



Collaborative 'IPD-ish' Project Delivery using Design-Build, P3 or CM at-Risk: the Einstein Approach

– DRAFT –

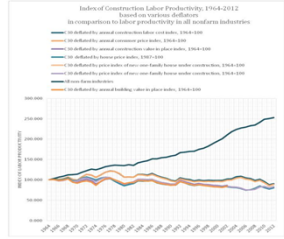
for AIA CCA Knowledge Community 2015

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not a 'sign' of teamwork

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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

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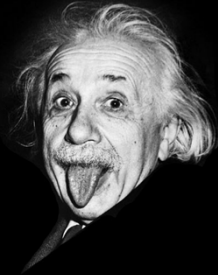
Owners Will Demand New Thinking...

Funny (unless you are an Owner) but...



...too often true

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

--Albert Einstein

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Why Collaboration is elusive:

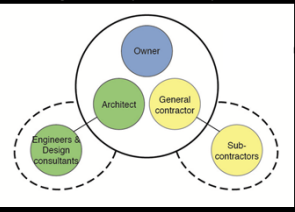
Just calling a random group of participants with conflicting financial interests a 'team' is *not* enough to achieve productive overall collaboration toward a common goal.

Adversarial provisions (even in CM at-Risk and Design-Build) are hold-overs from old risk-shifting design-bid-build delivery and are simply not working. Owners ultimately have to pay more because of the resulting inefficiency.


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Our Industry's future is Technology-Driven

Integrated Project Delivery Model

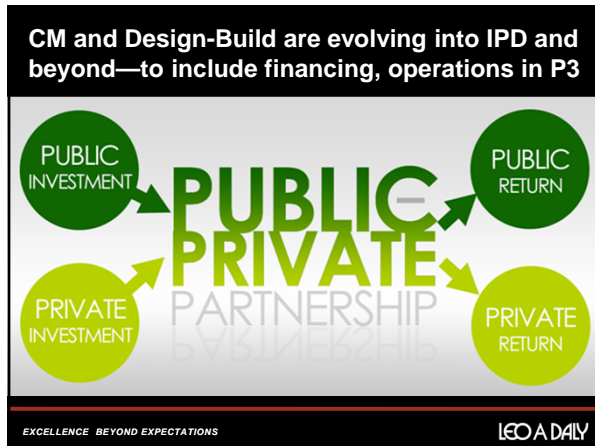


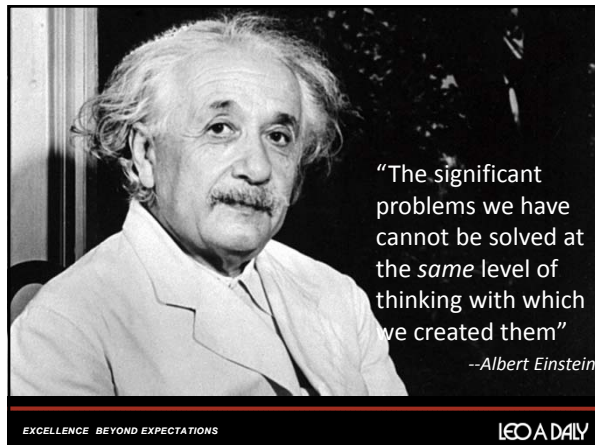
Integrated Project Delivery, IPD



BIM Model Development

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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, not traditional I-win-you-lose hidden profit or self-protective risk-evasion
- So: who takes the risk, who benefits? Is the project a Team effort or a group of individuals competing against each other?
- Answer: the Owner benefits, and should pay the fair costs; let designer and builder collaborate *with* Owner to professionally *manage* uncertainty as a real Team, not as risk-shifting financial opponents

A photograph showing a pair of hands stacking several blue, square blocks on top of each other. The blocks are being stacked in a vertical column. At the bottom left, the text 'EXCELLENCE BEYOND EXPECTATIONS' is visible, and at the bottom right, the 'LEO A DAILY' logo is present.

IPD-ish Collaboration as a Team

2. Team selection: Return to Brooks Law QBS on all projects (in D-B *and* CM-R)

- *Performance-based* RFP in D-B (no FREE design, avoid bridging) limit number of firms
- *Approach-based* proposals with proposed fee (for CM in CM-R; fees for both designer *and* builder in D-B) in sep. sealed envelope
- Short-list three CMs or D-B teams max., interview *all* key members, select best qualified (then open fees, and negotiate)



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IPD-ish Collaboration as a Team

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

- Set open-book GMP early (can be at D-B and CM-R selection) to match Owner's budget—not a lump-sum price
- Professional CM/D-B fee *replaces* hidden-profit mark-ups that invite disputes, corner-cutting, inferior substitutions and inflated claims due to lack of financial transparency
- Fair market-rate fees align the interests of owner, designer and builder as a team



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IPD-ish Collaboration as a Team

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

- Open-books-only policy—Owner sees all subcontracts and invoices, gets all that they pay for (but not something for nothing)
- Guaranteed Maximum Price includes CM/GC fee and a funded Contingency for unknowns (including E&O by A/E and GC)
- Reconcile CM/D-B's budget during design via Independent Cost Estimates to minimize wasteful redesign



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IPD-ish Collaboration as a Team

5. Liquidated Damages for late completion are not in the Owner's interests
Unintended real-world consequences of LDs include:

- Higher sub bids to cover uncontrolled risk
- Self-protection = *slower*, less teamwork (D-B shifts risk of LDs onto *sub*contractors)
- Fear trumps subs' concerns for work quality
- Rush to avoid LDs cuts performance
- LDs are virtually *never* paid, but induce blame and increase everyone's legal costs
- *Incentives* for on-time completion do work

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IPD-ish Collaboration as a Team

None of the preceding IPD-ish actions are radical or untried, but all must be applied *together* (one conflicting interest can defeat the best of intentions)

- Without transparency and actual teamwork, project delivery can become an adversarial struggle, inefficient and unproductive
- Disputes and claims result from ***doing the same thing over and over again but expecting different results...***

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QUESTIONS?

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* Slide 2, industry productivity study:
per compiled Government data in "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

"US Construction Productivity is at a 20-Year Low: Why?" by Matt Stevens, PhD, in The Construction MBA, 2014
<http://www.contractorsblog.com/wp-content/uploads/2014/04/Construction-Industry-Productivity-20year-Low.pdf>

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