Fellows' Perspective: 50 Years of Construction Management and Project Delivery Development

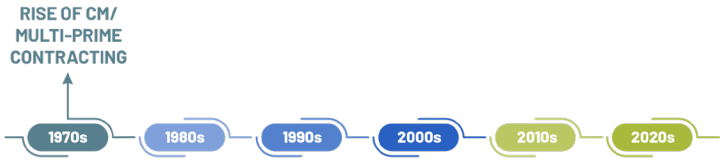
Written by: CMAA College of Fellows Communications Committee

PART 1 – THE RISE OF CONSTRUCTION MANAGEMENT AND EMERGENCE OF MULTI-PRIME CONTRACTING IN THE 1970S

As CMAA enters its fifth decade, it's time to look back and revisit how the organization was instrumental in the evolution of project delivery systems for capital construction programs. Over the next several months, the College of Fellows will share posts on the development of various project delivery systems and how CMAA emerged and developed in response to changes in construction delivery. Exploring the past offers an understanding of the present and may even provide insights into what comes next.

Today, we recognize that CMAA is the premier U.S. industry association dedicated to the practice of professional construction management, but that was not always the case. How did CMAA start and what motivated its development? While today's CMAA represents a membership of more than 25,000 and is well recognized for its support of construction manager (CM) certification and accreditation, it began as a fledgling movement to establish standards and best practices in an emergent disruption to how large capital programs were being delivered. In this blog series presented by members of CMAA's College of Fellows, we explore the history of CMAA, including the evolution and trends impacting delivery methods that influenced CMAA (and vice versa!).

We will also review the development of CMAA Chapters and ultimately recap how professional construction management



practices can continue to realize positive outcomes regardless of which delivery method is used, drawn from lessons learned during the entire CMAA era.

We start by reviewing project delivery evolution in the U.S., starting with the 1970s.

The cost effectiveness of the construction industry was one of the first topics tackled by the Business Roundtable, an association of 200 major corporation chief executive officers formed in 1973. The Roundtable assembled a team of recognized leaders from the private and public sectors: engineers and architects, contractors, unions, and academia, which spent years studying the problem. Their comprehensive report, "More Construction for the Money," was issued in January of 1983. It opened with the following statement:

By common consensus and every available measure, the United States no longer gets its money's worth in construction, the nation's largest industry.

In a 1970s environment where projects were often over budget and behind schedule, construction management emerged spontaneously and independently around the country. One of

the earliest reported projects to use construction management was the New York City Madison Square Garden a decade prior, in 1963. This project was successfully managed by a CM acting as an agent of the owner.

Other early-on CM applications in the 1960s and 1970s included projects such as the 100-story John Hancock Center in Chicago, the twin 110-story towers of New York's World Trade Center, the John Manville World Headquarters building in Denver, First National City Bank Building in New York City, projects for the Universities of Ohio, Massachusetts, New York and Illinois; the Albany Mall Complex, Dallas/Fort Worth Airport, Ramapo State College in New Jersey, and the New Jersey College of Medicine and Dentistry.

With the advent of construction management and the rapid trend among owners toward using it, in 1972 the Associated General Contractors of America (AGC) adopted guidelines for its suggested approach to construction management. This was followed by the development of a family of standard contract forms for use by its membership. The American Institute of Architects (AIA) likewise embraced construction management as a viable alternative, and they too published a family of construction management documents in 1976.

FIRST ALTERNATE DELIVERY SYSTEM: MULTI-PRIME CM

In addition to applying construction management methods to projects using the traditional Design-Bid-Build delivery system, some public owners were looking for alternative methods to deliver projects that were becoming increasingly complex and during an era where litigation was more commonplace.

The first alternative delivery system to gain public sector popularity was Multi-Prime Contracting. With this delivery system, the owner contracted directly with each trade contractor and retained a CM to lead the project during planning, design, procurement, and construction. This system replaced the general contractor with a CM that was, by contract, required to put the owner's interests first since the CM led the project and managed and coordinated the trade contractors on behalf of the owner. This option offered more control to owners, allowing them to select a qualified team based on best value vs lowest price.

While this alternative delivery method seemed novel, Multi-Prime CM was not new, as it had often been used in the private sector by owners who wanted more direct control of construction and access to the cost savings realized on well-executed projects. The public sector simply adopted this method.

Multi-Prime CM provided no contractual guarantees of cost or time, but the CM was required, by contract, to act solely in the owner's best interests to bring the project in on schedule and budget according to currently accepted industry standards.

The multi-prime delivery system could be easily adapted to existing public sector procurement regulations. The CM provided construction expertise during design and trade contractors were selected through open bidding procurement processes. The CM firm was selected based on qualifications and fees as a professional service provider. It required no enabling special legislation.

It is important to clarify that multi-prime, in this context, involved managing the project at the individual trade contractor level, attempting to eliminate as many layers of subcontracting and the associated mark-ups and loss of control as practical. Typically, over 20 separate trade contractors and suppliers were involved. Although its use has declined significantly, it remains as a viable delivery system for those owners who desire the hands-on control and complete advocacy that a Multi-Prime CM can deliver.

The impetus toward construction management and interest in alternative delivery created a desire for CM standards and paved the way for the formation of a new industry association — CMAA — which will be the focus of Part 2 of this series, to be published next month.

About the Article

The CMAA College of Fellows Blog Series, written by the Communications Committee, will share posts on the development of various project delivery systems over the years and how CMAA emerged and developed in response to changes in construction delivery. The Fellows hope this exploration of the past offers an understanding of the present and may even provide insights into what comes next.

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