



# Project Delivery Methods: Pros and Cons

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# Typical Delivery Methods

| <b>GEORGIA CONSTRUCTION PROJECTS DELIVERY OPTIONS</b><br>with Solicitation Methods for Design and Construction Professionals |   |                            |
|--|---|----------------------------|
| <b>Project Delivery Method</b>   | <b>Solicitation Method</b>                          |                            |
|  | <b>Construction Professional</b>                    | <b>Design Professional</b> |
| <b>Design-Bid-Build (DBB)</b>  | ITB<br>or<br>BVS                                    | QBS                        |
| <b>Construction Manager/ General Contractor (CM/GC)</b>  | QBS   | QBS                        |
| <b>Design-Build (D/B)</b>  | QBS<br>Design-Build Firm<br>(one combined contract) |                            |

|  |
|--|
| ITB = Invitation to Bid   Competitive Sealed Bids<br>QBS = Qualification Based Selection   Non-priced Proposals<br>BVS = Best Value Selection   Competitive Sealed Cost Proposal |
|--|

Figure 24: Georgia Project Delivery Options

# Typical Approaches in GA



| <b>DELIVERY METHOD</b><br>Common Nicknames                                       | <b>Low Bid</b> | <b>Best Value:<br/>Total Cost</b> | <b>Best Value:<br/>Fees</b> | <b>Qualifications Based Selection (QBS)</b> |
|--|----------------|-----------------------------------|-----------------------------|---|
| <b>Design-Bid-Build</b><br>Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) | <b>X</b>       | <b>X</b>                          | n/a                         | n/a   |
| <b>CM at-Risk</b><br>CM/GC; GC/CM; CMc; ECI                                      | n/a            | n/a                               | n/a                         | <b>X</b>                                    |
| <b>Design-Build</b><br>Engineer-Procure-Construct (EPC)                          | n/a            | n/a                               | n/a                         | <b>X</b>                                    |
| <b>IPD</b><br>Multi-party; Alliancing  | Not Typical    | Not Typical                       | n/a                         | n/a   |

# OPEN BOOK VS. CLOSED BOOK



| DELIVERY METHOD                                       | Low Bid                   | Best Value: Total Cost | Best Value: Fees        | Qualifications Based Selection (QBS) |
|---|---------------------------|------------------------|-------------------------|--------------------------------------|
| Common Nicknames                                      |                           |                        |                         |                                      |
| <b>Design-Bid-Build</b>                               | X                         | X                      | n/a                     | n/a                                  |
| Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) |                           |                        |                         |                                      |
| <b>CM at-Risk</b>                                     | <i><b>Closed Book</b></i> |                        | n/a                     | X                                    |
| CM/GC; GC/CM; CMc; ECI                                |                           |                        |                         |                                      |
| <b>Design-Build</b>                                   | n/a                       | n/a                    | <i><b>Open Book</b></i> |                                      |
| Engineer-Procure-Construct (EPC)                      |                           |                        |                         |                                      |
| <b>IPD</b>  | Not Typical               | Not Typical            | n/a                     | n/a                                  |
| Multi-party; Alliancing                               |                           |                        |                         |                                      |

# Typical Approaches in GA



## DELIVERY METHOD

Common Nicknames

|  | Low Bid     | Best Value: Total Cost | Best Value: Fees | Qualifications Based Selection (QBS) |
|--|-------------|------------------------|------------------|--------------------------------------|
| <b>Design-Bid-Build</b><br>Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) | X           | X                      | 1                | n/a                                  |
| <b>CM at-Risk</b><br>CM/GC; GC/CM; CMc; ECI                                      | n/a         | 2                      | n/a              | X                                    |
| <b>Design-Build</b><br>Engineer-Procure-Construct (EPC)                          | n/a         | n/a                    | 3                | X                                    |
| <b>IPD</b><br>Multi-party; Alliancing  | Not Typical | Not Typical            | n/a              | n/a                                  |



# GA: Three “Questions”

1. Closed Book vs. Open Book?
2. If Closed: ITB or Best Value?
3. If Open: CM at-Risk or Design-Build?



# GA: Three “Questions” Discussion

## 1. Closed Book vs. Open Book?



***PROJECT DELIVERY OPTIONS***

***Volume 2 of 2***

***Selecting the Appropriate Project  
Delivery Option***

***Recommended Guidelines***



Georgia State Financing and Investment  
Commission  
Version 2.0

May 2003

To be able to recommend the most appropriate option, experience with going through the thought process of applying the factors outlined in this chapter is essential.

It is even better and widely considered to be good practice to use the counsel of a group of trusted advisers who can help to be sure that all the factors and their interrelationships can be as fully evaluated as possible.

Your trusted advisers should be experienced not only with going through the thought process of applying the major factors, but ideally are also experienced with implementing all of the different delivery options.





# “Major” Factors

- ◆ Regulatory/Legal or Funding Constraints
- ◆ Owner’s Internal Resources
- ◆ Necessity to Overlap Phases
- ◆ Ability to Define Scope
- ◆ Desire for Single Contract



