

Best Practices for Exceeding Project Goals and Reducing Risk on Construction Projects

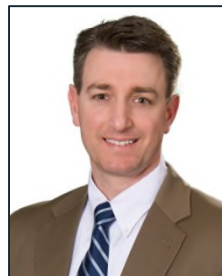


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Beginning of Design and Construction Project

- Ideal Process
 - Plenty of Time
 - Ample Budget
 - Project Goals Clearly Identified
 - Competitive Selection of Designer and Constructor
 - Abundant Information



But, IRL...

- Starting Tomorrow
- Way Over Budget
- Unresponsive Proposals
- Scope of Project is a Moving Target



Result: Do what you did for the last project with the same design and construction team.

What Happens?

- Late Completion
- Over-Budget
- Bad Fit, No Cooperation Among Team
- Disappointment
- Unhappy Stakeholders

Basically...

B R U C E W I L L I S

ARMAGEDDON



THOMPSON
HINE

The Fix



- Effectively Plan the Project Early
- Align Goals and Address Project Risks and Challenges
- Select Appropriate Project Delivery Method
- Use Good RFP/RFQ for Selection of Designers and Constructors

Best Practices of Construction Projects: Front End Planning and Process

- We will discuss in this seminar:
 - Review and prioritize critical project parameters
 - Identify constraints that limit possible delivery options
 - Review project delivery methodologies
 - Compare options based upon stakeholder priorities
 - Identify special tools to enhance project delivery success



Address Key Questions

- What are the critical project parameters?
- Absolute constraints that limit options?
- What is owner's need for control vs. shifting risk to designer and/or constructor?
- Type of project? (e.g., manufacturing, office building, infrastructure)
- Other concerns? (e.g., real estate, environmental, health & safety)



Roles & Responsibilities Of Stakeholders

- Management Profile:
In-House Expertise &
Resources
- Approach to Design
Management
- Tolerance for Risk
- Relationship Network



Project Management – The Problem

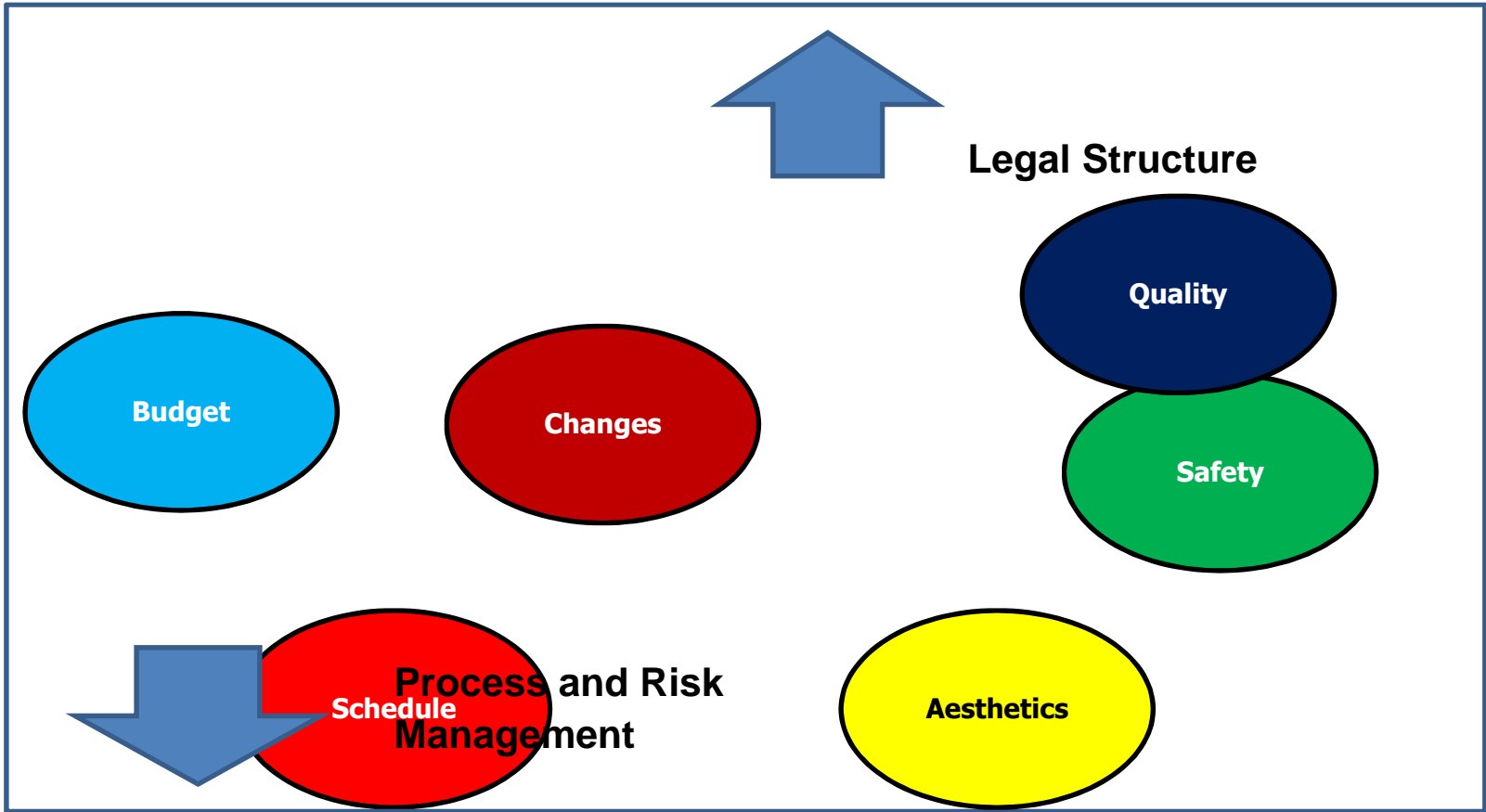
- Project delivery system often selected without objective analysis...
 - The way we always do it
 - What the Architect/Engineer wanted
 - The form the lawyer used
 - LET'S DO WHAT'S NEW AND EXCITING!!!
- ... and not tailored to solve project specific issues.
- Can lead to project failure—time, scope and cost



