



convention

Architect-Led Design-Build: Return of the Master Builder

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Session FR59

Friday, May 4, 2007, 4 - 5:30 pm



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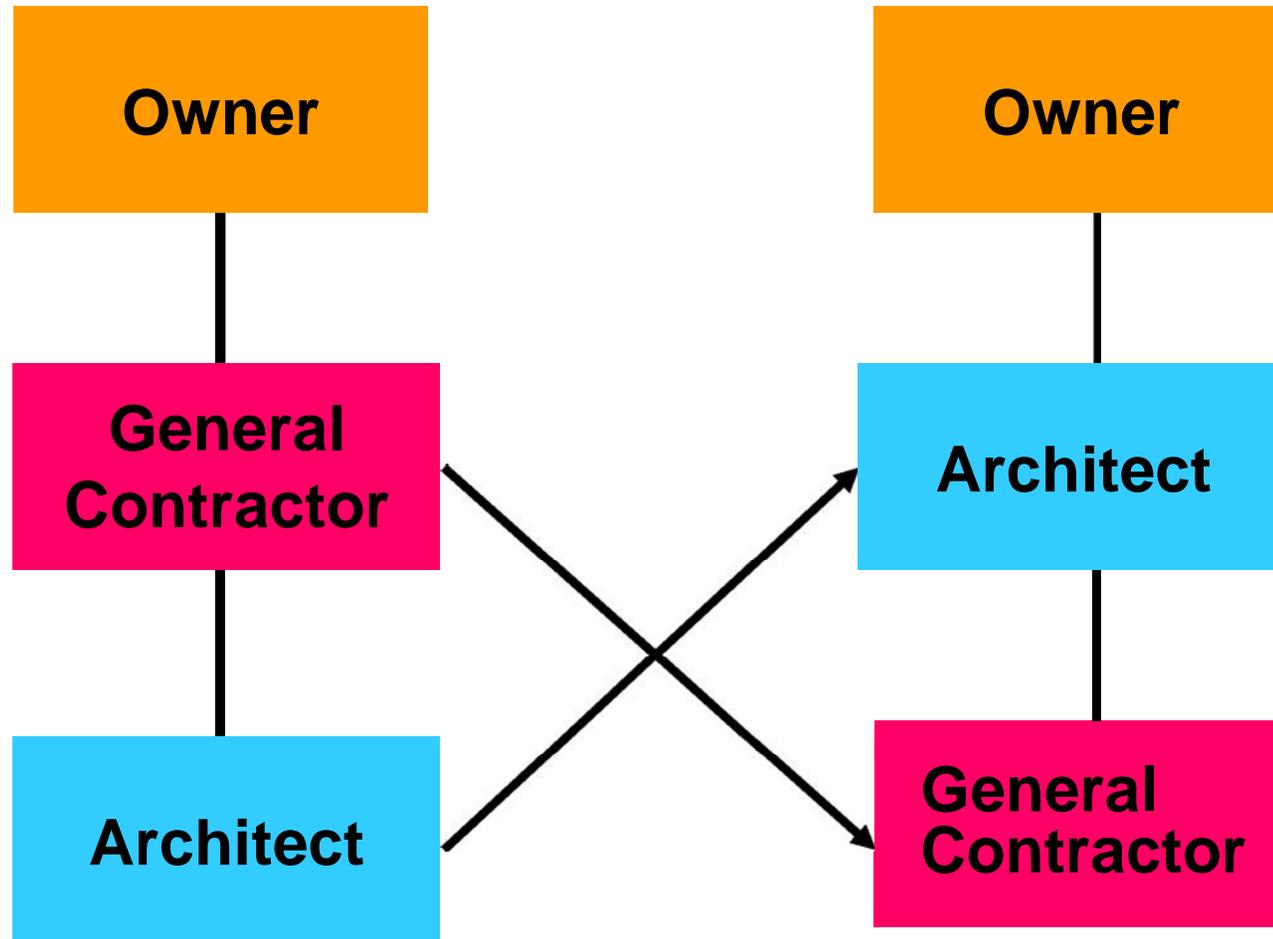


