a project to fruition. Design-Bid-Build or Design-Build? The method that is right for you may depend on your situation. Most people define the design-build method as having "single-source responsibility". But what does that mean, exactly? Non-developers often find it helpful to consider the impact of design-build's single-source responsibility in three ways...

EMOTIONALLY

Both methods begin with the design process and it can be a very emotional journey. Owners experience the fun of joining in a creative process, the excitement of taking the next big step in the company's future, the disappointment in realizing that some things are unaffordable, and the stress of taking on loans.

The process starts innocuously. The needs of the company, staff and customers are assessed along with the needs of the building itself. Designers ask questions like:

> "How can we incorporate your company brand?"
> "What should our entrance and lobby look like?"
> "How can we 'wow' our visitors?"
> "What special things can we do for employees?"
> "What do you want the executive offices to look like?"

Eyes grow wide. Ideas are offered. Interior colors and finishes are selected. Floor plans, elevations and renderings are created. And before long the building, and in many ways the physical manifestation of the owner's vision for his/her company, is suddenly on paper in front of their eyes. It's easy to see how both the client and architect are not only excited to build it, but emotionally invested. The owner, especially, is eager to make it a reality.

In the design-bid-build method, the owner engages an architect well before they reach out to any builders. The risk here is that without the simultaneous engagement of the project management and construction staff, owners and designers often get caught up in the creative process and lose sight of their budgetary limitations. When they do finally present the plans to general contractors for bid, they find the dreams they spent so much time planning on paper are out of reach. Simple value engineering can sometimes help bring the project back into an acceptable budget. But not always. Either way, owners find themselves faced with design delays which translate to more time and expense.

In contrast, the design-build process places all stakeholders – architectural, project management and construction– under one roof and seeks to engage them as early on as possible. The goal is to have all parties fully understand and embrace the

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visual, functional and budgetary objectives. With all stakeholders engaged early on, they are better able to to meet these objectives and avoid designing something that is not affordable. Often, the team is able to value-engineer a look and feel that meets the desired aesthetic at a fraction of the cost. As a result, there are fewer revisions and change orders. The emotional peaks and valleys are less severe. And momentum is constantly forward.

CONTROL AND RESPONSIBILITY

Now let's consider how the amount of control and responsibility differs for each method as the project transitions from design to construction.

In traditional design-bid-build, the risk of adequacy of design is on the owner. The specifications and drawings provided by the owner to the contractor are "design specifications." Under construction law, the owner warrants their adequacy, meaning the contractor is responsible only for building to the design and does not guarantee that any particular outcome will be achieved.

In design-build, on the other hand, the design-build entity is responsible for achieving the objectives in the statement of work. Design and construction are performed by a single team, under one contract. This reduces the owner's risk from diffused responsibility and finger-pointing.

EFFICIENCY

This is really where the rubber meets the road. Non-developers have their own businesses to run. The fact that they are expanding means they have momentum and the last thing they need is to have a construction process slow them down. They just want it done – quickly, professionally, on budget and (if at all possible) yesterday.

The traditional design-bid-build method is inherently less efficient. Any number of things can cause delays. The lack of a dedicated project manager. Poor cash-flow by the GC. Sub-contractors mysteriously vanishing in the middle of a project. Owners acting as their own project manager who have experienced these challenges find themselves wondering if this project will consume them for the remainder of their natural lives.

In contrast, the Design-Build process by its very nature is better suited to keeping the project moving forward on a reasonable budget. When executed correctly, it ensures that the enthusiasm for what is being designed does not inadvertently push the project out of budget. The reasoning is simple... the design, estimating, and project management teams are sitting under one roof (in our case, 10 feet from one another). That proximity fosters stronger, faster communication and ensures that the client's needs, wants and budget are all being carefully balanced and considered every step along the way. So it's no wonder why these projects progress more efficiently.

Quantitatively, the Construction Industry Institute (CII)/Penn State Research compared 351 projects of various types and industries that ranged from 5K to 2.5M square feet. The data gathered showed that design-build projects were:

- 6% less costly
- 12% faster to build
- 33% faster to complete (end-to-end)
- Higher quality in all measured categories

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So if Design-Build is so great, so efficient, why isn't every project design-build? Well, as I said at the beginning, not all projects lend themselves to design build. Franchises that are all exact copies of one another for example or developers that have on-staff architects are good examples. There are plenty of other scenarios. In fact, our company produces just as much work operating as a GC as we do a design-builder. But we find that having all of the necessary resources under one roof provides value to our clients. And, more often than not, they are leveraged in some way to help us avoid potential pitfalls and move the project forward.

On the GC side of our business we spend a great deal of time helping our clients back out of situations where the construction estimate is far beyond what their architect forecasted or their budget affords. In some cases, we can find savings for owners through value engineering strategies like selecting less expensive finishes that still meet the look and feel that the design team had envisioned. Another strategy might be recommending small changes to the floor plan that might help reduce the costs of more expensive trades. Such cost-conscious modifications are suggestions that are made on a case-by-case basis depending on the purpose of the workspace. The downside is that owners end up selecting all of the finishes a second time (as if it wasn't stressful enough the first). In the end, hopefully, the project falls in line with their original budget. Whatever the case, it's easy to see how days are sacrificed here and there during this back and forth. And time, for both ourselves and the owners, means money.

I often look back at these slower projects and wonder how much time we would have gained if the client chose the design-build method from the outset. **What do you think?**

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