# “Major” Factors

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- ◆ **Ability to Define Scope**
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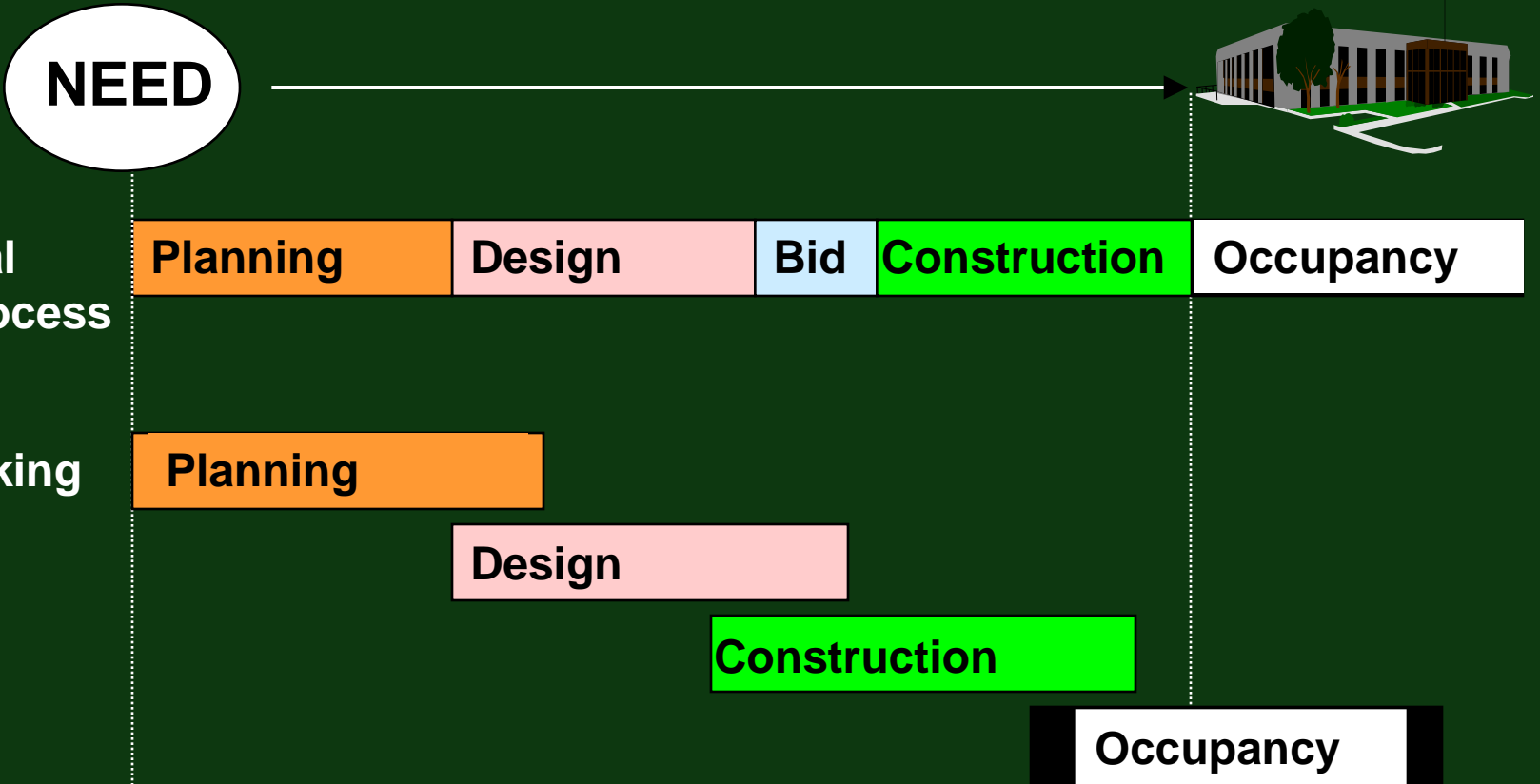


# “Major” Factors

- ◆ Regulatory/Legal or Funding Constraints
- ◆ Owner’s Internal Resources
- ◆ **Necessity to Overlap Phases**
- ◆ Ability to Define Scope
- ◆ Desire for Single Contract



# Schedule





# GA: Three “Questions” Discussion

## 2. If Closed: ITB or Best Value?



# Typical Approaches in GA



**DELIVERY METHOD**

Common Nicknames

Low Bid

Best Value:  
Total Cost

Best Value:  
Fees

Qualifications  
Based  
Selection  
(QBS)

**Design-Bid-Build**

Competitive Sealed Bid;  
Low Bid; Inv. to Bid (IFB)

**X**

**X**

n/a

n/a

**CM at-Risk**

CM/GC; GC/CM; CMc; ECI

n/a

n/a

n/a

**X**

**Design-Build**

Engineer-Procure-Construct (EPC)

n/a

n/a

n/a

**X**

**IPD**

Multi-party; Alliancing

Not  
Typical

Not  
Typical

n/a

n/a



# GA: Three “Questions” Discussion

## 3. If Open: CM at-Risk or Design-Build?



# Typical Approaches in GA



| <b>DELIVERY METHOD</b><br>Common Nicknames                                       | <b>Low Bid</b> | <b>Best Value: Total Cost</b> | <b>Best Value: Fees</b> | <b>Qualifications Based Selection (QBS)</b> |
|--|----------------|-------------------------------|-------------------------|---|
| <b>Design-Bid-Build</b><br>Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) | <b>X</b>       | <b>X</b>                      | n/a                     | n/a   |
| <b>CM at-Risk</b><br>CM/GC; GC/CM; CMc; ECI                                      | n/a            | n/a                           | n/a                     | <b>X</b>                                    |
| <b>Design-Build</b><br>Engineer-Procure-Construct (EPC)                          | n/a            | n/a                           | n/a                     | <b>X</b>                                    |
| <b>IPD</b><br>Multi-party; Alliancing  | Not Typical    | Not Typical                   | n/a                     | n/a   |





