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Providing oversight

Nailing down the details makes construction management smoother

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Ask a dozen developers, builders or architects to define construction management and you'll get a dozen different answers.

Most agree on the basics - construction managers are paid a fee to review design plans, recommend ways to improve the project, coordinate actual construction and otherwise represent the owner's interests.

The devil is in the details.

"Different people do it differently," said Sandy Loy, president of Construction Plus Inc., a Knoxville company that provides construction management and general contracting services throughout East Tennessee.

Construction management is intensely competitive, and he's seen at least 10 different versions of construction manager, or CM, contracts in recent years, Loy said.

Charles Griffin, president of BarberMcMurry architects, one of the oldest firms in Tennessee, said a growing number of owners opt for construction management services.

"Typically what you see around here are construction managers who are a team member with the owner and the architect. They are brought on early in the design process to provide expertise for project scheduling and project costs," Griffin said.

But owners need to read the fine print when signing a CM contract because there are "a lot of different degrees of construction management," Griffin said.

The Construction Management Association of America defines construction management on its Web site as a "project delivery system that uses a construction manager to facilitate the design and construction of a project by organizing and directing men, materials and equipment to accomplish the purpose of the designer."

A professional construction manager should apply "effective management techniques to the planning, design and construction of a project from inception to completion for the purpose of controlling time, cost and quality," the association says.

Professional definitions are fine, but in the end it comes down to effective communication between the owner and the construction manager, Loy said.

Divvying up the financial risk is one of the biggest differences in CM contracts.

Some CMs only provide consulting services - reviewing design plans, recommending changes and coordinating schedules - and the project owner signs individual contracts with all of the subcontractors working on the project.

Owners who like to micro-manage may like having direct control over the subs. The downside is if problems arise - quality of work issues, cost overruns, a sub going belly up before the job is done - the owner has to deal with them.

The alternative is to have a construction management company hire the subs and deal with any headaches that come up.

Raja Jubran, CEO of Knoxville-based Denark Construction Inc., prefers what he calls construction manager at-risk contracts. Under this system the CM coordinates work, reviews plans and recommends improvements, signs contracts with pre-qualified subcontractors and guarantees a maximum price the owner will pay.

Under this system the architect and CM have separate contracts with the owner, but they work cooperatively during the design and pre-construction phases to develop the best building plan for the owner.

"This is the best delivery system from the owners perspective whether it's a public or private project," Jubran said.

Some school boards, local governments and other public project owners are reluctant to hire a construction manager. They fear taxpayers will complain about contracts not being awarded to the low bidder.

However, CM advocates are gaining ground in the public arena.

Sweetwater City Schools recently built a new \$6 million primary school under a CM contract with Construction Plus.

"It provided the expertise that we don't have in a small school system," said superintendent Keith Hickey.

"Would it have been cheaper if we had bid it out under the normal process? It's hard to say," Hickey said. What's important is the project came in under budget and on time, he added.

Once the decision is made to go the CM route, owners should ask lots of questions to find the right construction manager for their project, Jubran said.

The bottom line, he said, is that a CM can save the owner time, money and headaches.

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