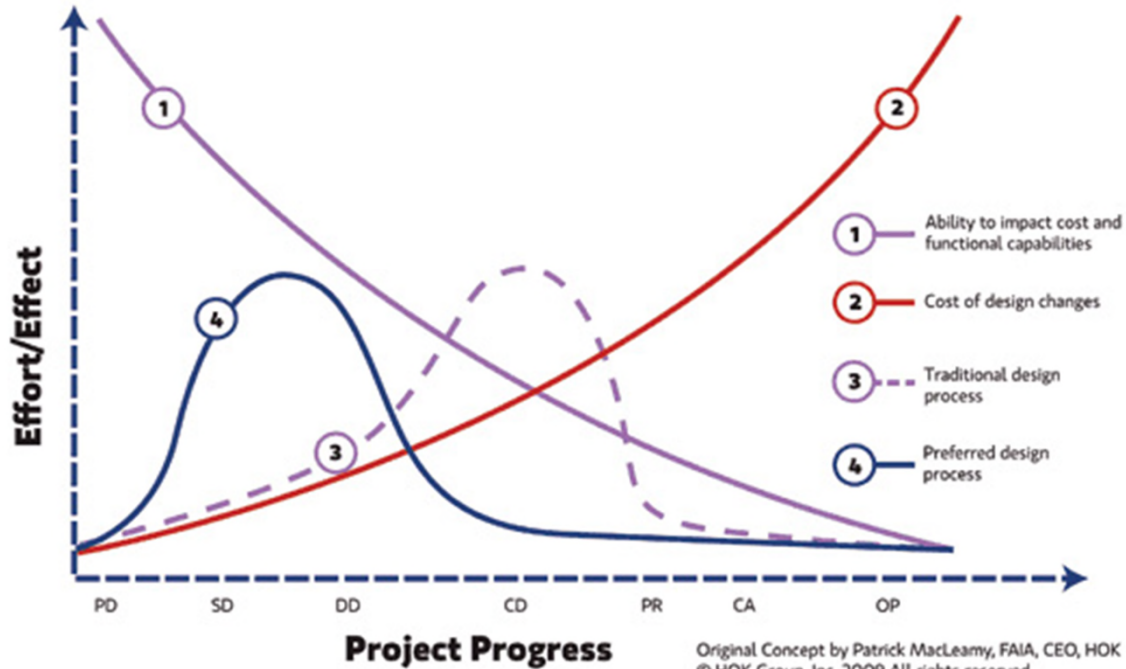
What is Project Delivery?