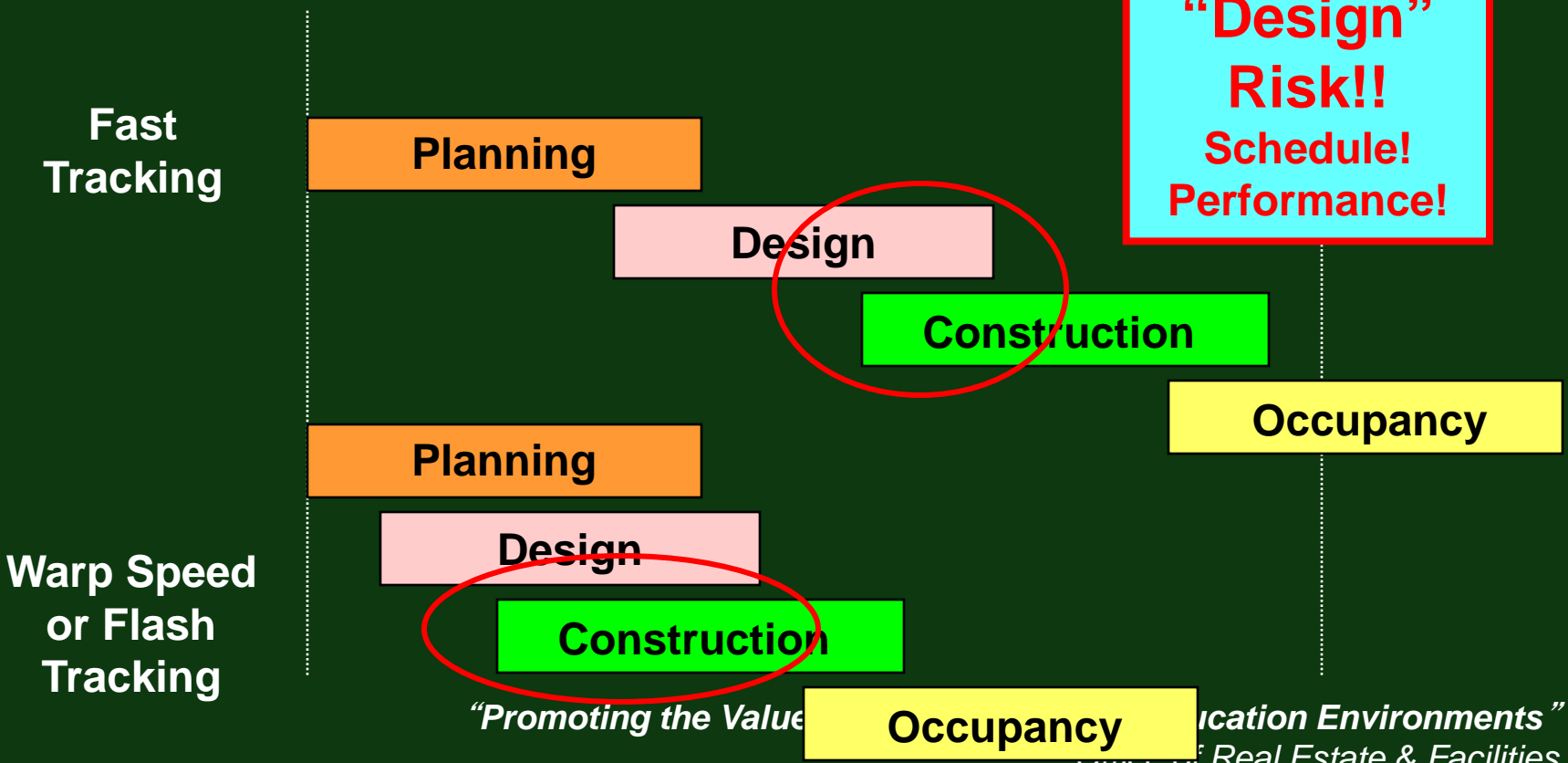
# “Major” Factors

- ◆ Regulatory/Legal or Funding Constraints
- ◆ **Owner’s Internal Resources**
- ◆ Necessity to Overlap Phases
- ◆ Ability to Define Scope
- ◆ **Desire for Single Contract**



# “Fast Tracking” vs. “Warp Speed”

**NEED**





# “Other” Approaches in GA?

| <b>DELIVERY METHOD</b><br>Common Nicknames                                       | <b>Low Bid</b> | <b>Best Value:<br/>Total Cost</b> | <b>Best Value:<br/>Fees</b> | <b>Qualifications Based Selection (QBS)</b> |
|--|----------------|-----------------------------------|-----------------------------|---|
| <b>Design-Bid-Build</b><br>Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) | <b>X</b>       | <b>X</b>                          | n/a                         | n/a   |
| <b>CM at-Risk</b><br>CM/GC; GC/CM; CMc; ECI                                      | n/a            | n/a                               | ?                           | <b>X</b>                                    |
| <b>Design-Build</b><br>Engineer-Procure-Construct (EPC)                          | ?              | ?                                 | ?                           | <b>X</b>                                    |
| <b>IPD</b><br>Multi-party; Alliancing  | Not Typical    | Not Typical                       | n/a                         | n/a   |



# “Other” Factors

## Why aren’t these Major?

- ✓ Size of Project (\$)...small \$ vs. large \$
- ✓ Type of Project... warehouse, research, office
- ✓ Type of Construction...wood frame, steel, concrete
- ✓ Economy...booming period?, recessionary downturn?

