

Welcome!

Achieving Collaborative 'IPD-ish' Delivery with basic D-B, P3 or CM contracts: Yes, there is a way...

Wed, June 10, 2015 1:00 PM - 2:00 PM EDT

Earn 1.0 AIA HSW LUs



Moderator



Jane Cameron, AIA, LEED AP

Jane Cameron, AIA, LEED AP, is an Associate Principal in the Chicago office of Perkins + Will. She worked at SOM LLP and SCB architects prior to joining P+W in 2006. With over 25 years of experience, her current role as a Senior Project Architect allows her to focus on the technical aspects of projects and she oversees large project teams to deliver a variety of building types, both domestically and internationally. Originally from Canada, Jane has Bachelor's degrees in Interior Design and Architecture, as well as a Masters in Architecture (focus in Urban Design). She has also practiced in Canada and the UK. She is licensed in the State of Illinois, and has been an AIA member since 1999. She is a retired member of the Ontario Association of Architects. She is an active member in the Chicago Committee on High Rise Buildings, and is also the past Program Director for the Committee. She joined the CCA-KC group in 2013 and is the current chairperson for the 2015 year.



Speaker



Dale Munhall, AIA

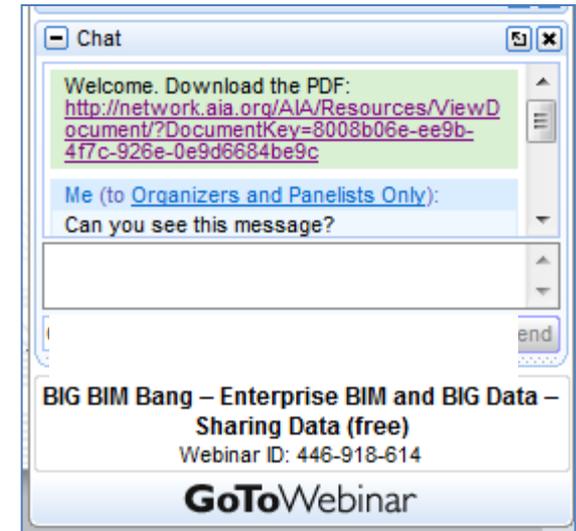
Dale Munhall, AIA, is Director of Construction Phase Services for Leo A Daly in Omaha. He is an NCARB certified architect and LEED Accredited Professional. Early in his career he gained experience as a construction manager, field superintendent and part-time building code official. Dale actively serves on committees of the AIA, and he co-founded and still serves on the Steering Committee of the Design-Build Institute of America (DBIA) Nebraska Chapter. He also co-founded the Nebraska Design and Construction Industry Council and helped negotiate Nebraska's Construction Alternatives Act which enabled QBS-based Design-Build and CM at-Risk to be used on Public projects. AIA has published his articles on CA and on Standard of Care as "Best Practices", and he has published and made national presentations on various aspects of the project delivery process.



Questions?

Submit a question to the moderator via the chat box.

Content-related questions will be answered during the Q&A portion as time allows.



Copyright Materials

This presentation is protected by US and International Copyright laws. Reproduction, distribution, display and use of the presentation without written permission of the speaker is prohibited.

©2015 The American Institute of Architects



Compliance Statement

“AIA Knowledge” is a Registered Provider with The American Institute of Architects Continuing Education System (AIA/CES). Credit(s) earned on completion of this program will be reported to AIA/CES for AIA members. Certificates of Completion for AIA members are available upon request.

This program is registered with AIA/CES for continuing professional education. As such, it does not include content that may be deemed or construed to be an approval or endorsement by the AIA of any material of construction or any method or manner of handling, using, distributing, or dealing in any material or product.

Questions related to specific materials, methods, and services will be addressed at the conclusion of this presentation.



AIA/CES Reporting Details



All attendees will be eligible to receive:
1 LU (AIA continuing education) or
1 IDP Hour (Supplemental Experience).

*PLEASE NOTE: Each AIA member or IDP record holder needs to fill out their own survey **individually** to receive AIA CES credits*



AIA/CES Reporting Details

All attendees at your site will submit for credit by completing the webinar survey/report form **at the conclusion of the presentation.**

In order to receive credit, you will need to follow the link provided:

- **in the Chat box** at the conclusion of the live presentation;
- **in the follow-up email** you will receive one hour after the webinar.