- Business and legal structure that identifies and aligns:
 - Project Goals
 - Project Requirements
 - Project Processes
 - Legal Structures
 - Risk Mitigation





Acceleration of Detail/Decisions into Design

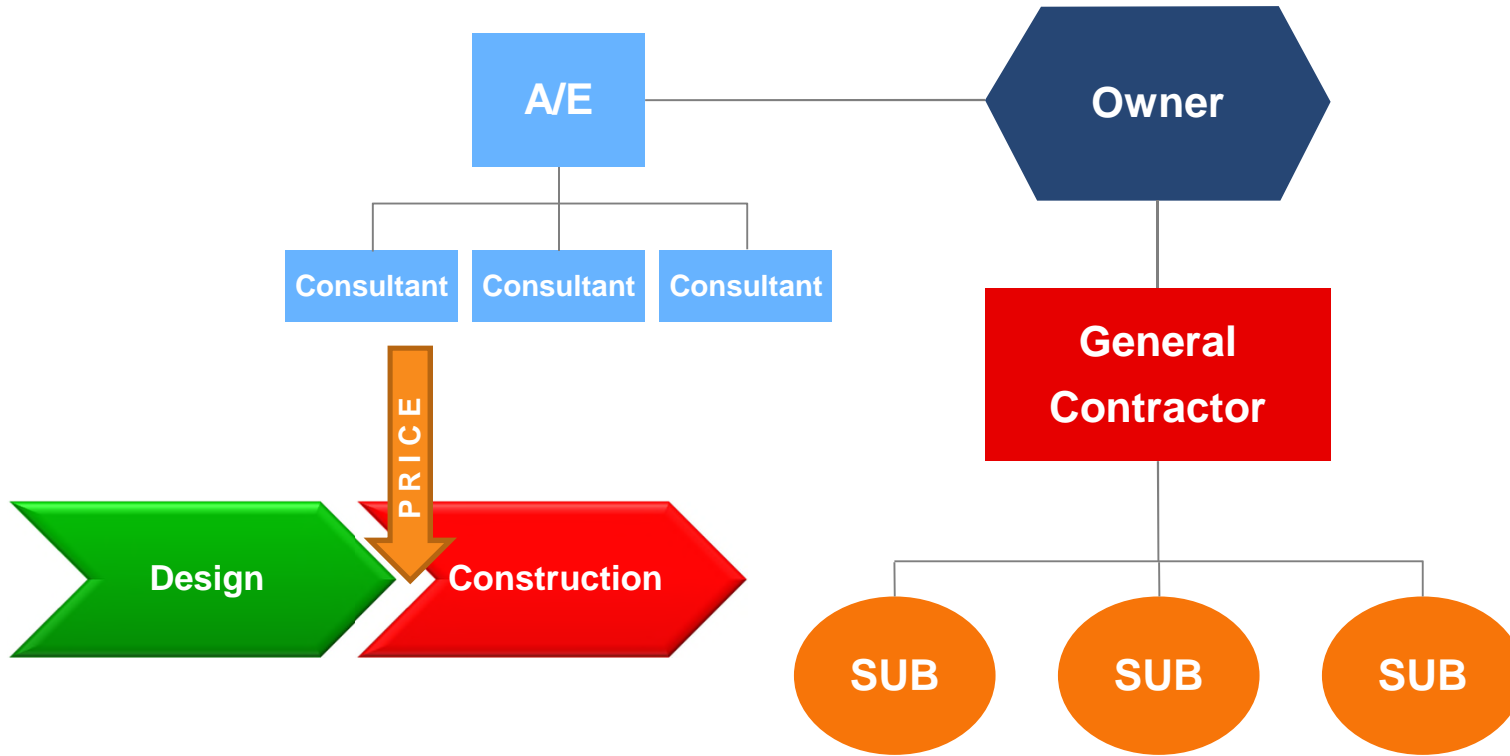


Project Delivery Methodologies