# Collaborative



| <b>DELIVERY METHOD</b><br>Common Nicknames                                       | <b>Low Bid</b>  | <b>Best Value: Total Cost</b>                         | <b>Best Value: Fees</b>   | <b>Qualifications Based Selection (QBS)</b>           |
|--|---|---|---|---|
| <b>Design-Bid-Build</b><br>Competitive Sealed Bid;<br>Low Bid; Inv. to Bid (IFB) | <span style="color: yellow; font-size: 2em;">X</span> | <span style="color: yellow; font-size: 2em;">X</span> | n/a   | n/a   |
| <b>CM at-Risk</b><br>CM/GC; GC/CM; CMc; ECI                                      | n/a   | n/a   | n/a   | <span style="color: yellow; font-size: 2em;">X</span> |
| <b>Design-Build</b><br>Engineer-Procure-Construct (EPC)                          | n/a   | n/a   | <div style="border: 1px solid black; padding: 5px; display: inline-block;"> <span style="color: blue; font-weight: bold; font-size: 1.2em;">Collaborative</span> </div> |   |
| <b>IPD</b><br>Multi-party; Alliancing  | Not Typical   | Not Typical   | n/a   | n/a   |



# Mike Kenig:

1. Schedule?

2. Place a Value on Collaboration?

a) Ability to define the scope

b) Likelihood for changes (during construction)

**NOT, the size of the project!**

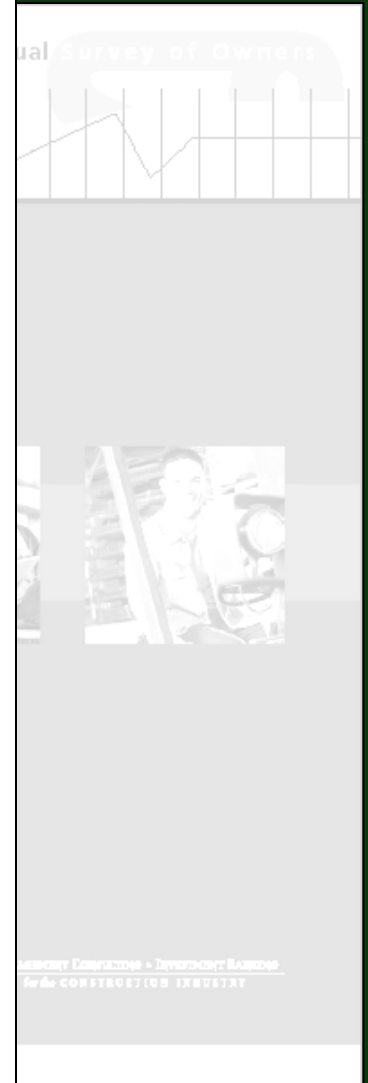
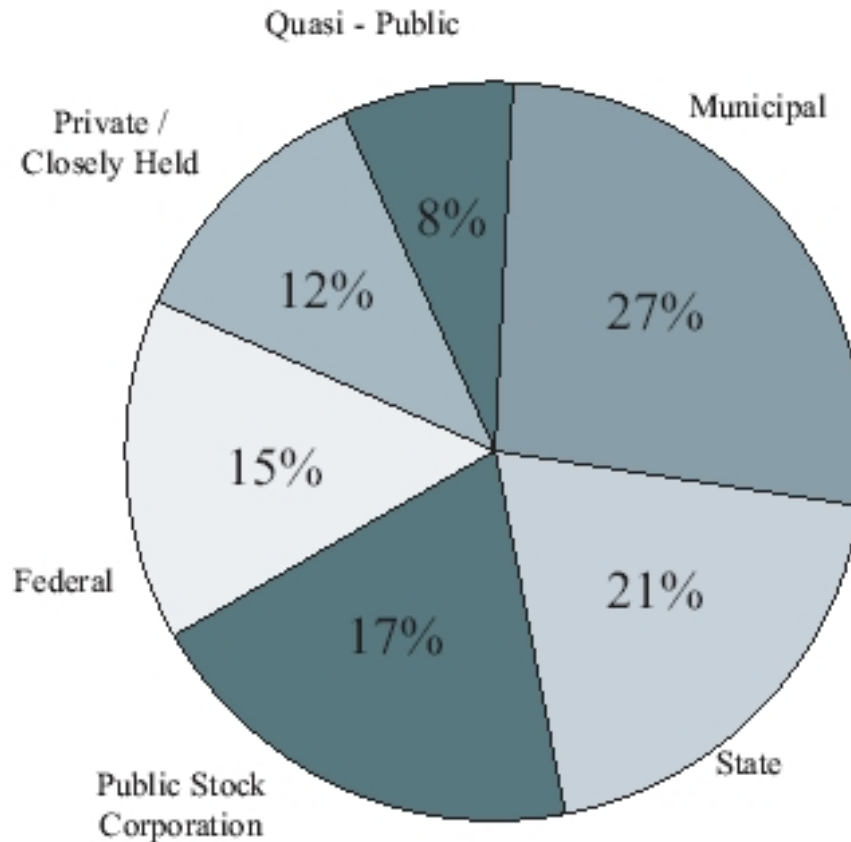


# Industry Perspectives

# 6<sup>th</sup> Annual FMI/CMAA Survey of Owners

## Exhibit 3

Which of the following best describes your organization?

