

More Project Success Bang... For your Specialty Contractor Buck



Finally, proof of what your experience has told you for some time. Real numbers showing that selecting your major specialty contractors early and based on value leads to higher performing projects.

Recently, Penn State researchers commissioned by the Construction Industry Institute sorted through data from 350+ projects and found that when comparing the top quartile performing projects to the bottom quartile projects, the most significant project variable was the various specialty contractors' experience, capability and performance.

In a related study, Penn State researchers found project success was strongly correlated to certain specialty contracting practices. This study compared projects deemed excellent with those considered average. Its primary findings were:

-On excellent projects, key specialty contractors were on board prior to design being 20% complete (before schematic design was completed). Specialty contractors were brought on board significantly later (70% design or greater) in average projects.

-In 75% of excellent projects, specialty contractors performed their own design (Design-Build). In 75% of the average projects, design was performed by others.

-Not a single excellent project had procured its specialty contractors by open bidding. In excellent projects, contractors were selected by negotiation, prequalification or single sourcing. On the other hand, 55% of the average projects used the lowest bidder method of selection.

-Excellent projects used the Guaranteed Maximum Price and Cost + fixed fee contracting methods 78% of the time. Average projects relied on lump sum contracting the majority of the time (65%). Of course, pulling off a new method of contractor selection can be challenging and might be outside the way your organization has historically "done it." But with so much to gain, it may be time to commission an experiment in your organization.

Fortunately, DBIA drafted an addition to its Design-Build Manual of Practice covering these specialty contractor selection best practices and how to implement them. The finished document will be available from DBIA in October.

Obviously, to reach the success above, the specialty contractors selected need skills and willingness to participate early in the project. These skills certainly aren't available from every contractor, and a track record is key.

Here at Interstates, we have historically provided these services and are pleased to see the "proof" in the numbers. We also recognize that the services our customers needed to deliver successful capital projects yesterday may not be enough to succeed tomorrow. We are aggressively and continuously adding skills and services to aid you in leveraging your capital.

For more information...

on leveraging these studies for your organization, contact Dave Crumrine at (800) 827-1662 x159 or e-mail him at dave.crumrine@interstates.com. We would be happy to help you expand your own capital project success.