Course Description

This webinar examines the causes and effects of adversarial conflicts built into traditional construction contracts. It details specific ways for all parties to achieve benefits of early, actual-team collaboration via an 'IPD-ish' approach to design and construction. These techniques can be applied to any size project using current project delivery agreements such as CM or Design-Build. 'IPD-ish' delivery utilizes QBS and a fee-based GMP (no lump-sum price and no mark-ups) in open-book contracts to provide financial transparency and joint Owner-Architect-Contractor professional management—not just shifting—of project risks and uncertainties.



Learning Objectives

1. Understand the causes and effects of adversarial provisions that are built into traditional construction contracts.
2. Discuss the benefits of early, actual-team collaboration via an 'IPD-ish' approach to design and construction using regular CM or Design-Build contracts.
3. Be able to explain to clients reasons for using QBS and a fee-based GMP (no lump-sum price and no mark-ups) to provide financial transparency in open-book contracts in any delivery method.
4. Develop their own 'IPD-ish' approach to joint professional team-management of project risks by Owner, Architect and Contractor.



And now for our presentation:

Achieving Collaborative 'IPD-ish' Delivery with basic D-B, P3 or CM contracts: Yes, there is a way...





not a 'sign' of teamwork

Achieving Collaborative
'IPD-ish' Delivery with basic
D-B, CM or P3 contracts:

yes, there is a way...

AIA CCA Knowledge Community
webinar June 10, 2015

Dale Munhall, AIA

Director of
Construction Phase Services
LEO A DALY

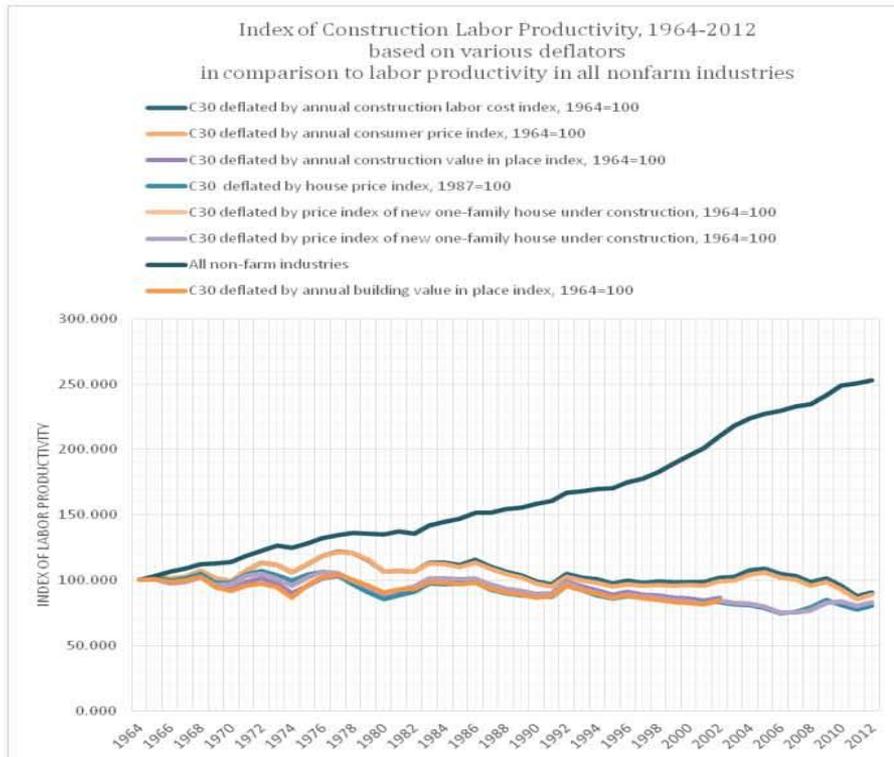
OUR PROBLEM:

Real Collaboration is elusive.

- Just calling a random group of participants with conflicting financial interests a ‘team’ is *not* enough.
- Too many provisions in CM at-Risk and Design-Build (and coming soon, P3) contracts are hold-overs from adversarial old design-bid-build delivery. Collaboration is based on risk-*management* not on old risk-*shifting*.
- Adversarial contracts are not working for Owners, and our clients ultimately have to pay more—and get less—because of the lack of teamwork and its resulting inefficiency.

