



Bring the Building Team Together Early to Maximize Project Success

By **Steve Schmitt, AIA**

President, Merriman Schmitt Architects

In this tough economic environment, the goal of any building project should be to maximize value to its fullest extent.

That doesn't necessarily mean delivering a project that meets the requirements of the initial RFP at the cheapest possible price. Value in the building business is best defined instead as delivering a project that meets the current and future needs of the customer – sometimes in ways not identified in the owner's initial project scope – at the best possible price to the client.

In this paper, I'll provide five reasons that the value proposition in a building project is best achieved when as many of the players on the building team can be assembled as early as possible in the project.

A few months ago, my firm, Merriman Schmitt Architects, was asked by a real estate developer to prepare a handful of schematics for a possible project from a relatively simple RFP. The building owner and owner's representative had provided the developer with the desired site constraints in terms of size, location and infrastructure,

given a tight square footage range for the building to be developed and expressed their desire to lease the building for five years with an option to buy at that time. The one-page document provided some detail on the program and the owner's desire to occupy the building in no less than 12 months. It also provided a budget outline.

To assist the developer in responding to the owner's request, we quickly sketched a site plan and a few elevations to show the potential for the project, and he provided the sketches to a contractor to run some numbers. The developer presented the package to the owner a few days later.

Unfortunately, the project went to the lowest bidder which happened to be with another developer. We were disappointed obviously, but we had done all we could do, and the developer had done all he could do, within the time constraints set by the owner for his response.

A couple of weeks later, the developer called again. The owner wanted to discuss the project again. To the owner's surprise, the site proposed by the low-bid developer didn't meet all of the owner's requirements and the owner had doubts about the building team that had been assembled.

A week later, the owner met with our developer who brought in representatives from our firm, a contractor that we'd worked with on numerous buildings of the type in question, and a consulting engineer that we brought to the table. A lot of questions were asked by everyone in the room and we left with a handshake agreement to proceed with the project. As we were leaving, the owner made the comment that he felt entirely comfortable with the team and was especially happy to know that we all believed we could turn the project in seven months as opposed to the 12 months that they'd specified in their pro forma. Despite the early mistake, the owner was still going to be able to make his deadline with room to spare.

In the following paragraphs, I'd like to detail five ways an owner or developer like the one in the story above benefits from bringing a team together on a project at the earliest point possible.



1. Optimized Project Schedule

Everyone likes to see a project fast-tracked. Turning a project around quickly benefits everyone involved from the banker to the architect to the owner. Everyone likes it when the cash flows quickly and smoothly from one party to the other, and the owner is especially happy when he finds he can be in a new building or a new space sooner. Building projects are usually conceived as a way to drive business success. Having that right space available quicker means success comes quicker. Optimizing a project schedule happens best when the key players on the building team: a. have experience with the building type; b. have worked together on similar buildings; and c. have demonstrated the ability to manage the project efficiently. I believe that when an owner's chief concern is turning a project around quickly, the best plan of attack is to meet with building teams right from the beginning. Having all of the players in the room in the initial discussion bring enormous synergy, helps to identify gaps and holes in the base program, and offers the owner "free consulting" simply through the give and take necessary for the building team to be best understand the owner's needs and requirements.

2. Optimized Value.

As I said earlier, value is that point on a cost/benefits graph where the price and benefit lines cross. Without a

team in place early, that value point is typically high both on the price line and lower on the value line. A team approach enhances the team's ability to provide more value – deliver a building that's more successful than the owner anticipated at a cost equal or lower than anticipated.

An owner may only build one or two buildings in their career. Their knowledge of process and potential tends to be fairly narrow. A few conversations with an owner can typically enable us to ensure that the building meets both current and potential future needs within the original budget. That's usually not the case when the team isn't assembled early in the process. Having the architect involved early helps ensure that what is envisioned by the owner is the best solution to their needs. Having the contractor involved early helps ensure that what the owner and the architect envision stays within the proposed budget for the project.

And, value doesn't always stop with the delivery of a building. On a recent industrial project, the owner was planning to install new equipment being purchased overseas. They didn't realize the how much time would be required for inspection of the equipment before startup of the plant and had planned on taking delivery of the equipment only a few weeks before opening of the facility. Our involvement early in the process enabled the owner to obtain delivery of the equipment sooner, get the necessary permits, and still open on time. A glitch like that wouldn't have impacted the cost of the building, but would have cost the company considerably in lost business. In that instance, added value came outside the scope of the building, but within the scope of the project overall. An experienced team in place early on saved this company from making a costly mistake.

