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PinnacleOne is a national construction consulting firm that provides sound advice, strategic solutions and peace of mind to its clients. Its diverse, highly trained professionals guide its clients through every step of the design, construction and contract closeout process to help them achieve their goals, and at the same time, avoid and manage risk.

PinnacleOne's unimpeachable objectivity, along with a proven approach to planning and attention to detail, has earned the company a reputation as one of

What Project Delivery Approach Should I Use?

Because major capital projects are designed and built (delivered) using many different approaches these days, this is a question that is heard time and again. The choice is sometimes made more confusing by the lack of understanding or consistency in the naming of the approach. This is the last article in a series providing an introduction and guide to each of the core project delivery approaches and emerging trends choosing and implementing these approaches.

Ideas Whose Time Have Come

Former Chrysler Motors Chairman, Lee Iacocca said, "Every business and every product has risks. You can't get around it." He was right, you can't get around it.

When you work on capital projects with values from millions to hundreds of millions of dollars, be they infrastructure or buildings, you get a real sense of the risks private investors and public entities take on. Move to the other sides of the table and you can also see the risks design professionals, general contractors, Construction Managers@Risk, and design-builders face each time they enter into a fixed price design contract, tender a construction bid, negotiate a Guaranteed Maximum Price (GMP) contract, or submit a design-build proposal.

At the heart of the owner's selection of a delivery approach is the identification of the potential risks inherent in the delivery of the project, assigning those risks to project team members, and negotiating an appropriate fee for taking these risks. While you can't get around risk, you can control them by the decisions and actions made early in a project.



[Richard Sitnik](#)

Richard Sitnik serves as Senior Project Manager with PinnacleOne. With over 20 years in project management, he brings a broad perspective to his projects having worked for general contractors as Project Manager and Estimator; for Real Estate Developers as Owner's Representative; and now for PinnacleOne as a Construction Consultant drawing on these experiences.

Mr. Sitnik graduated with a Bachelors degree in Architecture from Catholic University in Washington, D.C. and received his MBA in Finance from Rensselaer Polytechnic Institute in Hartford, Connecticut.

His strengths include managing projects from

the finest consultants in the construction industry.

Headquartered in Phoenix, PinnacleOne regional operations are located in Irvine, Los Angeles, Sacramento, and Hartford.

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There is always a trade-off between an owner's control of the project delivery process and the risks that come with this decision. Owners make this trade-off in large part when they decide on a project delivery approach, whether it be design-bid-build, multi-prime, Construction Management@Risk or design-build. This choice also dictates the amount of involvement, both in time and expertise, required of the owner to make the project delivery successful from then on.

For these reasons, a growing number of owners are engaging engineering and construction professionals as independent advisors to help them make informed decisions and meet these demands. This owner strategy is called by several names in our industry, but the concept is the same - these professionals advise, serve and represent the owner with no risk, or at least in theory, and without any other interest in the project other than the protection of the owner. This is an idea whose time has come!

Do Not Be Confused By the Name

In Connecticut where I live and work, this concept is known as Project Management and traditionally used in conjunction with design-bid-build, CM@Risk, and design-build project delivery methods. Often the entity providing this service is referred to as the "Owner's Representative." However, this term is not used everywhere. For example, the *AIA California Council Handbook on Project Delivery* defines this concept as CM as Advisor.

Confusion sometimes arises because in places like Connecticut, CM as Advisor has become synonymous with the multi-prime project delivery approach. In Connecticut, a "CM as Advisor" provides services during the design phase and is expected to serve as the contractor for a professional fee not at risk, provide project bidding and buyout, scheduling, coordination, and field supervision of the trade contracts, and in some cases, other project general conditions. In other places, this is known as "CM as Constructor."

In a multi-prime situation where the owner holds all contracts with the trade contractors, both CM as Advisor and CM as Constructor are different than a CM@Risk because they have not guaranteed the cost of the project. That said, there are even some people, right or wrong, who use the term CM as Constructor

inception, design development, funding approvals, and land use permitting through construction, move-in, occupancy and closeout, and maintaining strict controls on budgets and schedules. He is currently involved with the public school building program with the Town of Fairfield and the Hamilton Avenue School in Greenwich, CT. Mr. Sitnik has also been involved in the East Coast expansion of Home Loan Centers for Washington Mutual Bank overseeing the design, construction, and occupancy of over 40 projects in seven states and the District of Columbia.

