



The Benefits of a Construction Manager At Risk

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Construction Manager At Risk is an alternative project delivery method embraced by both public and private sector owners. Over the last two years, it has gradually gained traction in the commercial construction market. This method provides several benefits to the owner that are not otherwise available with other project delivery methods.

With Construction Manager At Risk, the owner chooses the construction manager, or CM, based on qualifications rather than low bid. The CM contracts to deliver the project for the cost of the work, but for no greater than a guaranteed maximum price. The CM's fee is either a percentage of the cost of the work, or is fixed as a lump sum.

The CM is selected early in a project's design and acts as a construction consultant during this phase. During construction, it assumes the typical responsibilities of a general contractor in subcontracting with trades for various aspects of construction. It is responsible for timely completion of the project and holds the risk of cost overruns if the guaranteed maximum price is exceeded.

The benefits to the owner under this delivery model begin to accrue in the design phase. The CM's early involvement improves the design through its insights on constructability, value engineering, cost estimating, and schedule. Of further note is the scheduling flexibility that the CM's early involvement facilitates. Some projects require specialized materials or equipment, which require long lead-times between order and delivery. These can be ordered well in advance of the completion of construction drawings and the release and award of bid packages. In addition, a fast track approach to construction can be utilized. Early site and structural packages can be bid and work commenced as later design phases are completed. Neither of these benefits are available under traditional methods where the completion of the design is a necessary first step.

During the construction phase, the CM continues in its role as advocate for the owner. The CM is in the owner's camp, so to speak. This stands in contrast to traditional methodologies, where the owner, designer, and general contractor are divided into separate silos. The resulting tensions and adversarial nature of the owner-general contractor relationship are minimized, if not eliminated, with a CM. One very tangible benefit accrues to the owner in the change order process. Because of the enhanced relationship with the owner, the CM is motivated to evaluate change order requests transparently and fairly. It acts as the owner's champion in situations where the requested changes are without foundation.

Unlike other delivery methods, the CM at risk provides the owner with a skilled advocate throughout the project. From enhancing design through effective scheduling and overall project management, the CM at risk scores solidly on several fronts. It facilitates higher quality with on-time delivery at a lower cost.