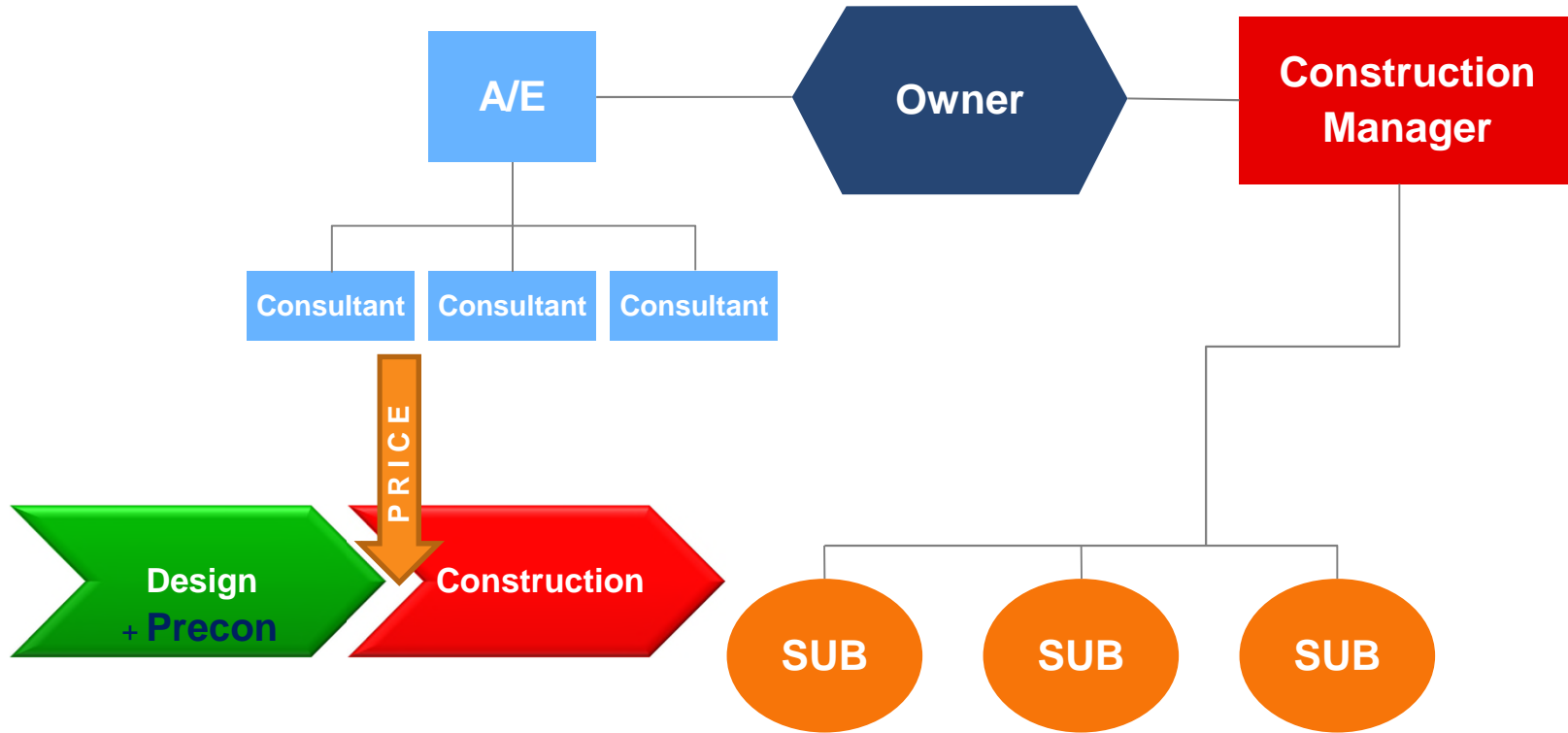
- Multiple Prime Contracting
- Design-Bid-Build (General Contractor)
- **Construction Management**
 - As Advisor – Not utilized often
 - **At-Risk (As Constructor)**
- **Design-Build**
- **Bridging Design-Build**
- Integrated Project Delivery



