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

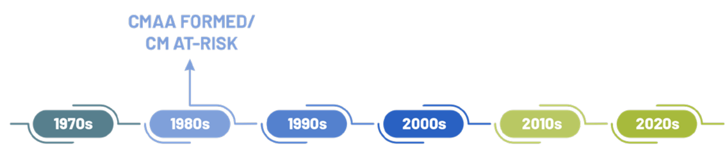
Written by: CMAA College of Fellows Communications Committee

PART 2 – CMAA IS FORMED AND THE GAINING POPULARITY OF CM AT-RISK IN THE 1980S

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. This is the second post in which the College of Fellows shares articles 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 the 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 CM practices can continue to realize positive outcomes regardless of which delivery method is used, drawn from lessons learned during the entire CMAA era.



In our first blog, we explored the first alternative for public sector clients to the traditional design-bid-build delivery system. This month, the Fellows examine the 1980s, including how the formation of CMAA helped unite the professional practice of construction management nationwide.

CMAA IS FORMED

Because construction management developed spontaneously and independently around the country, versions of construction management varied somewhat depending on regional needs. Construction management was sometimes referred to as a "Concept in Search of a Definition."

Against this backdrop, CMAA was organized in 1981 by the leaders of construction management firms from around the country to unify and define the practice and formally launched in 1982. The initiating firms were typically full-service firms that were formed in response to specific needs in their market areas. Consequently, services varied to some extent, but all firms shared the mission of being the advocate of the owner throughout the planning, design, and construction process.

CMAA's mission was eventually stated as: "To promote the use of construction management and enhance the quality of its practice."

An initial debate regarding construction management definitions that took place within CMAA was whether construction management constituted a profession or a delivery method. The ultimate resolution was that CMAA would recognize the practice of construction management as a profession supported by a set of sound practices applicable to any delivery method. This decision firmly established CMAA as a professional association instead of a trade association.

Two key initiatives in the early years of CMAA were the development of the Standards of Practice and Standard Contract Documents for the professional practice of construction management. These were initially developed to support owners implementing the two delivery systems then typically available to public owners: Design-Bid-Build and Multi-Prime CM. With both systems, the CM served in an agency relationship, as the advocate of the owner.

The Standards of Practice were initially issued for industry review and comment in 1986 and then updated based on industry response. That second edition was issued in 1988. Much of the framework of these standards remains familiar to us today — the organization of practices around concepts such as cost management, time management and quality management, and the application of these practices across the lifecycle of a project from planning through post-construction.

CM AT-RISK PRESENTS ITSELF

Construction Management at-Risk (CMAR) began to emerge as an additional accepted delivery system in public sector jurisdictions in the late 1980s. Back then, it would also be referred to as Guaranteed Maximum Price CM (GMP/CM), CM-GC, or CMC . Its goal was — and is — to deliver the same benefits as Multi-Prime CM, but also provide cost and schedule guarantees. As with multi-prime and in keeping with requirements of public contracting, all of the CMAR's activities — such as bidder solicitation, trade partner selection, management, and payment — are open-book to the owner. A key difference in CMAR is that the CM is not required to act solely in the owner's best interests once it has agreed to construction contract price , usually in the form of a Guaranteed Maximum Price (GMP). With the signing of that guarantee, the CM takes on the significant risk of cost and schedule – risk that could conceivably put it out of business if a project went badly. The CM becomes what is legally referred to as an independent contractor once the GMP or other form of construction agreement (e.g. lump sum) is reached.

CMAR gained increasing acceptance over a range of project types, including school construction, private commercial development, and within a number of federal agencies.

To support this emerging delivery system and its many practitioners, CMAA issued its "GMP/CM Commentary" to help clarify the role of the CMAR. It served as a "modifier" to the existing Standards of Practice, which were originally written for the two delivery systems at the time: Design-Bid-Build and Multi-Prime CM.

Balancing the added risk of providing guarantees while properly serving the owner's needs and expectations requires an astute and ethical CMAR. Many of these practitioners have been loyal and active members of CMAA.

As CMAR, with its guarantees of cost and schedule, became accepted in various jurisdictions across the country, the use of Multi-Prime CM rapidly declined.

Agency construction management firms are in a position to support owners using the CMAR delivery system. They can develop initial scope, budget, and schedule parameters, help the owner select the appropriate architect and CMAR firm, establish the contractual relationships, and provide overall project management. The Agency CM may become particularly important in overseeing a CMAR that proves to be lacking in certain technical capabilities or has difficulty in its role as an advocate of the owner.

With a nascent CMAA in place and project delivery methods continuing to evolve, the 1990s would see some of the most substantial changes with the gaining popularity of design-build. The growth of CMAA and the emergence of design-build will be the topics for our next two blogs.

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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