Cutting Edge Owner Strategies

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Pressures You Face
As an Owner (1 of 2)
Pressures You Face
As an Owner (2 of 2)

- Complete more work with fewer people
- Increase the quality and value while reducing the cost and schedule
- Create flexibility in facilities
- Anticipate future facilities needs
Cutting Edge Strategies

- Start with an objective evaluation of your organization
- Tie-in to benchmarking of “best practices” within the industry
Areas to Evaluate
Procurement Strategies

✔ Do we buy engineering and construction services in the most economical way?
✔ Are we effectively leveraging supplier relationships?
✔ Are we using the right suppliers to do the right things?
Internal Organization

✓ Are we organized in the most effective way?
✓ Have we maintained the right core competencies?
✓ Do we have strong leadership and management capabilities?
Do we have the processes and procedures to effectively manage the capital delivery process?

Are we effectively controlling change orders?
Cost of Design (Fees, Markups, Work as Designed)
The majority of firms surveyed indicated that they tend to mark up projects to a greater degree to compensate for the difficulty in dealing with the firm. Early payment discounts are not offered. The firm is concerned only with initial costs and does no

Approach to Design
The responses indicated that the architectural firms do not see a significant difference between expansion and new construction. Their approach to design makes it difficult for most architects to work with them and they do not have assigned resources and

Scope
The summary of comments indicates that even though this owner takes a design/build approach, they do not incorporate a value engineering type of approach. The scope of work tends to be poorly defined and results in difficulty in establishing effective c

Schedule
The typical project takes 6 months to entirely design. This could be reduced by effectively completing the initial design internally. They assignment of resources appears weak. They frequently compress the schedule and make their ineffective planning.

Design Criteria
The design criteria is poorly designed and we have difficulty working with their internal architecture professionals due to a lack of qualified resources.

Change & Change Management
The management of change once it occurs is good, probably since they create so many changes. The prevention of changes is weak.
Who Do You Talk To? (1 of 2)
Who Do You Talk To? (2 of 2)

- Internal department personnel
- External suppliers
- Internal department customers
- Others in your industry
1. Bidding Process/Instructions
   a. Clarity in scope of work description
   b. Drawings and specifications
   c. Time allowed to assemble a bid
   d. Clarity regarding schedule requirements

2. Schedule
   a. THE CLIENT rep’s knowledge and helpfulness regarding schedule requests
   b. Schedule revisions for owner changes
   c. Response to submittals
   d. Notice of start date
   e. Turnaround time on contract

3. Direct Purchases
   a. Lead time
   b. Packaging of items
   c. Installation documents
   d. Arrival of deliveries (timing)
   e. Degree in which materials matched plans and specs

4. Change and Payment Process
   a. Review and response on requested changes
   b. Clarity and completeness of requests for change
   c. Clarity of THE CLIENT payment instructions
   d. Degree in which payment met agreed-upon and established guidelines

5. THE CLIENT Supervision
   a. Helpfulness and timeliness in response to RFIs
   b. Availability of supervisor
   c. Punch list preparation (timeliness/completeness)
   d. Subcontractor cooperation and communication assistance by supervisor

6. Partnering and Communication
   b. Interaction between THE CLIENT rep. and the contractor
   c. Performance related to addressing problems and opportunities to bring about needed change
   d. THE CLIENT rep’s attendance record for project meeting

Five Lowest Scores

Five Highest Scores
Architects...

1. Quality of information…
   a. Criteria documents, updates, etc., as…
   b. Completeness of project background…
   c. Completeness of scope of work
   d. Preliminary site plan
   e. Thoroughness of RFP
   f. On-site survey responsiveness of THE CLIENT rep.

2. THE CLIENT facilitation of design phase and kickoff…
   a. Advance notice of KOM date
   b. Receptiveness to cost saving suggestions
   c. Timeliness of responses to questions
   d. Describe all portions of project quality of…
   e. Electronic files/drawings
   f. Design question responses

3. THE CLIENT responsiveness during the preparation …
   a. Updates on changes
   b. Receptive to our alternate design/methods…
   c. Responses to questions/sense of urgency
   d. Quality of review process/substantive…
   e. Interaction with/support of the consultant

4. THE CLIENT project administration prior to construction
   a. Schedule reasonableness
   b. Responsiveness to proposal
   c. Responsiveness to or action on change…
   d. Issuance of contracts for construction
   e. Timely payment and follow-up of our invoices
   f. Responsiveness to our extra requests

5. THE CLIENT team administration during and after...
   a. Schedule reasonableness
   b. Responsiveness to proposal
   c. Responsiveness to or action on change…
   d. Issuance of contracts for construction
   e. Timely payment and follow-up of our invoices
   f. Responsiveness to our extra requests
   g. Coordination with project rep
   h. Coordination with the general contractor
Completing the Evaluation

- Internal department resources
- Internal consulting resources
- External consulting resources
- Peer groups

The key is objective information!
Challenges of the Process

- Difficult to overcome—“But we have always done it that way!”
- Can be painful at times (has been compared to an autopsy on a living body!)
- Time consuming—requires resources to complete
- Suppliers may not give objective information
Benefits of the Process

- Gives you a performance basis to begin your benchmarking process
- Determines the “gaps” in performance that, if improved, will give you the biggest bang for the buck
- Inspires innovation—“How can we do this better?”
- Shows executives you are serious about improving performance and ROI
Gretchen’s Top Three Cutting Edge Owner Strategies

- Leveraging supplier relationships through effective supplier selection and contracting
- Determination and tracking of the critical performance metrics
- Having the right people in the right positions
Thank You

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