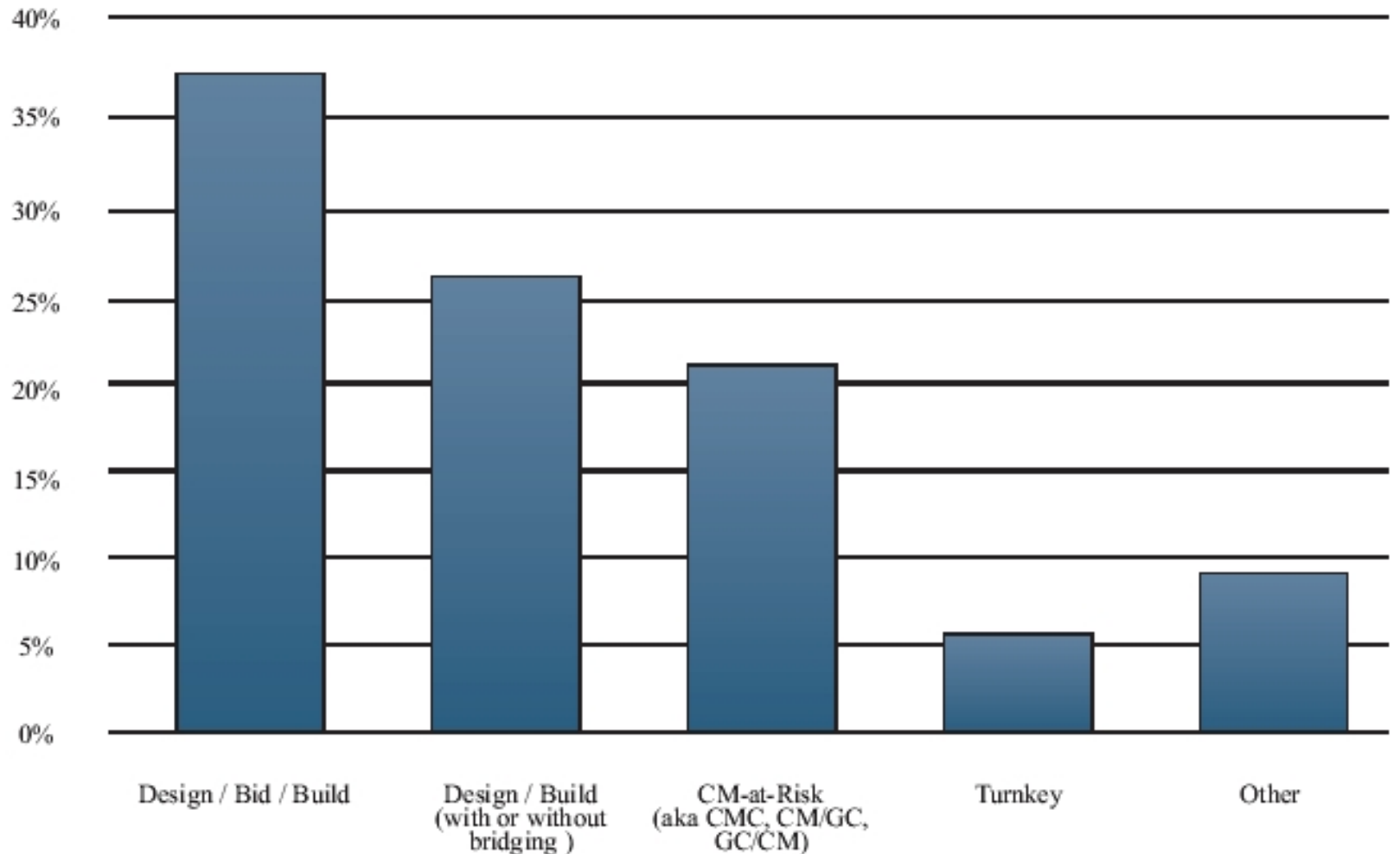




# 6th Annual FMI/CMAA Survey of Owners

**Exhibit 5**

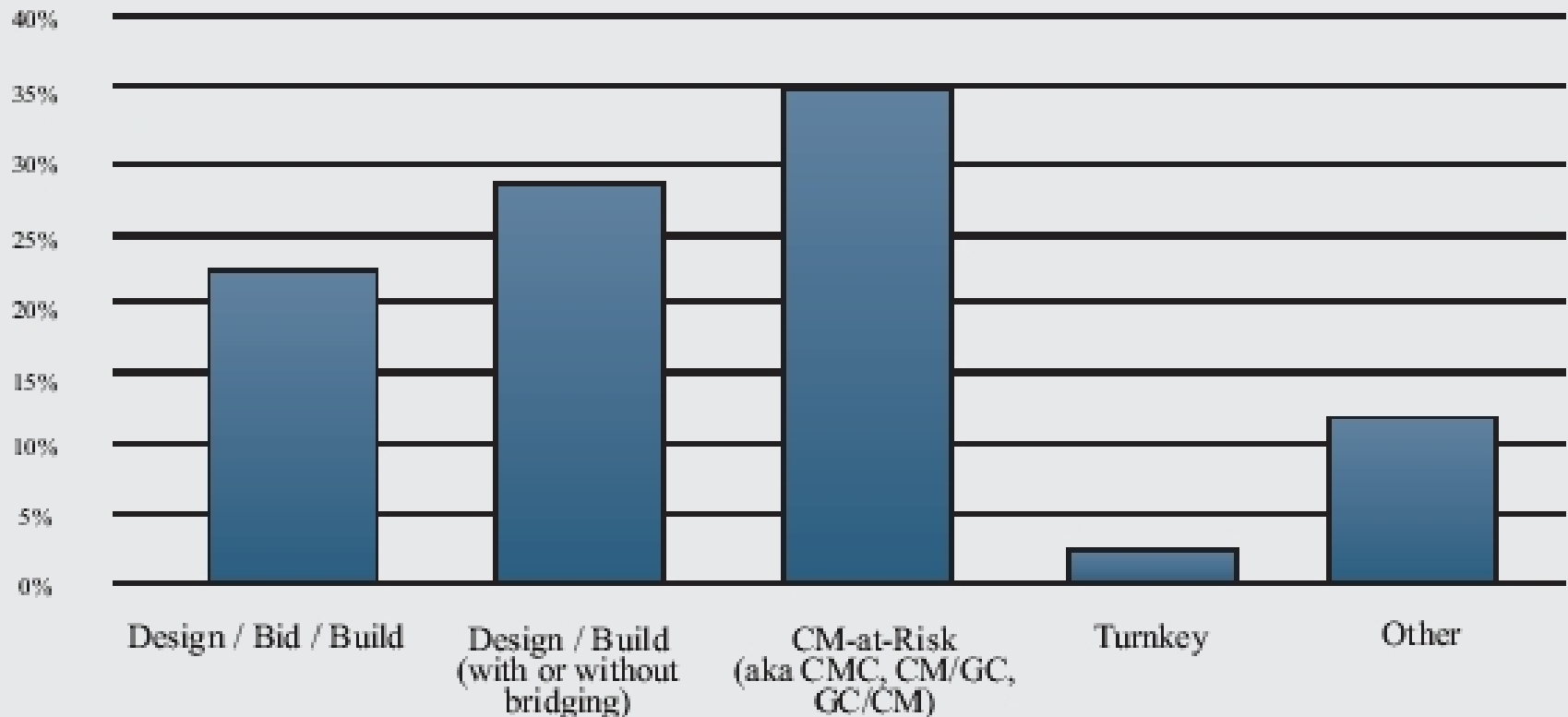
Which construction delivery methods do you use?