3. Optimized Space Planning.

We had the opportunity not long ago to meet with an owner and developer to review an RFP before the selection process was completed. The owner suggested building a three-story building in two phases. The initial phase would consist of approximately 65 percent of the ultimate building size, with the other 35 percent to be built as an addition several years later. While it was true that building a smaller version of the building in an ini-

tial phase would have meant a smaller initial investment, by building the entire building in the initial phase, the owner's cost per square foot would be greatly decreased. Not to mention the fact that he would avoid re-mobilization costs, possible material price increases and major disruptions and inconvenience to existing tenants.

On another project, we learned in a pre-selection meeting that the owner wanted to mix existing furnishings with new ones of the same brand from the same vendor. By measuring the owner's existing cubicles and consulting with the furniture vendor, we were able to ensure that the structural plan and the building dimensions matched the furnishings perfectly. We were able to design the shell building so that windows and interior columns worked perfectly with the furniture package – optimizing interior space and usability.

4. Optimize Pricing by Estimating Early and Often

Choosing a contractor early in the design process helps ensure that designs being viewed are targeted to the budget and stay on budget through the design development stage.

One of our developer clients worked with another architect to design a mixed-use project that looked great on paper, but couldn't deliver the payback necessary for financing. We were subsequently asked to take over the project and worked closely with a contractor to maintain a similar quality appearance to the project, but at a cost nearly 30 percent less to build. Having the contractor participate in the design process ensured the developer could get financing for the project and obtain the lease rates needed for the market. The original design schemes sit in their office as a reminder of the value of a team approach early on.

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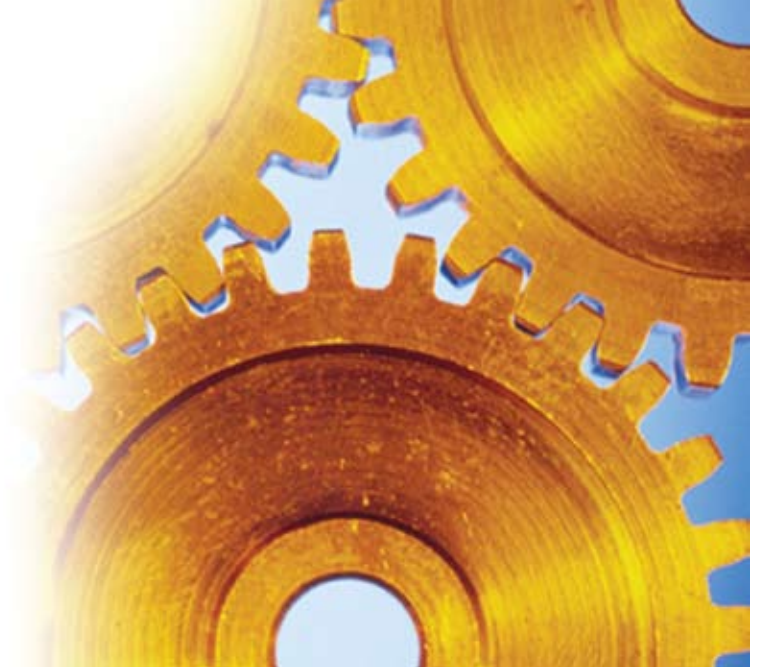
5. Minimize Hidden Costs

There are a lot of hidden costs in building a new facility – most of which have nothing to do with the price of the building itself. Hidden costs include high life cycle costs, disruptions to production and staff productivity, poorly defined exit strategies, and more.

In early conversations, it is helpful to identify key elements of success so these elements can be factored into the design process and schedule. Exit strategy is highly important to owners and developers regardless of building typology. Life cycle cost is highly important to owner/occupiers. A smooth transition from the existing space to the new space is of chief importance to industrial customers – particularly manufacturing companies.

In working with an industrial customer, we learned that shutting down one plant and moving equipment into a new one all at once wasn't feasible. We helped develop a design, construction, permitting, inspection, and move schedule that allowed the owner to move one production line at a time while still meeting their tight time line for completing the move. The result was minimal disruption in production, sales and profit.

In many instances, developers know about a potential project long before they call on an architect and contractor to help assemble a proposal. Last minute design and estimating “fire-drills” rarely result in the best positioning for the developer. In contrast, assembling the team early in the process allows adequate time to refine design schemes and cost estimates and deliver a proposal that presents thoughtful solutions that often exceed an owner's expectations – and provide positive momentum to the developer's proposal.



For more information on how architects can add value in uncertain times, contact:

Steve Schmitt, AIA
Merriman Schmitt Architects
704-377-1177
sschmitt@msacharlotte.com

www.msacharlotte.com