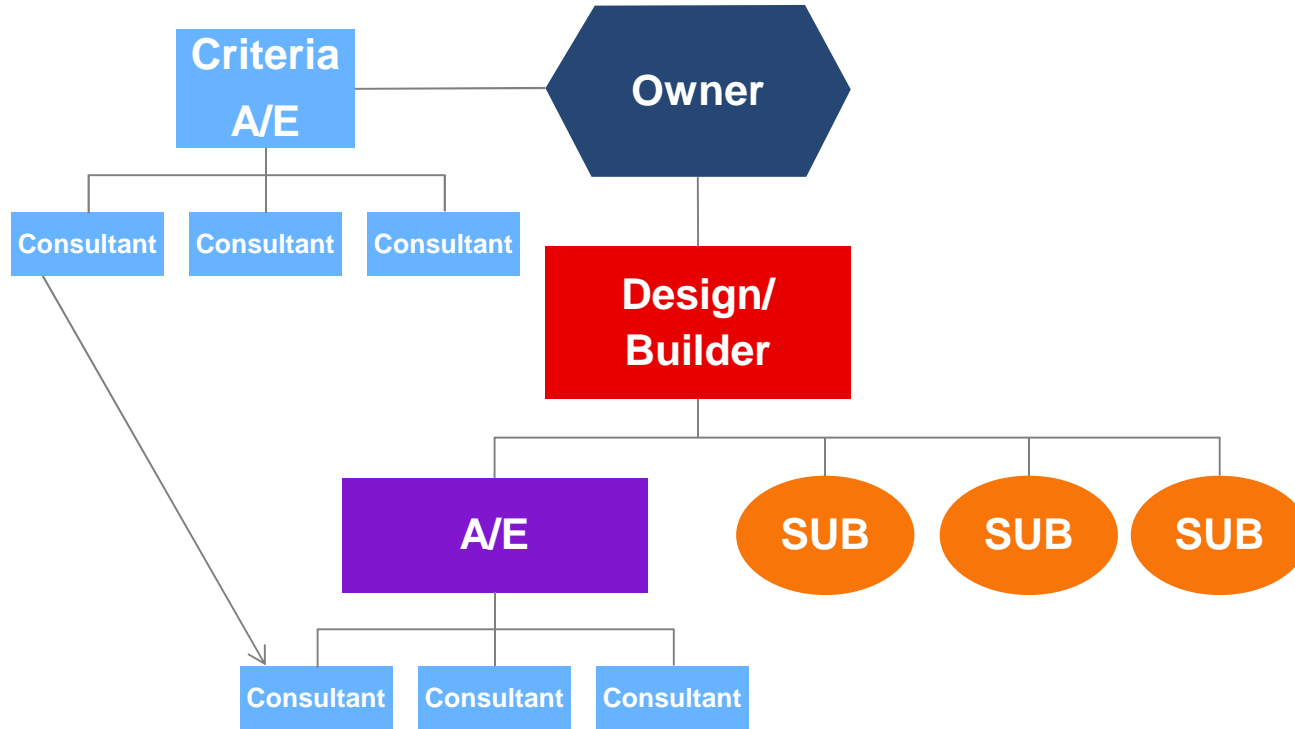
Design/Bid/Build (General Contractor) Approach



