

The One Thing You **Must** Get Right Before Starting a Construction Project



Let's face it, if you are preparing to make a significant investment by building a new facility – whether a corporate office, a retail location, an industrial/manufacturing plant, or even a major renovation – there are a myriad of decisions to make. In fact, it can seem overwhelming just to ponder where to start or what mistakes one might make with a single, wrong decision.

Today's construction industry is littered with failed projects. Cost overruns, high interest rates, material increases, an increasingly tight labor market – all can have a profound impact on the ultimate success of your project.

So, what is the No. 1 thing you can do to insulate yourself from the volatile experience of building a new facility?

Experts increasingly agree that the most important thing you can do is to have the right contractual relationship with your construction company. Having the wrong contractual relationship – often referred to as a “delivery method” – with a general contractor can result in unwelcomed surprises, escalating costs, misunderstandings about the architect's drawings, and schedule delays that can doom your project.

“The choices for an end user on how to contractually align with a construction company boils down to three major choices,” says Ed Lorenz, CEO of WIELAND, an ENR Top-400 construction firm that builds facilities throughout the United States. “All three of the models have their merits, but the one delivery method with repeated success in the United States today is



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the Construction Manager (CM) method, which provides ultimate transparency and incentivizes all parties to work quickly, honestly and cooperatively together. We have the highest customer satisfaction when we use the CM method.”

According to Lorenz and other industry leaders, all projects have an owner, an architect and a builder. When there is not a reasonable balance between these three entities, the results may be problematic. However, the CM method works like a three-legged stool where the owner, the architect and the contractor are working together for the common good, which is to create a satisfied owner.

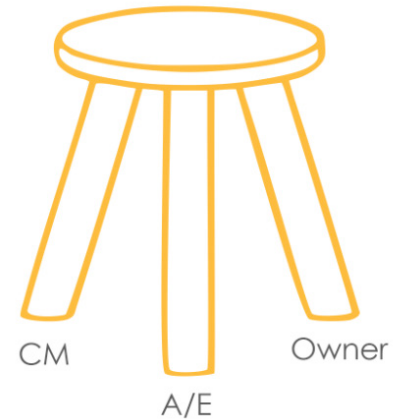
THE THREE METHODS AND WHY CM WORKS BEST

Some owners hire an architect first and never engage the expertise of a contractor to provide pricing checks throughout design. This approach normally leads to projects being significantly over budget, resulting in the architect having to re-design the facility – a process which often adds cost and delays the schedule.

Another common approach is to ask the contractor to hire the architect. This “design/build” approach can work in certain situations where speed is of necessity and the design is simple. However, it can also result in the owner losing control of the design process and the contractor “steamrolling” the architect into compromising some of the owner’s wants or desires.

CM: THE RIGHT SOLUTION

However, with the CM approach, the owner identifies and hires an architect, and concurrently finds a construction manager who works with the architect to efficiently design the building within the stated budget. The owner, the architect and the CM work seamlessly together, with no hidden agenda and no motive for additional profit. The only goal is owner satisfaction.



“We continually see the CM method resulting in satisfied owners who feel in complete control of the process from day one,” says Lorenz. “WIELAND routinely completes over \$400M of construction annually, with anywhere from 75-85% of its work done under the CM delivery method.”



One under-rated benefit of the CM method is the owner having full knowledge of all the costs of the architect and contractor in advance. A simple RFP (Request for Proposal) process can be implemented where the owner asks the architect and the contractor to disclose their fees and profit margins, in advance. With these important cost drivers already identified, the owner can be completely sure of these costs throughout the project, removing the risk of "hidden fees" or last second cost escalations which normally plague the industry.

As design moves toward completion, the CM is alongside the architect advising on constructability issues and the cost ramification of every design decision. At no time is the owner receiving major surprises about cost, and the architect is not under any illusions of over-designing. Together, all three entities – the owner, the architect and the contractor – are working together to drive efficiency and reduce costs.

PREPARE FOR SUCCESS WITH YOUR NEXT FACILITY

"The CM method for designing and building a building is a proven approach for success," Lorenz concludes. "The architect and the CM are assured of making a reasonable and competitively priced profit, by virtue of the RFP process that asks them for these fees in advance. The owner knows that both are now acting as his fiduciary. Together, all three partners can focus on completing design and starting construction with no hidden fees or agendas."



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WHAT'S NEW AT WIELAND

If you or your company are interested in learning more about the CM approach, or how to get your facility process started, feel free to call WIELAND at 800-633-5488 and ask for a business development manager in your area, e-mail WIELAND at business@wielandbuilds.com, or visit us at wielandbuilds.com

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