# 6th Annual FMI/CMAA Survey of Owners

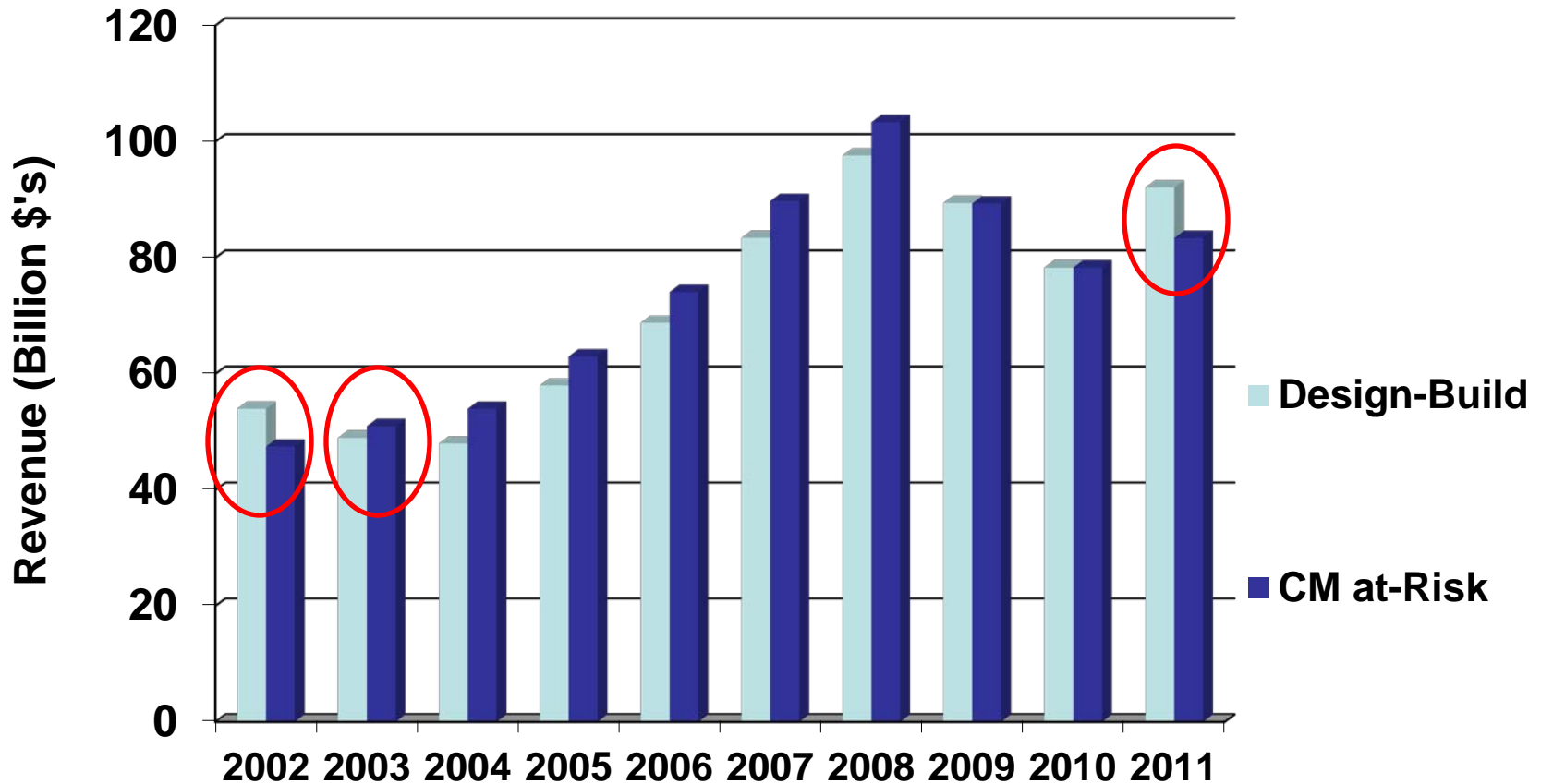
## Exhibit 7

Which delivery method do you believe offers the best value, whether you have used that method or not?