OUR PAST:

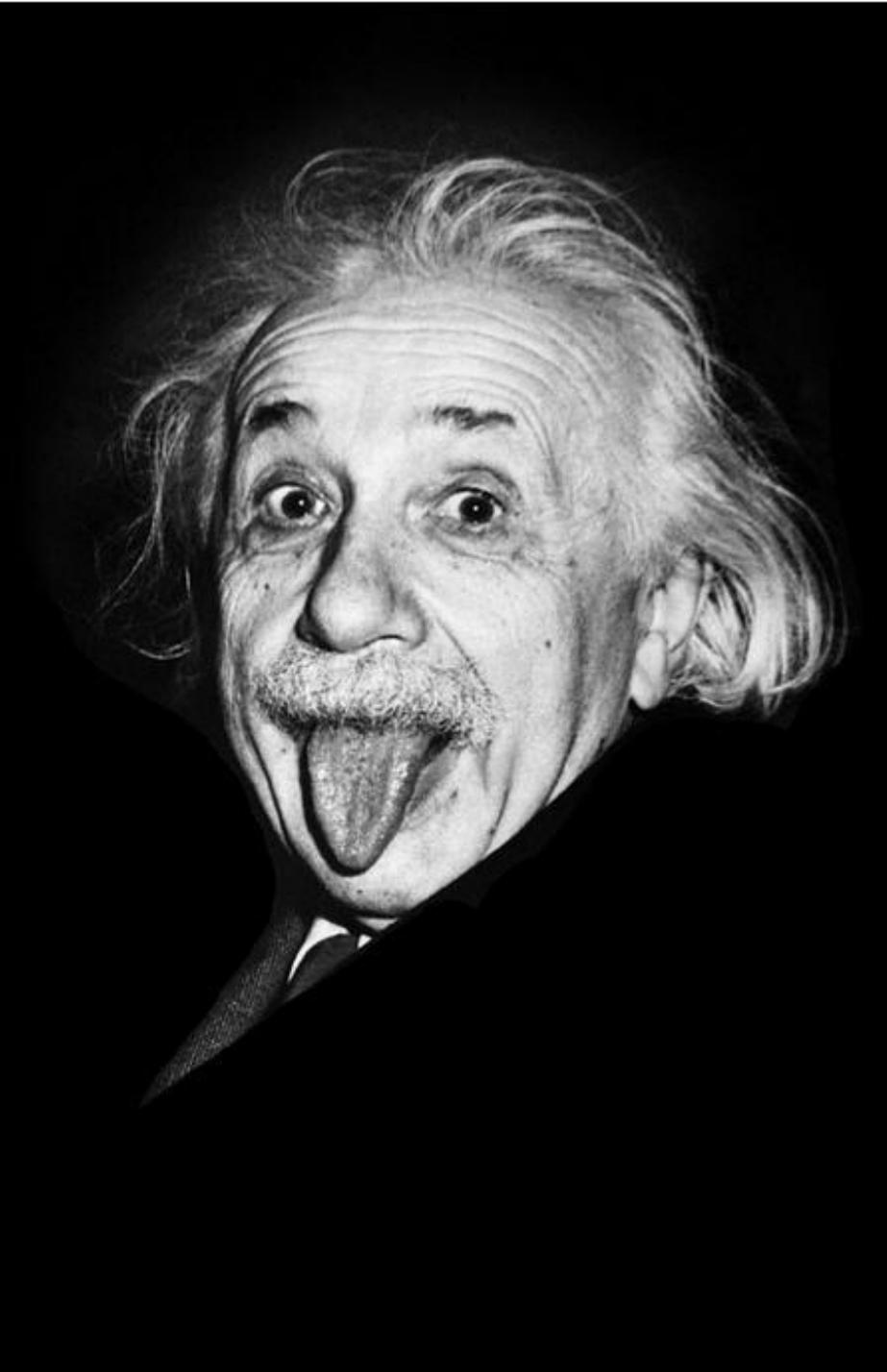
Legacy of adversarial risk *shifting* vs. collaborative risk *management*: **50 years of construction productivity in decline***



2012 All non-farm US industries
productivity: 250

1964 productivity baseline: 100

2012 Construction industry: ~85



“Insanity: doing
the *same* thing
over and over
again and
expecting
different
results.”

--Albert Einstein

Why Owners Will Demand New Thinking...