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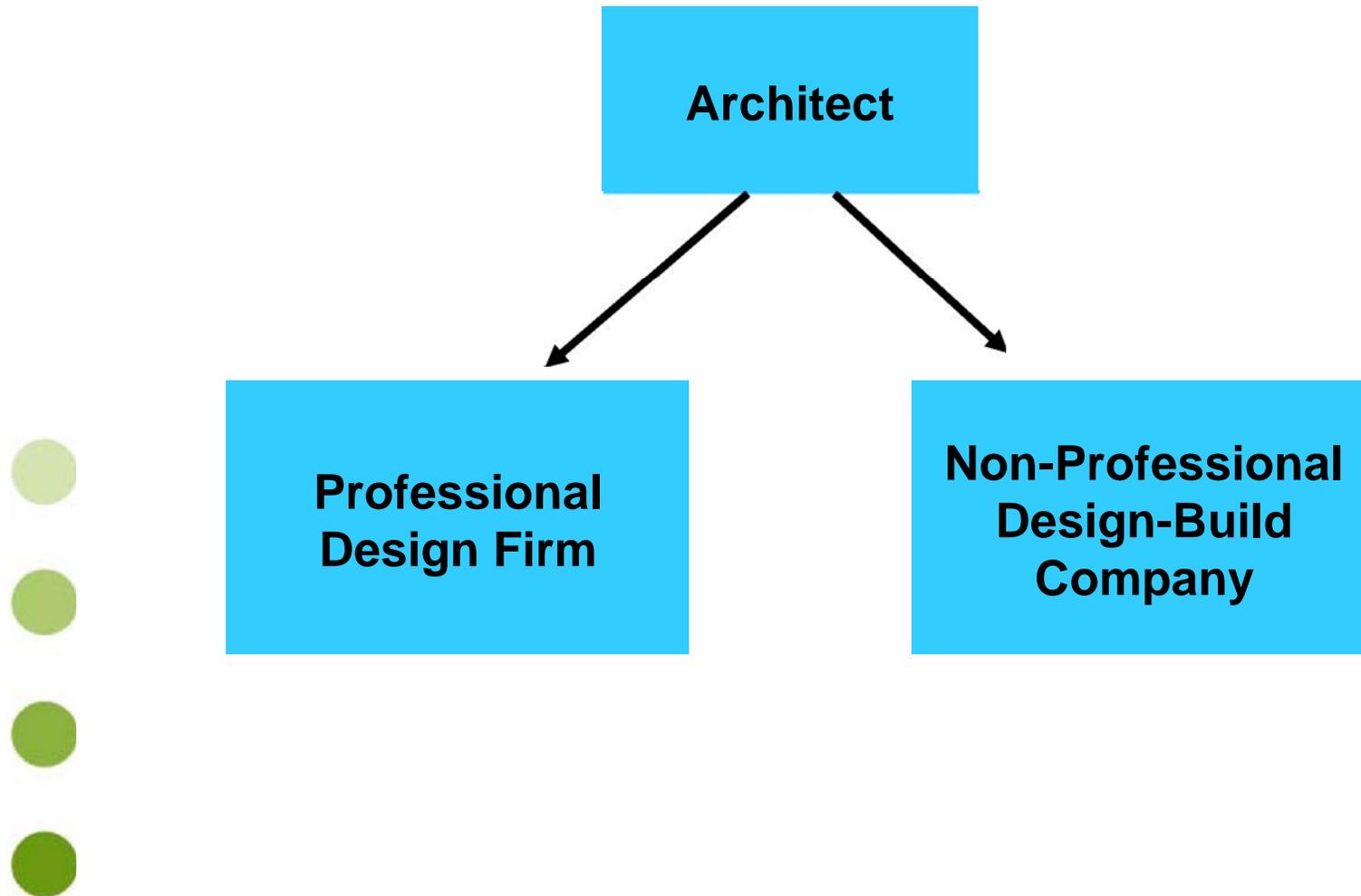
Learning Objectives

- Create and establish a feasible, profitable, and personally rewarding business structure, reverting to the architect's traditional role of master builder
- Bifurcate your design-build practices into separate design and construction companies that reduce your overall liabilities to less than what you presently incur in traditional practice
- Structure and organize an effective design-build team with contractors to perform the construction for your projects using your newly developed design-build capacity to market and sell your services more effectively

The “Flip Side of the Coin”