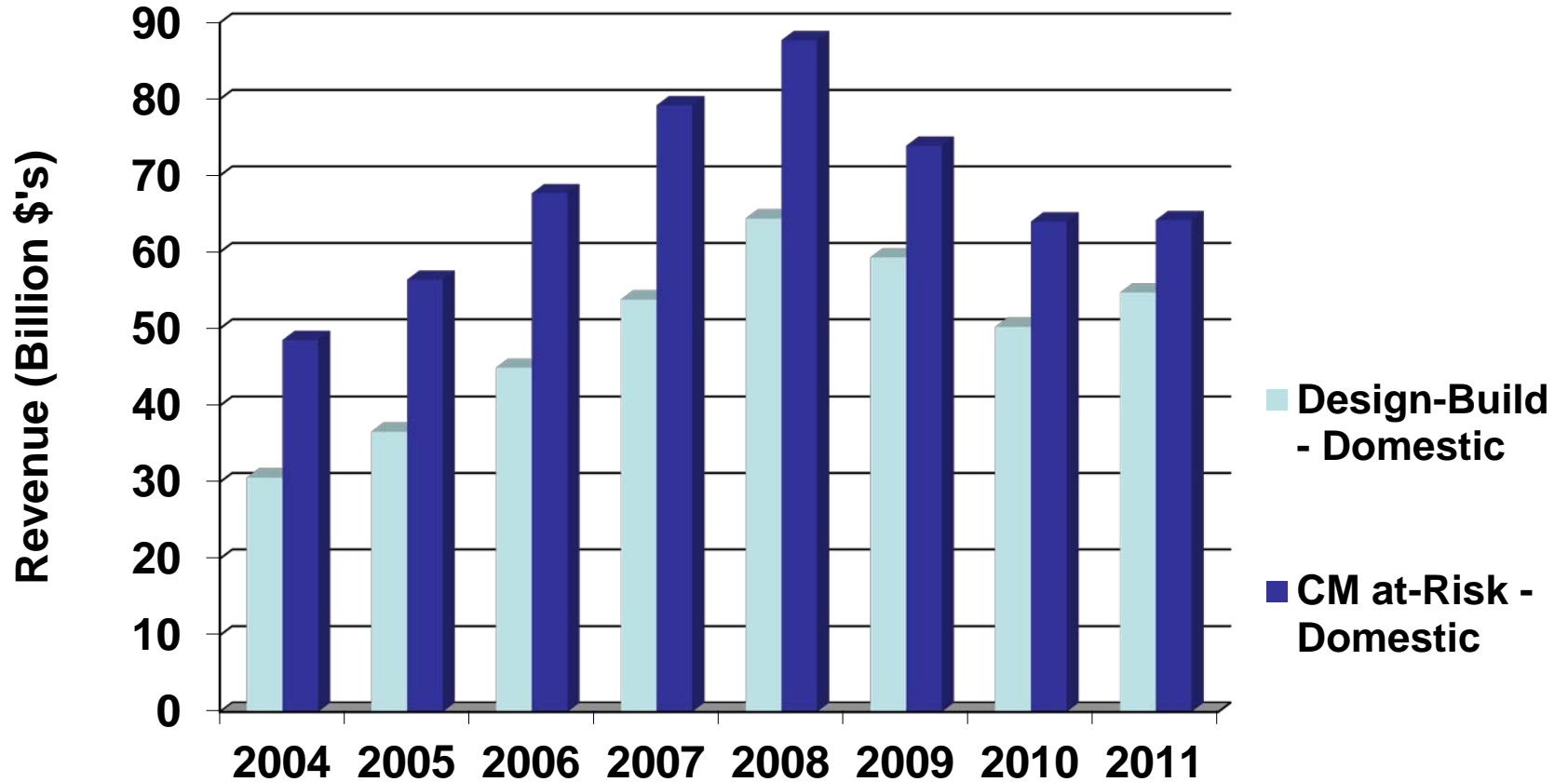
# Global Total Revenue by Project Delivery

(Includes Domestic and International)