Mr. Sitnik can be reached through PinnacleOne's Hartford, CT, office at (860) 704-6100.

interchangeably with CM@Risk.

If this sounds confusing to you, you're in good company. Even industry professionals have a hard time with it! For me, the distinction is whether or not the entity is at risk. If so, their interests can and will conflict with the owner's interests sometime during the project. Only if the answer is "no" can the owner count on the entity to provide independent, reliable advice throughout the design, construction, and close-out of the project.

For the purpose of this article, I will instead use the conjunctive name, "Project Management/CM as Advisor" to describe the idea of a construction professional serving *solely* as an independent advisor and representative of the owner. Don't be confused by my naming. If you live somewhere different and call it something else, call it that.

Project Management/CM as Advisor

If you are an owner, while you can't get around risks, it is possible to reduce them to an acceptable level. When given appropriate responsibility and the ability to provide effective leadership, Project Managers/CMs as Advisor promote project success through informed, experience-based decision making, and well-disciplined and regimented project controls.

The Project Manager/CM as Advisor can provide a wide range of services to the owner throughout the design, bidding, negotiation, and construction phase of the project. A number of these are as follows:

- | perform needs assessments
- | provide direction on alternate project delivery systems
- | assist in the selection of appropriately qualified consultants
- | manage governmental agency approvals
- | identify and manage risks

- | anticipate potential problems before they become costly
- | produce master budgets and schedules
- | establish project controls
- | control costs
- | perform quality controls

A Project Manager/CM as Advisor's maximum value occurs when they are engaged well in advance of design starting to establish controls, including budgets and master schedules. This contributes to more efficient designs, the less likelihood of surprises to the owner on bid day, and fewer change orders in the field.

Lack of factual, timely, and unbiased decisions can be one of the biggest causes of delays, cost overruns, and a general failure to meet project objectives. Project Management/CM as Advisor generally prevents this from occurring by providing the owner support and truly independent advice and counsel, helping the owner make informed decisions, and coordinating and balancing the multiple agendas and competing interests of the design professionals, contractors, and owners.

Program Management

Program Management is the same service as Project Management/CM as Advisor with the distinction that Program Management is the name given when it is used on large, complex, and multi-project programs. The benefit to the owner in having a Program Manager is the expertise and experience the Program Management firms have in managing not only a single project, but also looking at multiple projects in total to achieve consistency within the program and efficiencies (and cost savings) from economies of scale.

For example, a state, city, or school district may be tasked with undertaking a complete renovation of all their facilities. Often, it may not be possible to commit their internal resources or these resources are not sufficient to achieve

the desired goals. Rather than staffing up and facing layoffs when the work is complete, it often is advantageous to outsource to a Program Manager to oversee everything from programming, design and pre-construction to regulatory approvals, construction, financial management, and close-out.

With large programs, it may be advantageous for the owner to use various project delivery approaches within the program. The Program Manager can help the owner develop an overall strategy to manage the projects in the program, as each building project may differ in how they are constructed. With the Program Manager overseeing the process, one project may have an architect, general contractor, and a Project Manager/CM as Advisor, while another project in the program may be constructed by a CM@Risk or design-builder.

Project Management/CM as Advisor and Program Management are good for the construction industry in general. Firms offering this service provide unbiased independent advice from the project's beginning and carefully monitor the costs and schedule throughout the project to assist the owner in major decisions, and minimizing risk by identifying areas of concern. These firms have brought about a level of professional involvement and decision-making that was previously only available from the most sophisticated owners. In the long run, this benefits everyone involved with the owner's projects.

In all aspects of construction projects, there will be risk. Owners faced with the risks and responsibilities of choosing and implementing project delivery approaches, without the appropriate in-house technical capability or who need an extension of staff when timeframes restrict the use of internal staff, should seriously consider engaging a Program Manager and/or a Project Manager/CM as Advisor. They are ideas whose time have come.

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