

Project Delivery Options: Pros and Cons

Construction Management

	Pros	Cons
Construction Management Advisor	<ul style="list-style-type: none"> ▶ Less experienced owners without in-house construction capability benefit from CM expertise ▶ Given decision-making authority and management responsibility, a CM advisor may speed up the process ▶ Architect is accountable to owner and protects owner's interest; architect benefits from CM advisor's input at design stage ▶ A CM advisor provides second-level review of construction documents, reduces errors and omissions, reduces costs related to change orders and other delays ▶ Clearly delineated responsibilities between all parties lessen potential for ethical dilemmas or conflicts 	<ul style="list-style-type: none"> ▶ Added levels of coordination and overlapping areas of authority can confuse the traditional roles and complicate the traditional processes of design and construction ▶ A CM advisor represents an added cost ▶ A CM advisor may suppress direct communication between owner, architect, and contractor ▶ Confusion in decision-making process may contribute to design and/or construction delays ▶ Since each of the three prime parties holds a separate contract with the owner, there is the potential for adversarial relationships, increasing the likelihood of disputes

Legal Disclaimer:

Nothing in this material should be construed as investment, financial, brokerage, or legal advice. Moreover, the facts and circumstances relating to your particular project may result in material changes in the processes, outcomes, and expenses described herein. Consult with your own professional advisors, including your financial advisors, accountants, and attorneys, before attempting to consummate any transaction described in this material.



Construction Management Agent	<ul style="list-style-type: none">▶ Less experienced owners without in-house construction capability benefit from CM expertise▶ A CM agent’s ability to make fiscal decisions can speed up process and reduce duplication▶ Additional construction expertise at the design phase can be positive for the project (e.g., cost estimating during design phase allows monitoring of construction costs at early stage)▶ A CM agent provides second-level review of construction documents, reduces errors and omissions, reduces costs related to change orders and other delays▶ No link between CM agent and the contractors; thus, contractors can be selected based on competitive bidding	<ul style="list-style-type: none">▶ Added levels of coordination and overlapping areas of authority can confuse the traditional roles and complicate the traditional processes of design and construction▶ A CM agent represents an added cost▶ A CM agent may suppress direct communication between owner, architect, and contractor▶ Confusion in decision-making process may contribute to design and/or construction delays▶ Since each of the three prime parties holds a separate contract with the owner, there is the potential for adversarial relationships, increasing the likelihood of disputes
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Construction Management Contractor	<ul style="list-style-type: none">▶ Since the CM contractor makes a cost commitment early in the project, the owner has a degree of security about costs▶ Since CM contractor commits to deliver the project for a specified price, it is in their interest to complete the construction on time▶ Owners with limited construction experience can benefit from CM contractor's expertise▶ Like other approaches, independence of architect and contractor makes responsibility and liability relatively clear▶ Scheduling is straightforward because design and construction phases are usually sequential	<ul style="list-style-type: none">▶ Time required to select an additional professional extends the overall time required for the project▶ A CM contractor represents an added cost▶ Since the owner does not contract directly with prime or trade contractors, owner may be unable to control quality during construction process▶ Since each of the three prime parties holds a separate contract with the owner, there is the potential for adversarial relationships, increasing the likelihood of disputes▶ When CM contractor is selected by low bid, change orders and delays are likely, which increases costs▶ Linear process of this approach makes it relatively lengthy
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