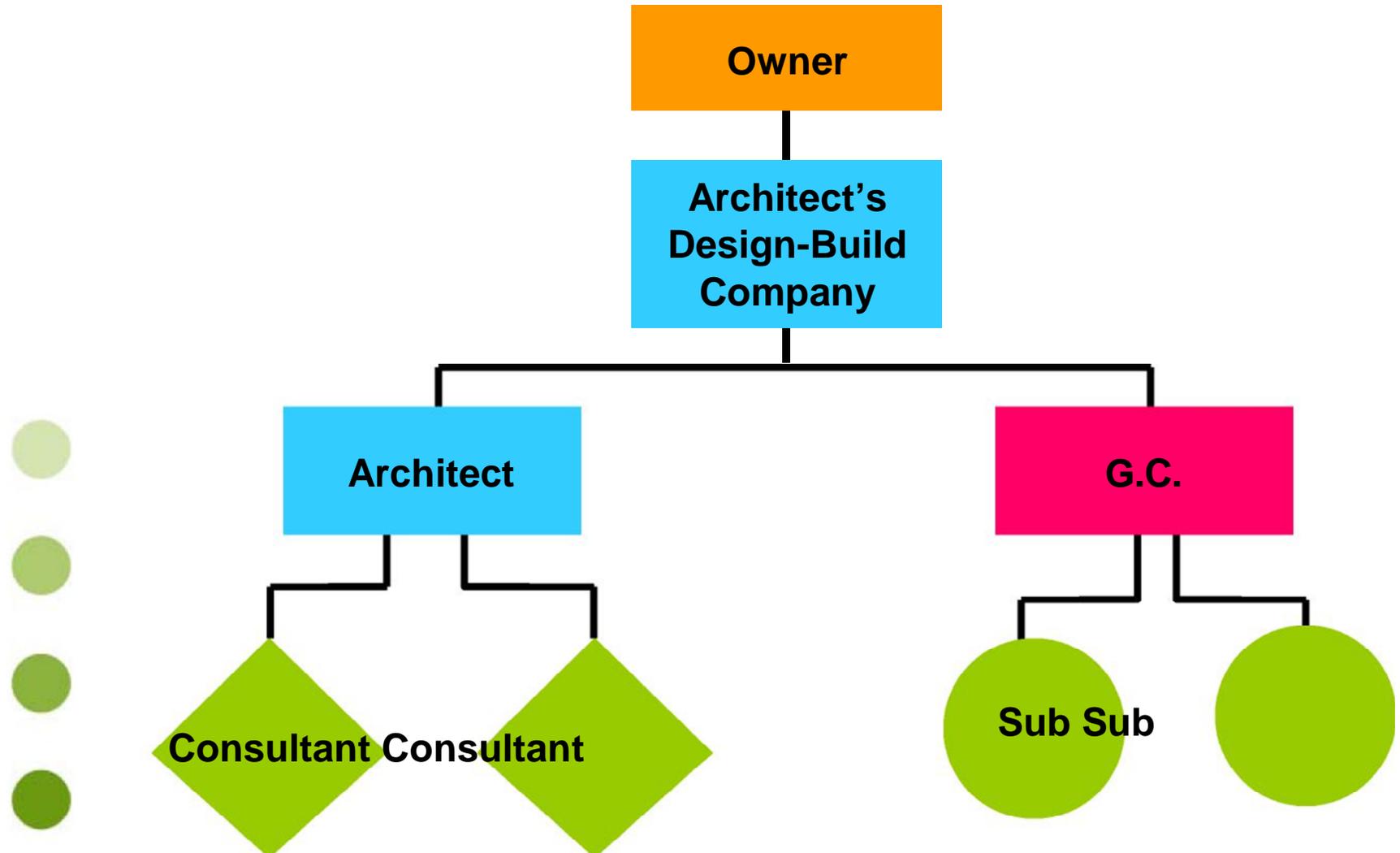


Create The Architect's Design-Build Company

