

# **Efficient Construction Project Delivery 2015 and Beyond**

## ***“Bureaucrats and Good Ole Boys” Need not Apply***

### **Introduction**

Virtually any real property owner will tell you that most of their facilities budget targets renovation, repair, maintenance, and sustainability projects versus major new construction. They will also tell you that this is where they have the least amount of visibility and control.

In today’s world of “doing more with less”, it’s not surprising that more and more owners and contractors are leveraging LEAN best management practices and associated supporting technology embedding these workflows to balance facility needs with ever tightening budgets.

### **LEAN Best Management Practices**

While design-bid-build (DBB), lowest bidder, and lowest technically acceptable bid remain the construction delivery methods of choice for the vast majority of owners, they are also the least efficient, and in the end, the most costly.

While “first costs” appear attractive with DBB and lowest bidder, etc., “life-cycle costs” and or “total costs” are invariably higher due to change orders, lack of appropriate communication & oversight, and poor quality, among other factors.

On the other hand, collaborative construction delivery methods and best value approaches have repeatedly demonstrated their ability to enable more construction projects to be completed on-time and on-budget. In short, owners get what they expected, while contractors earn a reasonable profit.

Examples of the most common collaborative construction delivery methods are integrated project delivery (IPD) for new construction and Job Order Contracting (JOC) for facility renovation, repair, and maintenance. Both methods have existed for decades with readily available implementation tools – training, standardized processes, support, and technology.

### **Resistance to Change**

Lack of education and awareness are barriers to a productive construction sector for decades. Because owners have not fulfilled their responsibility as stewards of the built environment is also a notable issue. Owners can demand better results as they hold the purse strings. Hopefully more and more owners will continue to demonstrate their capability to establish and manage LEAN construction processes that enable better results.

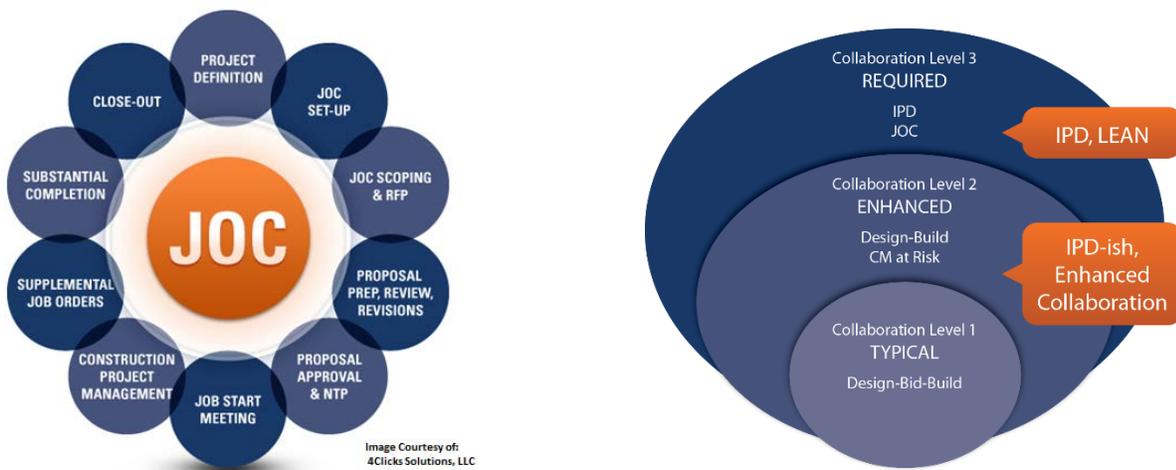
While JOC it is the largest alternative delivery method in the public sector (federal/state/county/local government, education, transportation/utilities, and healthcare), adoption has been inconsistent despite its associated benefits.

JOC reduces overall project time, costs, change orders, and cost overruns. It is based upon shared risk/reward, collaboration, transparency, trust, and long term relationships. Being performance-based, JOC rewards performance with additional guaranteed work.

The greatest challenge for JOC is educating the prospective clients, whether owners or contractors. Learning to share information, throughout the project from concept through warranty is foreign to most. JOC sets the framework for enabling a positive owner/contractor relationship that lasts for three (3) to five (5) years. This has obvious advantages for both parties. In JOC, owners have contractors who understand site conditions, specific owner processes, needs, and the importance of providing on-demand services, and more. Contractors can work with greater insight on future revenues with the associated ability to earn a fair/reasonable profit.

JOC isn't for everyone. JOC requires enhanced skills for submitting bids as well as winning and executing contracts. These are learned skills, ranging from line item cost estimating using unit price books (UPBs), to applying a coefficient, to walking with the client on site visits and negotiating individual task orders.

Job Order Contracting is more profitable than DBB/lowest bidder bid-based general contracting and provides a higher amount of work done for money spent. How is this possible? Waste accounts for up to 60% of traditional construction project and change orders can increase project costs by 50% or more – JOC avoids waste and rework.



(Figures above: Typical JOC process and levels of collaboration, courtesy of 4Clicks Solutions, LLC)

As a LEAN best business practices, JOC is combination of processes, methodologies, technology, and standardized information.

As transparency and collaboration are requirements, accountability is ever present. The good news is that JOC owners and contractors understand the value of leveraging technology vs.

working in pen and paper and spreadsheets with excel. The bad news is that maintaining the “old way” of doing “business as usual” will virtually assure failure for the owner, contractor or both.

### **Conclusion**

JOC is a perfect match for improving productivity for the numerous projects facing real property owners each and every day - repair, renovation, rehabilitation, remediation, remodel, emergency and time sensitive on-demand work, upgrades, additions, buildouts, improvements, and sustainability.

Both owners and contractors gain from well communicated work scopes, fixed and known pricing/costs, and higher quality.

LEAN and Job Order Contracting’s hallmarks are collaborative, ongoing, positive, long term owner/contractor relationships, with measurable results and continued improvements. JOC can also favor local and/or HUB, WMBE, SVOB, etc. businesses as owners seek out local contractors with construction knowledge specific to the area, and who are willing to engaging with smaller projects.

### **Where to Start?**

The Center for Job Order Contracting Excellence (membership information at [www.JOCexcellence.org](http://www.JOCexcellence.org)) also serves as a national resource: white papers, case studies, JOC audits, sample RFIs/RFPs, presentations, information on COOPs, technology providers, and other service providers are also found on this site. Various educational programs, training classes, and certifications are also available.