

Removing the Risk From Construction Manager At-Risk Project Delivery: The Benefits of CMA Services

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For some owners, the construction manager at-risk (CMAR) delivery method offers an attractive alternative to traditional design-bid-build (DBB) project delivery. Also known as construction manager as constructor (CMc) or construction manager/general contractor (CM/GC), CMAR involves hiring a single party that takes on the roles of construction manager and builder, known as the CMAR. There are many other components included.

CMAR offers several advantages - the guaranteed maximum price (GMP) of CMAR delivery offers owners increased cost security, for example, by placing delivery cost risk solely on the CMAR, and the total team collaboration among designer, contractor, and owner helps achieve a united project vision. However, there are difficulties associated with executing this delivery method. For owners considering CMAR, an owner's representative (OR) providing construction manager as agent (CMA) services can help reduce risk and make the most of CMAR delivery.

MAKING A DIFFERENCE WITH AN OR

An Owner's Representative (OR) is a third-party representative for an owner, generally providing some combination of project and construction management services. An OR may seem redundant on CMAR projects, where the builder provides construction management, but this is untrue. Even with a CMAR, an OR still plays a vital role, coordinating the efforts of



the whole project team, offering technical and business advice, and providing a wide variety of management services beyond the scope of a CMAR.

One of the major challenges an OR can help an owner overcome is CMAR procurement. Hiring a builder in DBB, which most owners understand, is not the same as hiring a CMAR. A strong CMAR should have a variety of good pre-project planning skills, including strong estimating capabilities, and construction management experience. Especially if it's an owner's first-time undertaking CMAR procurement, they may want help identifying a qualified contractor with the right mix of pre-construction and construction phase skills. Owners will benefit from OR support in preparing requests for qualifications and requests for proposals, and in selecting the right CMAR firm for their project.

A GMP provides owners with cost confidence, but the OR makes certain the project maximizes the value of the GMP by balancing the overall cost with the scope, schedule, and other assumptions, etc., that are incorporated into the overall agreement. Also, when the GMP is initiated at concept design, assessing accurate costs can be challenging because the project scope may lack specificity, forcing trade contractors to base pricing on their interpretation of narratives. An OR can help ensure sufficiently specific designs go out for bid and can help confirm CMAR estimates with their own independent estimates. This helps ensure owners pay a fair price.

Owners may also feel that, in shedding some risk, they lose control of decision-making. For example, since CMAR firms handle subconsultant procurement, the cost distributions for a project may be unclear to the owner. With diligent monitoring, reporting, and project meetings, an OR can help keep the owner abreast of project status throughout their project's lifecycle.

The biggest benefit to using a CMAR is the emphasis on team collaboration. By assembling the entire team during preconstruction, CMAR results in a strong working relationship throughout the project lifecycle. The OR supports this dynamic by working with all stakeholders to reinforce this collaboration and ensure the project enjoys a can-do attitude where everyone is on the same page.

As on any project, the OR also provides advice always focused on the owner's best interests. On CMAR projects, where the builder is taking on added risk, the CMAR team can find itself in a defensive position with respect to the owner. This is especially true when a project experiences difficulties. With an OR, an owner will always have a source of support and neutral advice focused on delivering their project successfully. In fact, many times, the OR represents the "voice of reason," such as during design when the OR can keep the design manageable and deliver the project the owner expects.

These are important examples of how an OR can support CMAR delivery, but an OR's CMA services are expansive. They can fill in any areas not covered by the CMAR or the owner's in-house resources. Individual CMA services will differ from project to project, depending on unique project or owner


needs. On many CMAR projects, an OR's CMA support will include:

- » Helping an owner determine whether CMAR is the right delivery method for their project.
- » Assisting owners in CMAR procurement.
- » Conducting kickoff and periodic project meetings.
- » Developing trust among members of the project team.
- » Providing cost estimating services to support GMP development.
- » Reviewing the concept design to ensure scopes are clear with sufficient design specificity.
- » Managing stakeholder expectations and public outreach.
- » Coordinating among the trades and third-party testing firms.
- » Conducting comprehensive risk analyses and management workshops.
- » Validating the delivery schedule and identifying opportunities to improve schedule.
- » Integrating the commissioning process, third-party quality control testing, authorities having jurisdiction (AHJ) acceptance tests, as well as furniture, security, and A/V systems.
- » Implementing comprehensive quality assurance inspection and testing.
- » Managing and conducting third-party commissioning agents.
- » Tracking and auditing of actual costs.
- » If a project becomes troubled, keeping the owner aware of project status, offering advice to get the project back on track, and promoting decision making in the owner's best interests.
- » Fairly managing changes and helping the owner equitably share risk.
- » Managing contracts, payments, document control, and other administrative services.

GETTING THE MOST OUT OF CMAR

The CMAR delivery method can contribute to project success. An OR providing CMA services makes that outcome much more likely. OR helps bring out the best in CMAR - cost security and

rapid transition to construction - and helps mitigate some of the risks - unfamiliar procurement, scope creep, antagonistic relationships. By identifying the right CMAR for the owner's goals, carefully coordinating between stakeholders, conducting meticulous cost estimations, and engaging team members in a collaborative way, an OR improves project outcomes. With a proactive assessment of risks and cost throughout design and construction, the OR can help control changes. When changes to scope threaten cost security or project progress, the OR can help the team implement processes for documenting scope changes, pricing impacts, and formalizing adjustments to the GMP. The OR can also efficiently coordinate all commissioning and close-out activities and ensure the project is ready for handover. In short, an OR providing CMa services will add value to each phase of a CMAR project.

Owners preparing to undertake a construction project should speak with an OR first to discuss delivery methods. If you've decided that CMAR is the right option for your project, consider hiring an OR to help execute that delivery method successfully. 



About the Author

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