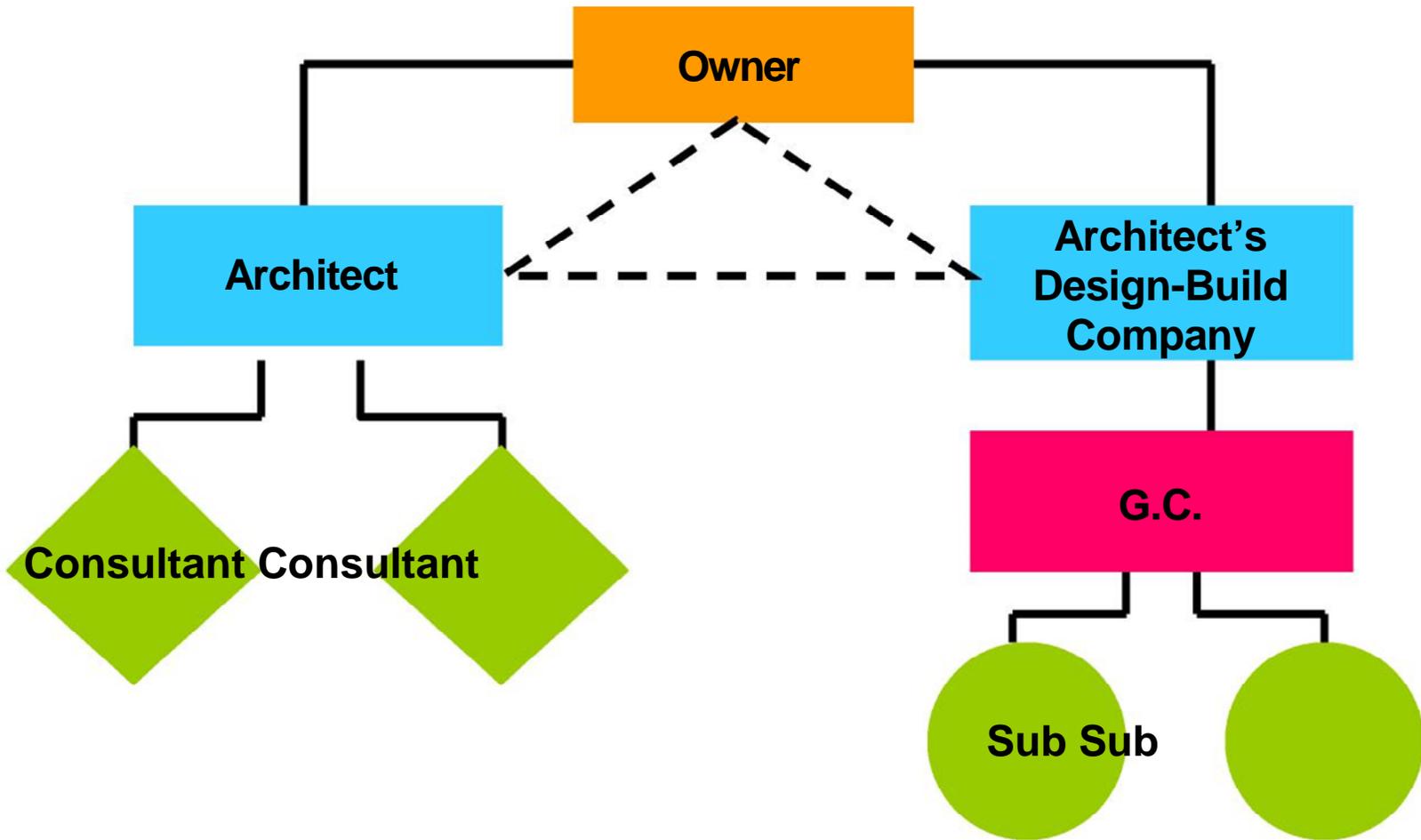


Architect-Led Design-Build

The Single Contract Approach