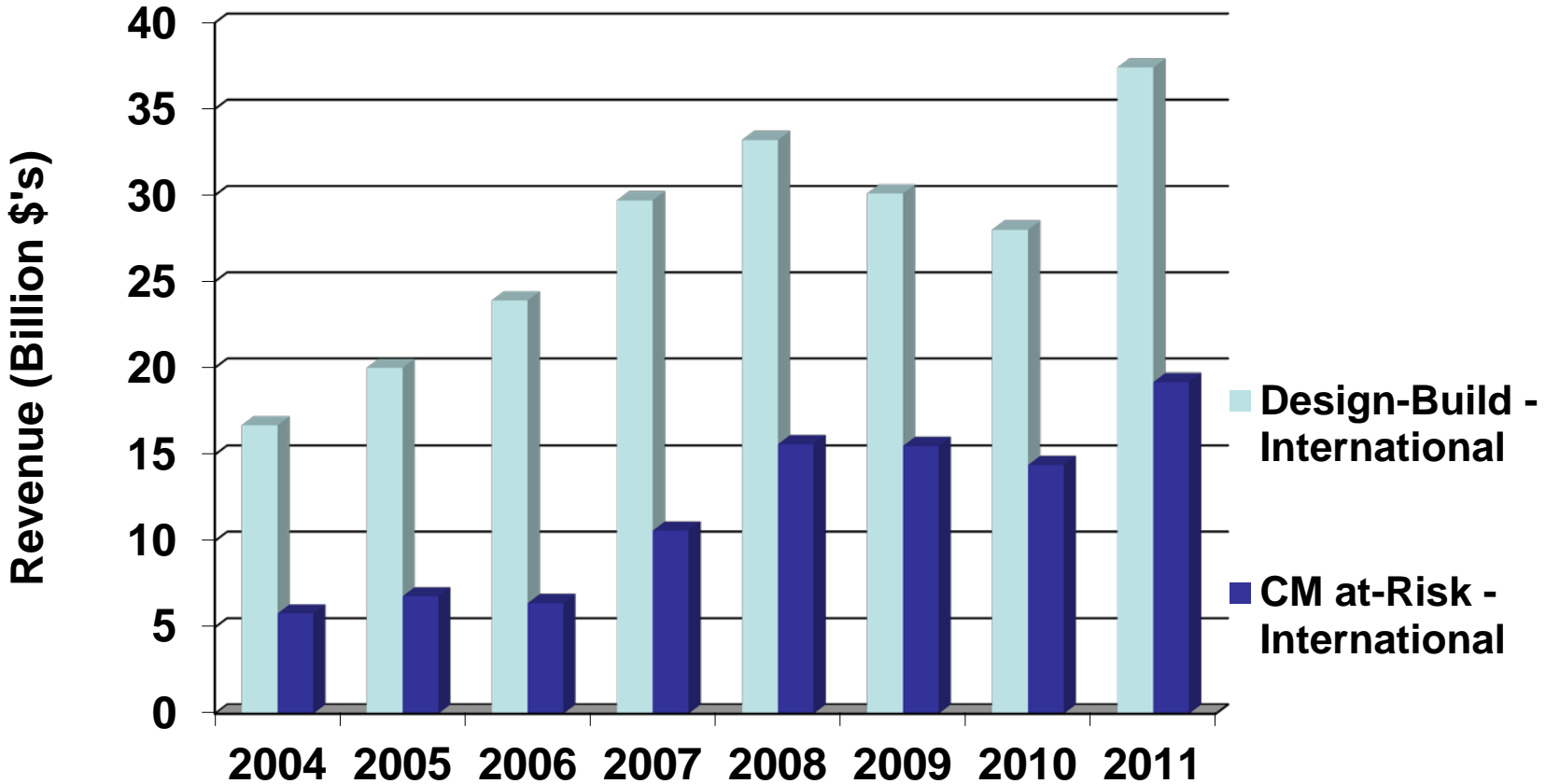
Source: ENR Top 100 Firms Ranking

# US Domestic Total Revenue by Project Delivery



Source: ENR Top 100 Firms Ranking

# International Total Revenue by Project Delivery



Source: ENR Top 100 Firms Ranking



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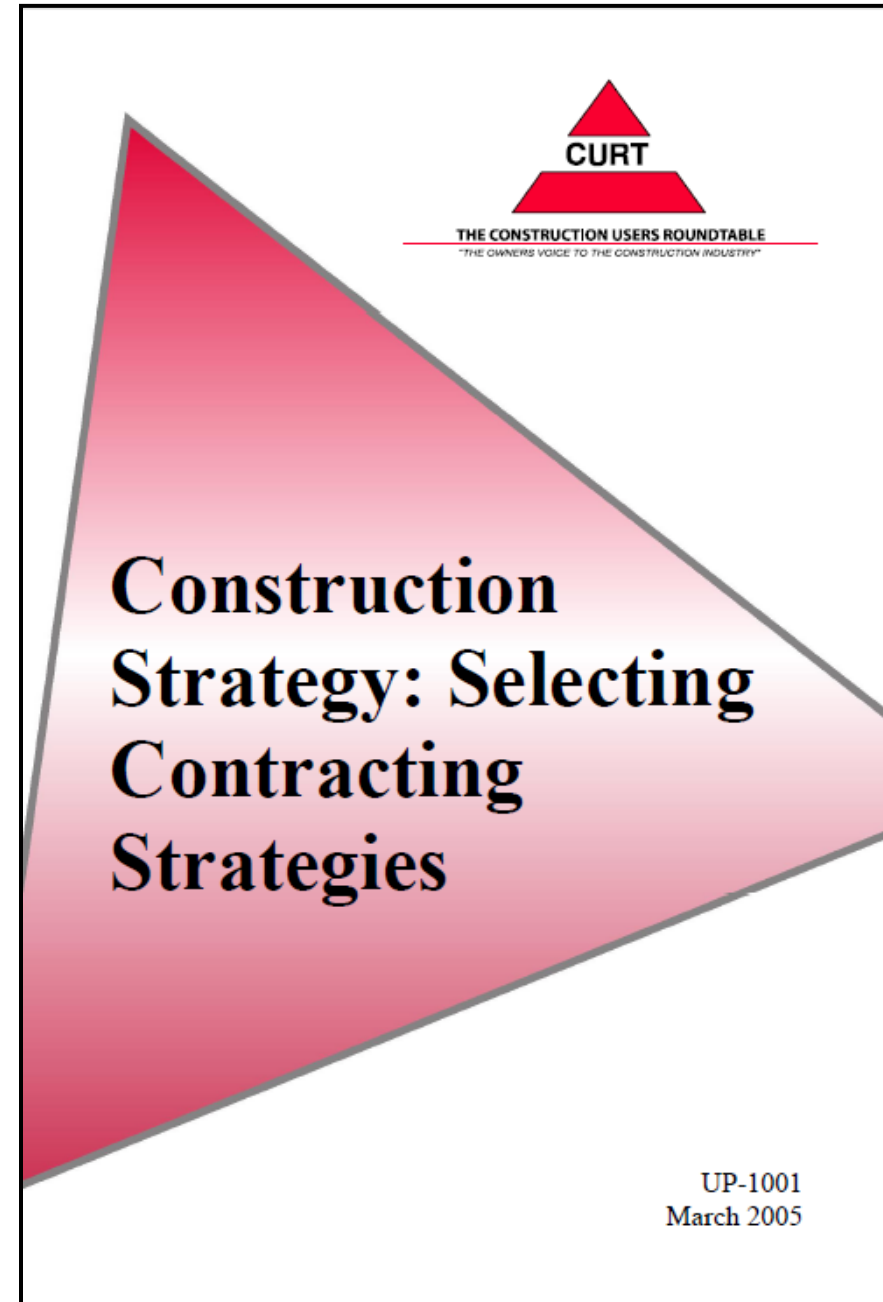
[mkenig@holder.com](mailto:mkenig@holder.com)

October 26, 2012

Selecting the most  
Appropriate Project  
Delivery Method...

***Construction Strategy:  
Selecting Contracting  
Strategies***

- Published by CURT
- User Practice #1001



UP-1001  
March 2005



# Critical Factors to Consider

**Schedule requirements**

**Scope clarity**

**Likelihood of change**

**Level of Risk**

**Degree of owner control**

**Relative cost**

**Local Market conditions**

**Level of innovation**

**Concurrent projects**

**Corporate preferred strategy**

**Availability of owner personnel**

**Confidentiality**

**Specialized Work**

**Proprietary technology**