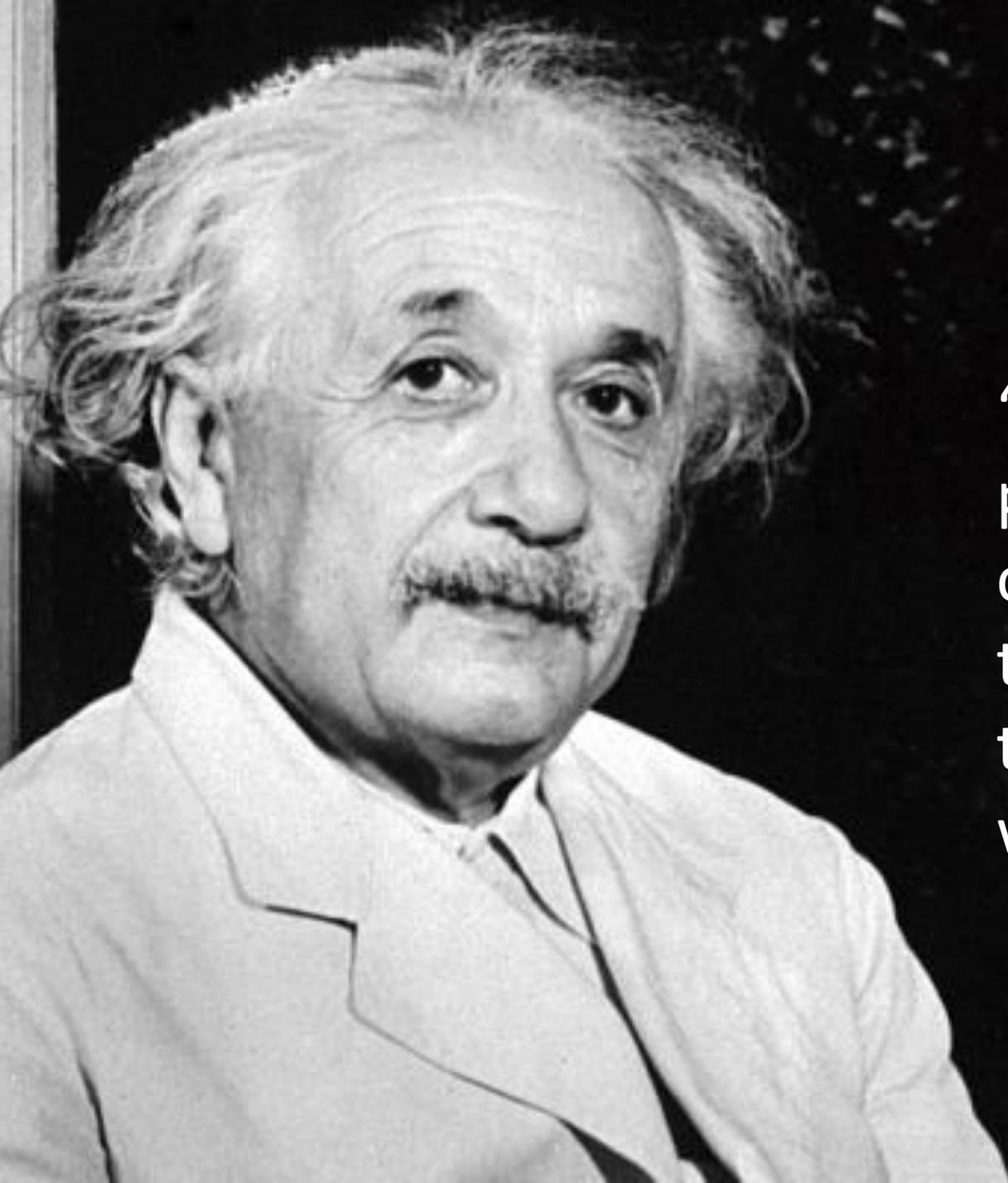
Funny...