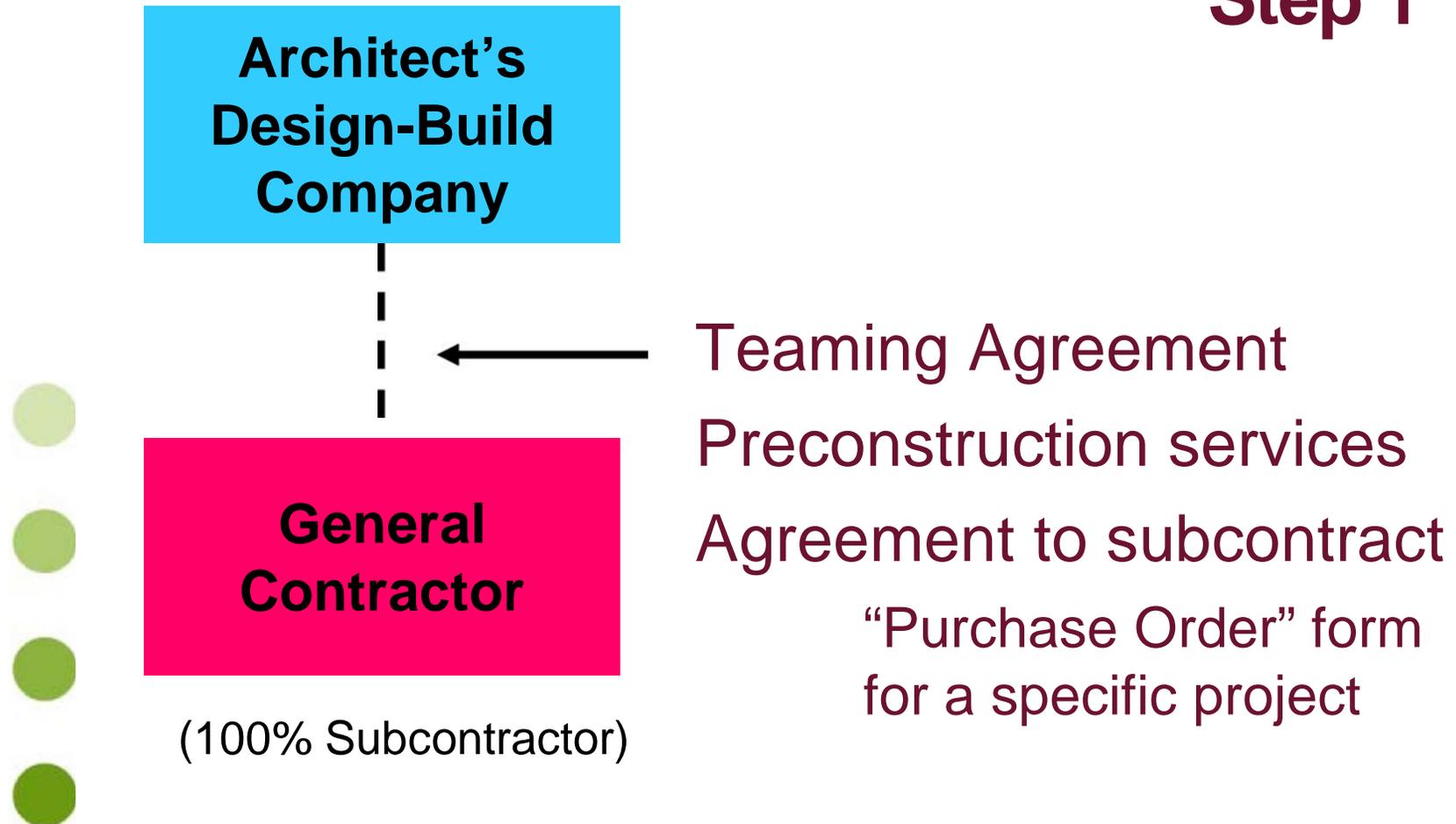


“Sequential” Design-Build Structure of the Relationship (Private Sector)



