

DESIGN BUILD DELIVERY METHOD

For many business owners starting a construction project, the first and most important decision is selecting the “Delivery Method.” A delivery method is how the project is organized, designed, and constructed based on the responsibilities of the parties involved. Traditional construction projects rely on a “hard bid” delivery method. This method separates design and construction into distinct functions and often limits the contractor to choosing the lowest bidder. It requires the owner to manage two separate contracts: One with the design firm and one with the chosen construction entity. The owner becomes an intermediary handling contract management, scheduling, and any potential dispute resolution.

With the “Design Build” option (also referred to as a Turn-Key Contract), the contractor, architect, and engineer are allied, working together to serve the owner. Ultimately, this method unites the owner, contractor, architects, and engineers to create a team working to turn the concept on paper into a physical building that satisfies the needs of the owner. In the last 15 years, the Design Build option has increased in popularity as the delivery method of choice.

Benefits to Design Build Method of Delivery

- Design team works under one contract
- A unified work flow from initial design concept through completion
- Foster collaboration, teamwork, partnership
- Maximize design and function, keeping budget and schedule in mind

Budget Management

- Emphasis on budget awareness during design, as opposed to waiting for hard for bids to come in
- Early knowledge of guaranteed costs; used to make changes, request value engineering, and/or add scope
- Fewer surprises – fewer change orders
- Creates potential for lower construction costs

Communication

- Single point contact for owner
- Potential concerns can be identified before project starts
- Weekly meeting to discuss progress/schedules/hurdles
- Focus remains on owner’s values
- Promotes cooperation between project partners

Faster Project Completion

- Bid time is reduced
- Project coordination and scheduling can begin earlier
- Construction and design can overlap
- Items with long lead times can be identified and ordered prior to the start of construction
- Constructability is reviewed throughout

Quality

- Employ processes that qualify bidders; identify the best bidder for the project, rather than just accepting the lowest bid
- Encourages value engineering
- Quality control efforts can begin early in design phase and continue through construction

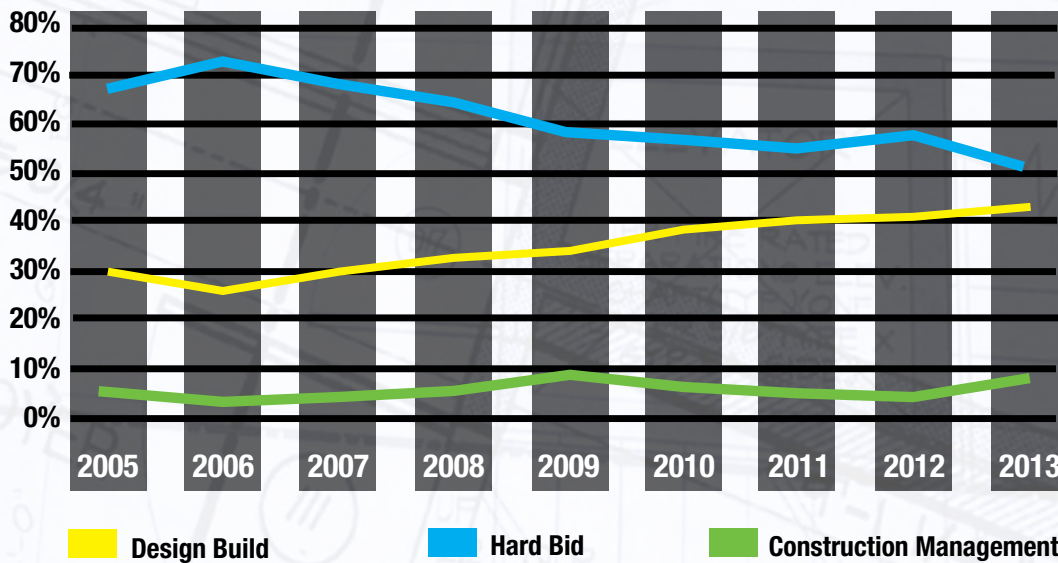


DESIGN BUILD COMPARED TO OTHER DELIVERY METHODS

METRIC	DESIGN BUILD VS. HARD BUILD	DESIGN BUILD VS. CONSTRUCTION MANAGEMENT
UNIT COST	6.1% LOWER	4.5% LOWER
CONSTRUCTION SPEED	12% FASTER	7% FASTER
DELIVERY SPEED	33.5% FASTER	23.5% FASTER
COST GROWTH	5.2% LESS	12.6% LESS
SCHEDULE GROWTH	11.4% LESS	2.2% LESS

Source: Construction Industry Institute (CII)/Penn State research comprising 351 varied projects and sectors a ranging from 5,000 to 2.5 million square feet.

COMMERCIAL CONSTRUCTION PROJECT DELIVERY METHOD MARKET SHARE



Analysis by RSMears Market Intelligence a division of Reed Construction Date

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