(unless you are an Owner)



"Original Contract"

...but too often true



“The significant problems we have cannot be solved at the *same* level of thinking with which we created them”

--*Albert Einstein*

INTEGRATED PROJECT DELIVERY (per AIA/CC 2014)**

“Integrated Project Delivery (IPD) is a project delivery method that integrates people, systems, business structures and practices into **a process that collaboratively harnesses the talents and insights of all participants to reduce waste and optimize efficiency through all phases of design, fabrication and construction.** The Integrated Project Delivery method contains, at a minimum, all of the following elements:

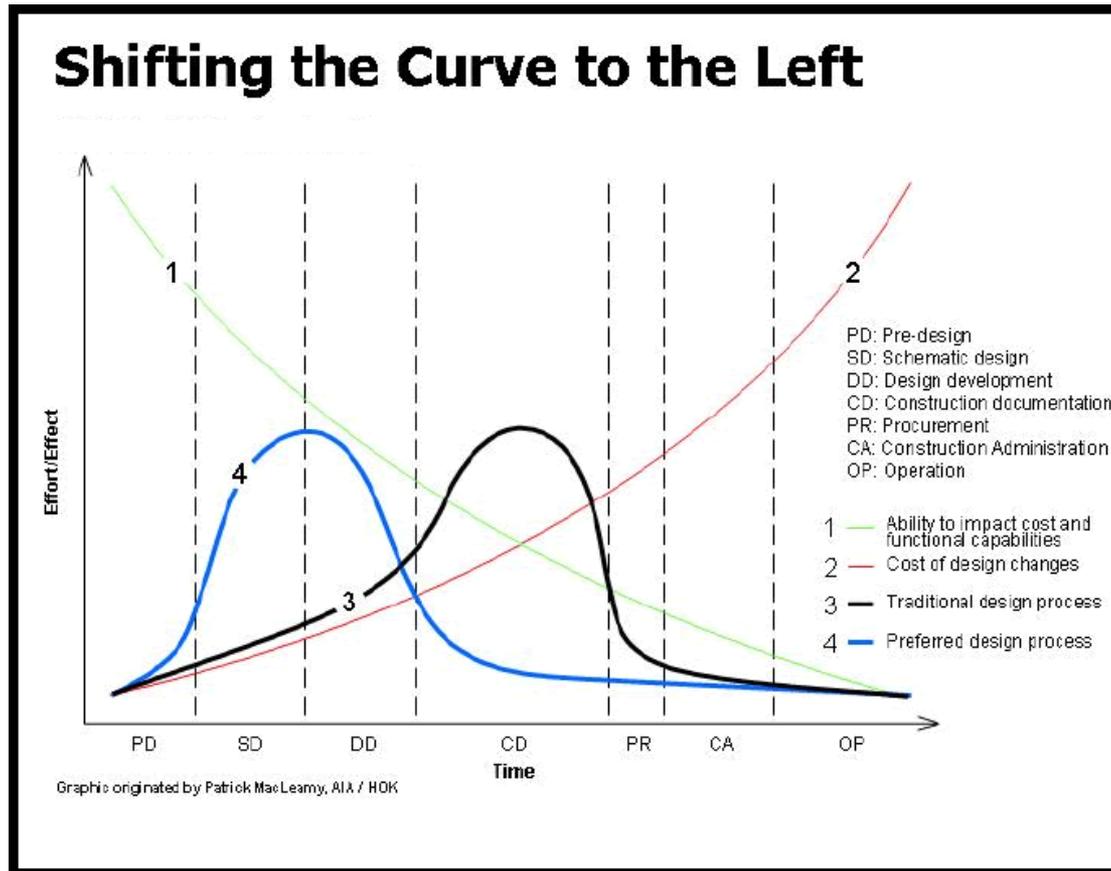
- **Continuous involvement of owner and key designers and builders from early design through project completion**
- Business interests aligned through shared risk/reward, including financial gain at risk that is dependent upon project outcomes
- Joint project control by owner and key designers and builders
- A multi-party agreement or equal interlocking agreements
- Limited liability among owner and key designers and builders”

Integrated Project Delivery has so far tended toward mega projects that can absorb the learning curve, heavy setup costs and administrative burdens required for multi-party risk/reward or shared ownership of the project .

Until full IPD arrives, we can all benefit from 'IPD-ish' early collaboration and Qualifications-Based design and construction in any project delivery method by using simple contract provisions that are non-adversarial, professional fee-based and most of all, financially-transparent.

The following 'IPD-ish' alternative is applicable *now* to contracts on typical projects of any size using more familiar delivery methods including CM-R, D-B and even P3 as Public-Private Partnerships evolve to include project financing, design, construction, facility operations and maintenance.