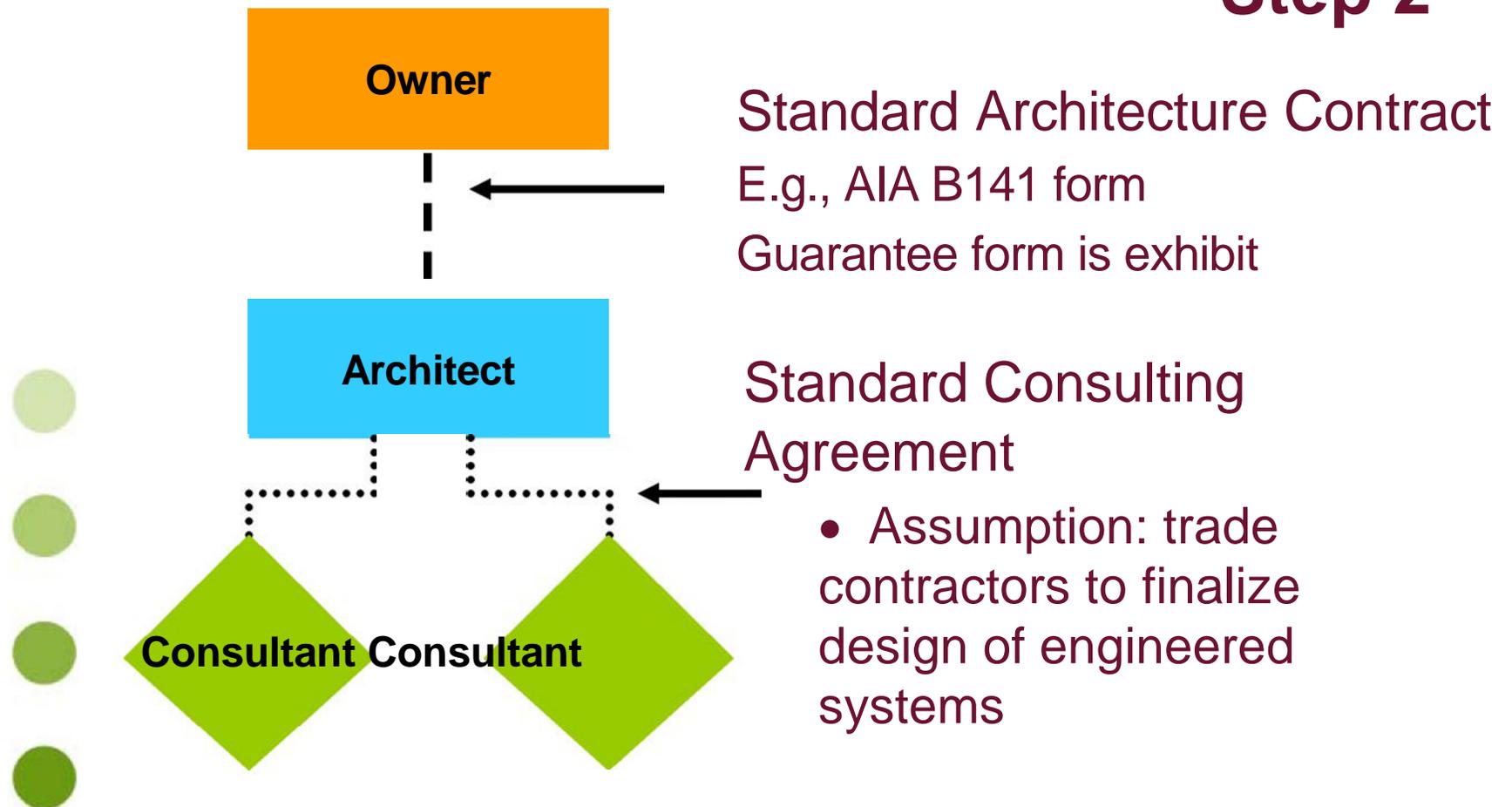
The “Teaming” Agreement

Step 1

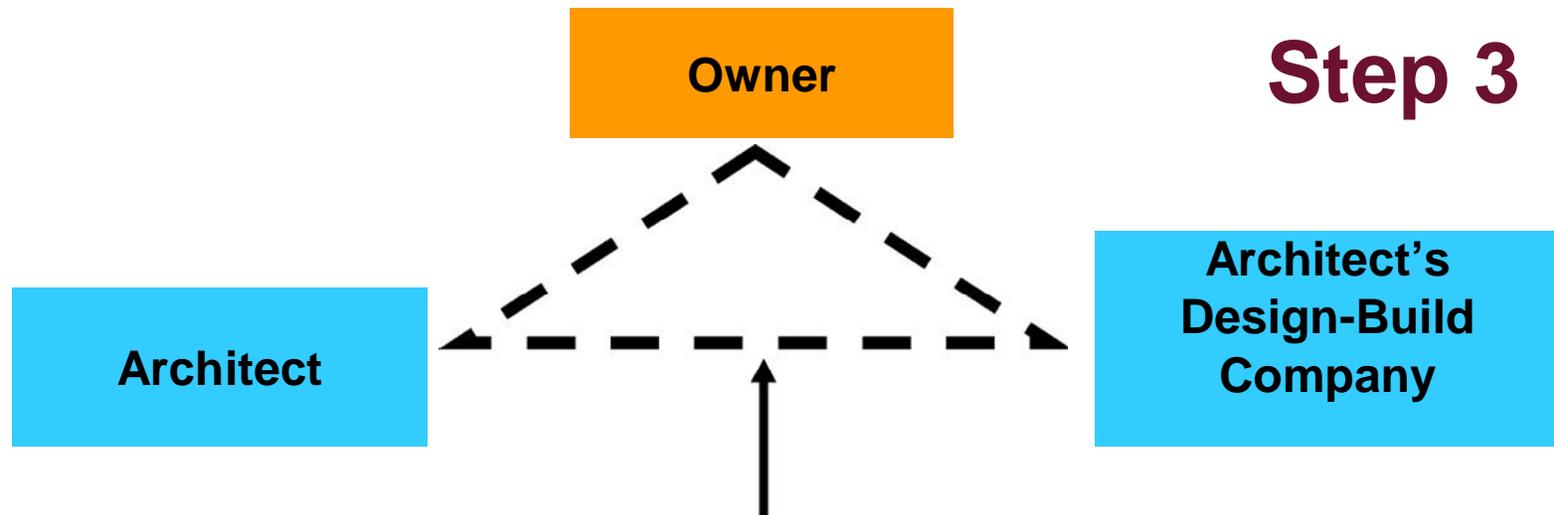


Architect's Contract

Step 2



The Design-Build Proposal: “Price/Schedule Guarantee”

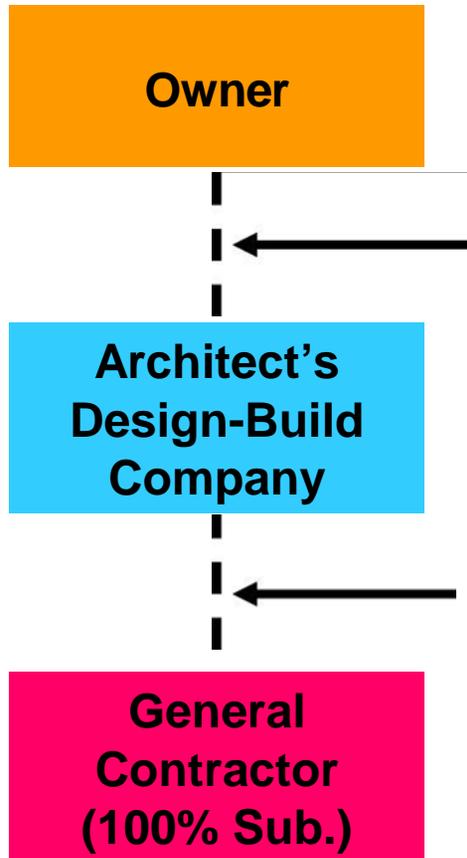


Step 3

- Architect's Design-Build Company's guarantee contingent on building project
- Architect's Design-Build Company supplants Architect during construction phase
- Legal safeguards included re budget and estimating
- Construction Contract eventually supersedes Proposal

“Construction Agreements”

Step 4



Construction Contract
Architect's functions
during construction
phase provided by
Architect's Design-
Build Company

Subcontract for Particular Project

- “Purchase Order” from Teaming Agreement
- Attaches construction contract and subcontracts 100% of it

Pro's and Con's of a 100% Subcontractor

PRO'S CON'S

Construction risks virtually eliminated

Contractor's presence may assist marketing or sales

Contractor likely to refer projects back to Architect

Architect not perceived as competing with contractors

Contractor may be source of financial security for owner

Contractor may be additional source of management expertise

Contractor may negotiate better deals with subcontractors

- Reduces available profits
- May be harder to explain to owner



Advantages to the Owner of Architect-Led Design-Build

Architect is best trained to balance design quality vs. cost

Owner can delay the design-build decision

Owner and Architect often have pre-existing relationship

Architect has less conflict of interest than when contractor leads team

Common complaint of Architect lacking cost discipline disappears when Architect must construct to a fixed cost

Contractor as 100% sub can still be source of financial capitalization



Advantages to the Architect of Architect-Led Design Build

Additional profits

Mark-up on the construction cost

Savings accrue to architect

Reduced labor costs in production

Marketing advantages

Guarantee of price and schedule

Owner can delay design build decision

Contractor becomes source of work

Control over construction

Avoid unwise design changes

Allow necessary or advisable changes – quietly

Reduced liability

Construction accidents insured by contractor

No claims from obvious design omissions

Cooperative resolution of design problems



Source of the Architect's Construction Fee (i.e., Contractor's Savings)

Larger profit margin in negotiated
vs. competitively bid contracts

No marketing overhead for project

Cost analysis certain to result in project
or compensation

Minimal contingency for bidding
errors/oversights

No contingency for adversarial administration





Seminar Evaluation

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