Construction Manager at Risk Approach



Bridging Design/Build Approach

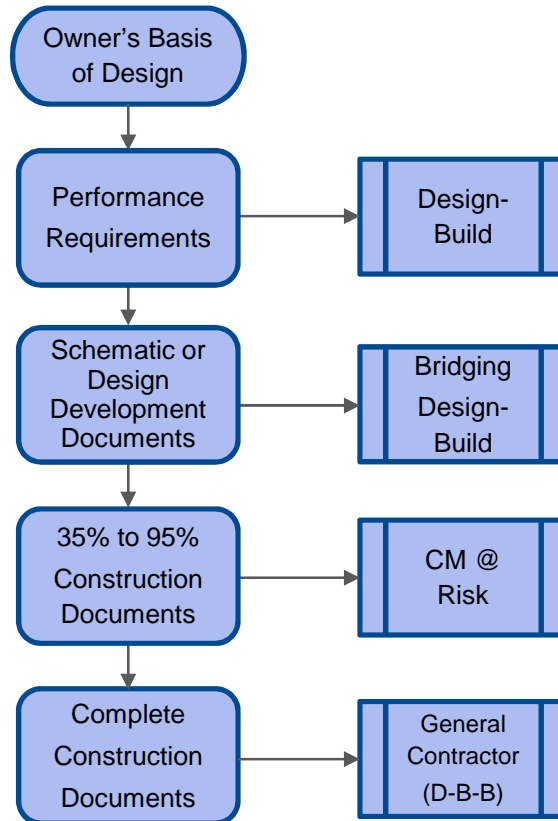


Project Compensation Models



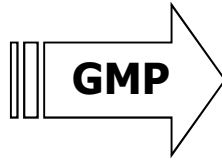
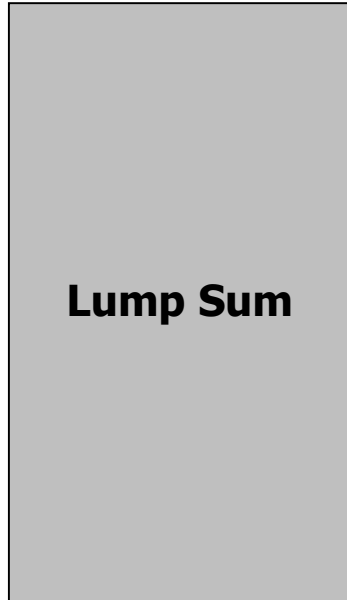
- Lump Sum, Stipulated Price
- Cost of the Work – No GMP
- Cost of the Work with GMP
- Target Price

Basis of Design and Pricing

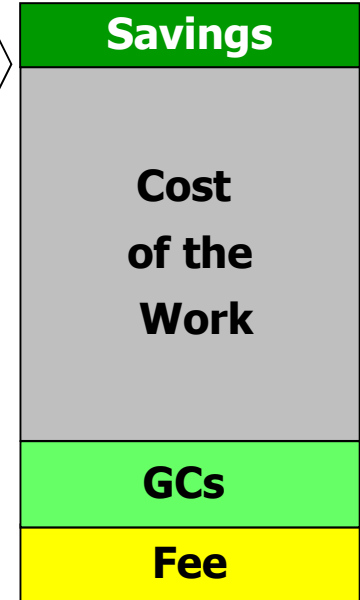
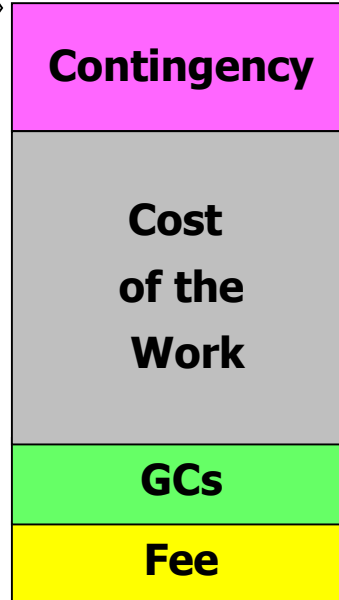