Why Owners need collaboration *early****



Ability to impact cost(1) *declines* as design progresses, while the cost of change-decisions(2) *escalates* rapidly

Collaborative 'IPD-ish' Delivery

Basic terms:

1. **QBS** - selection of qualified Builder *early* in design
2. **Builder compensation** - fee vs. profit markups
3. **GMP** – set *early* to match Owner's budget
4. **Open-books** – Owner & A/E see all subcontracts, sub-bids, invoices
5. **Technology driven** – BIM 3D, 4D, 5D, PMIS, Lean Construction techniques

IPD-ish Collaboration as a Team

1. Establish a *shared-mindset* in both Design-Build and CM at-Risk

- Actual 'teamwork' requires trust, qualifications and shared *mutual* interests of Owner, Architect and Builder
- Who takes the risks, who benefits?
Answer: the Owner ultimately benefits, and should pay all fair costs of the project (all savings should accrue to Owner, *not* GC)
- collaborate to professionally *manage* uncertainty as a real Team *with* Owner, not as risk-*shifting* financial opponents



IPD-ish Collaboration as a Team

- 2. Team selection:** Return to Brooks Law QBS on all projects (in CM-R *and* in D-B)
 - *Qualifications-based* RFP for CM, D-B and A/E—no unpaid design exploitation, no Bridging, no incomplete-design disputes
 - *Approach-based* proposals with proposed CM or D-B team fees in sealed envelope
 - Short-list three CMs or D-B teams max., interview *all* key members, select best qualified, then open fees, and negotiate (same process as hiring an architect)



IPD-ish Collaboration as a Team

3. Whole 'team' must have the same financial objectives to be a Team

- Set open-book GMP (including a realistic Contingency fund) early to match Owner's budget—not a lump-sum fixed price
- Professional CM/D-B fee *replaces* hidden-profit mark-ups that invite disputes and self-serving conflicts of interest
- Fair market-rate fees align the interests of Owner, Designer and Builder as a team



IPD-ish Collaboration as a Team

4. Financial transparency is crucial in *any* delivery method

- Open-books-only policy—Owner & A/E see all sub bids, subcontracts and invoices (Owner sees and gets all that they pay for, but not something for nothing)
- Guaranteed Maximum Price (GMP) includes CM/D-B fee and a funded Contingency for unknowns (including E&O by A/E and GC)
- When budget is tight, reconcile CM/D-B's budget estimates at end of each design phase via an Independent Cost Estimate



IPD-ish Collaboration as a Team

5. Liquidated Damages for late completion are not in the Owner's interests.

Unintended consequences include:

- Subs bid higher to cover uncontrolled risk
- Self-protection = *slower*, less teamwork
- Rush to avoid LDs cuts performance & quality
- LDs are virtually *never* paid, but induce blame and increase everyone's legal costs
- *Incentives* for on-time completion do work



IPD-ish Collaboration as a Team

None of these IPD-ish elements are radical or untried, but all of them must be applied *together* or project outcome will suffer

- **To prevent unproductive risk-*shifting***, use all five IPD-ish concepts: 1) QBS; 2) fee in lieu of hidden profit; 3) early GMP; 4) open books; and 5) shared technology for collaborative risk *management* and early teamwork
- *Otherwise, disputes and claims are the legacy of doing the same adversarial things over and over again but expecting different results...*

(Einstein was right!)



QUESTIONS?

Dale L. Munhall, AIA

DIRECTOR OF CONSTRUCTION PHASE SERVICES

DLMunhall@leoadaly.com

D: 402.390.4482

M: 402.670.2078

* **50-Year Productivity (graph used with permission):**

per “Labor-Productivity Declines in the Construction Industry: Causes and Remedies, Another Look” by Dr. Paul Teicholz, Stanford University; see full documentation at

http://www.aecbytes.com/viewpoint/2013/issue_67

** **Integrated Project Delivery Definition Slide:**

per “INTEGRATED PROJECT DELIVERY: AN UPDATED WORKING DEFINITION, AIA/California Council 2014; www.ipd-ca.net

*** **Shifting the Curve to the Left** (graphic originated by Patrick MacLearnay, AIA /HOK)



Thank you for joining us!

This concludes the AIA/CES Course #CCA1502. The webinar survey/report form URL is listed in the chat box **and** will be included in the follow-up email sent to you in the next hour.

Survey Link: [REDACTED]

Report credit for all attendees at your site by completing the webinar survey/report form within the next 3 business days. Credit will automatically appear on your transcript within 2 weeks.

Tablet and smartphone users must copy down the above survey link.

Learn about other AIA webinar offerings at <http://network.aia.org/events/webinars/>.