Lump Sum vs. GMP Approach

Lump Sum Contract



GMP Contract

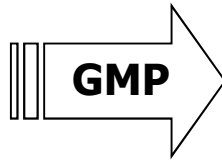


Lump Sum vs. GMP Approach

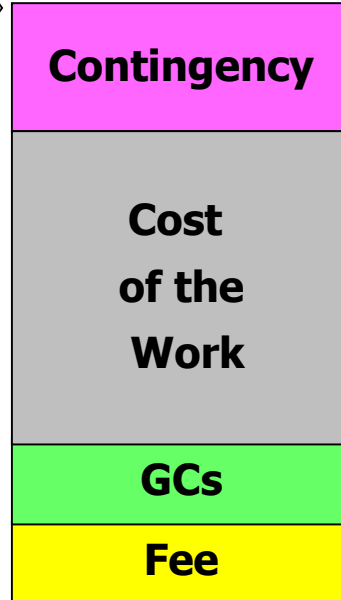
Lump Sum Contract



Lump Sum



GMP Contract

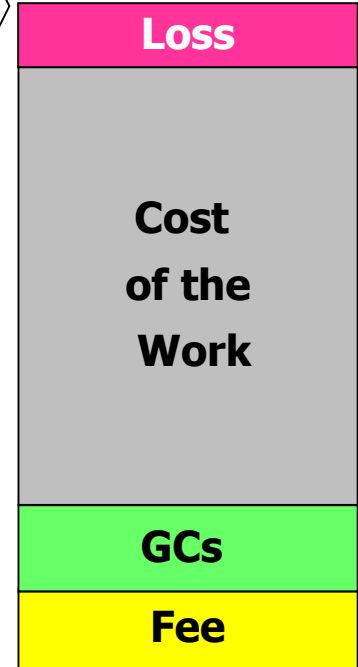


Contingency

**Cost
of the
Work**

GCs

Fee



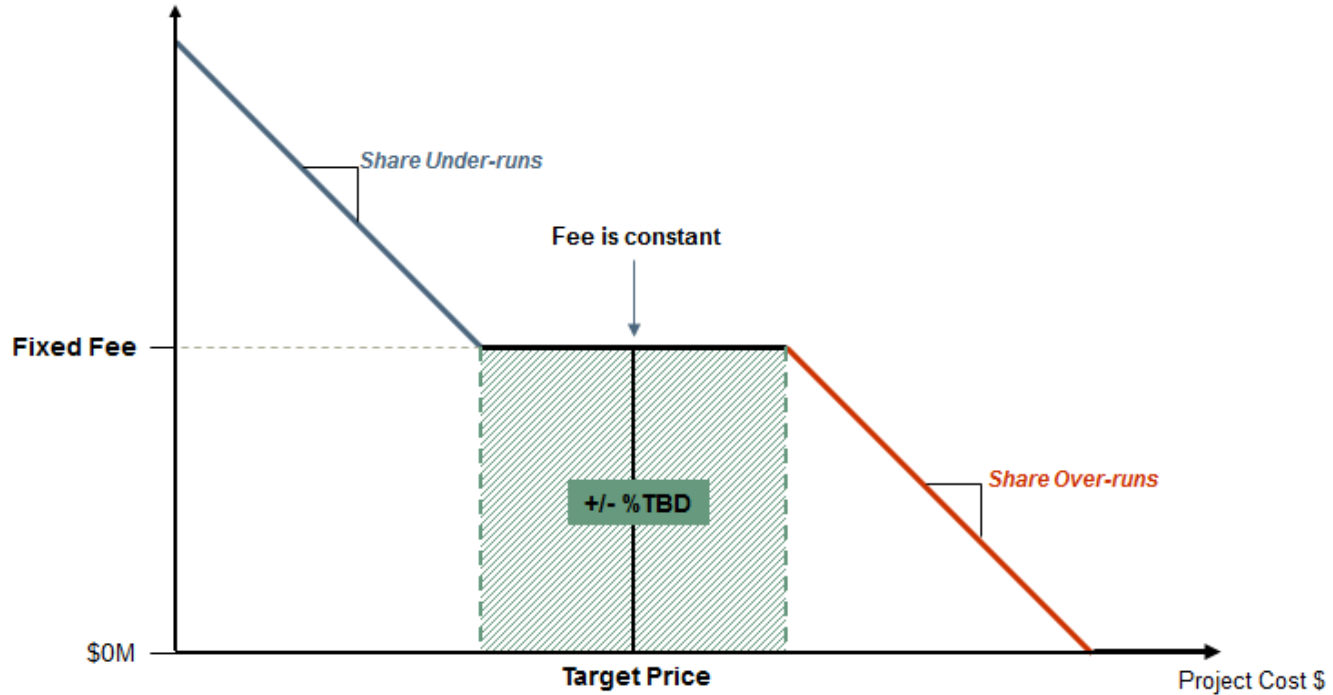
Loss

**Cost
of the
Work**

GCs

Fee

Target Pricing



TBD = To Be Determined

Selection of Design and Construction Team

Identify Goals

- Uses & Needs
- Budget & Contingency
- Schedule & Milestones
- What's Important
- What's Unique

Set Team

- Facilities
- Finance
- Management
- Legal
- EHS
- Owner's Rep

Good Paperwork – RFQ / RFP

Uniform Requests
=
Uniform Submissions



Required Submissions

- Firm Profile
- Insurance and Bonding
- Litigation History
- Financial Strength
- References
- Approach / Method
- Project Experience
- Current Workload
- Key Personnel / Staffing
- Agreement Comments
- Pricing Proposal
- Value Add Ideas

Due Diligence Review

- Preliminary Research
- Firm Interviews
- Contact References
- Assemble Information
- Discuss and Evaluate
- Teamwork v. Price



Project Partnering



- Communication Protocols
- ID Key Stakeholders
- Address Concerns
- Collaboration
- Team Work
- Project Success!

Tools to Enhance Project Success

- Project Sponsorship/
Resources
- Project Delivery
- Facilitated GMP Process
- Contingency Management
- Insurance Review
- Dispute Resolution Issues



BRUCE WILLIS



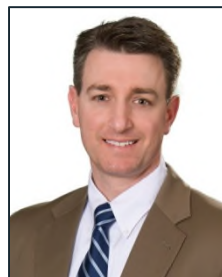


**Yippee-
Kai-Yay!**

Questions?



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