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## Construction Management for Estate Projects

Construction management is an exacting professional process to facilitate planning, coordination and control of a project from inception to completion. Larger projects have many stakeholders, with each team member focused on their particular contractual role. A qualified Owner's Representative or Construction Manager (CM) serves as the glue holding this process together, filling in managerial expertise where required, controlling budgets, initiating cost savings ideas, mitigating risks, and ensuring communication. The benefit of another set of eyes is enormous, and the value-added services a good CM provides typically save Clients money well in excess of the CM's fees.

**Assemble the right professional team.** The most important task in a high-end estate project is to assemble the right professional team at the outset. A principal may or may not already have an Architect, Interior Designer or Contractor with whom they have a good relationship, but many other professionals are required: entitlements expeditor, engineers, consultants and landscape designers, etc. A construction project has an enormous number of "moving parts": a successful project demands that the professionals involved are experienced, appropriate, have the same mind-set, and are team players with complimentary skill sets--and that they are managed to bring out their best work to meet the vision and goals of the project.

The first phase of any project is Planning and Design, the process of defining the Owner's program and creating all the drawings and construction documents that will determine how to accomplish what the Owner wishes. This phase may take years or it may be accomplished in a matter of months. During the Design Phase, the design evolves from concept to more and more of a concrete plan.

Choosing the best architect for your project is more than a matter of design and inspiration. An over-the-top design that is impractical or beyond the Owner's budget is of questionable value. You must set yourself up for success by realistically evaluating an Architectural firm's temperamental and procedural compatibility with the Owner and the balance of the project team. All too often, for example, the Architectural firm may be excellent in conceptual design without the ability to produce drawings on time and in sufficient detail for the Contractor to build efficiently.

Stonemark has Standard Operating Procedures for all our project processes. When we pre-qualify Architects & other project professionals, we look at a number of various parameters. We interview them thoroughly in order to determine their strengths and weaknesses. A partial list of issues could include the following. Do we or the Owner have previous project experience with them? How do they manage their business? How do they develop drawings? What is their expectation for the number of man-hours required? Has their intended job captain had

experience with this specific type of project before? What are their expectations in terms of schedule and number of meetings? What are their payment expectations? Which subconsultants will they employ? Will they coordinate them with the team or does the Owner or CM? In short, we determine their ability to deliver and willingness to be part of a controlled process to meet the Owner's cost and schedule requirements.

It is critical that your chosen firm produce Design drawings that are well established, clear and coordinated. The Design Drawings determine the cost of the project much more so than the Contractor. The contractor can only bid on what is drawn. This is the stage at which an Owner's Representative can be of great value. While the Architect focuses on designing what the Owner desires, this perspective often competes with the need to keep a finger on the pulse of cost and schedule. Runaway design with ever-increasing scope is a big problem that can be totally mitigated by proper CM procedures. We sit in on the design meetings, which include the Owner, and provide input as the drawings are being developed. We continually review drawings and ensure the design and scope of work remain consistent with the original intentions and budget. Value engineering is a euphemism for whittling elements out of the project when it is over budget at the end of the design process, after the bids are received and the project is too costly. This is the worst of all possible results--you pay the designers and spend all the time to develop drawings only to find it is over budget, and then pay again at the end to redesign to meet the budget. It costs even more money to move things out of the budget that should not have been there in the first place. The Owner always has the option to increase the scope of course, but he should be able to make informed decisions based on the associated cost implications to those changes. It is much better to integrate management of the design and cost seamlessly during this whole process rather than helplessly try to fix it at the end.

**Communication.** It is typically the Owners Rep's role to facilitate communications between the team members. If we've assembled the correct team, coordinated the design and engineering properly, and done our job during planning and preconstruction, problems will have been anticipated and mitigated, and the General Contractor can accomplish the project smoothly, on time and within budget. During the Construction phase, our presence on-site serves to monitor the Contractors' work, coordinate any remaining engineering and all the Owner's consultants, perform quality control inspections and manage the budget and schedule.

It is critical that your CM establish a clear chain of communication and command for the input and distribution of information. All requests for information, change order requests, and directives to and from the Client should be introduced and addressed through proper channels to ensure issues are responded to by the right party without delaying progress, and captured and documented for the project.

**Schedule.** We find that schedule in construction tends to be an even bigger problem than cost. Typically, everyone is looking very carefully at cost, but schedule very much affects cost and is the hardest element to manage. When we interview contractors, we specifically focus on their critical path schedules. You can tell a lot about a contractor by their scheduling capabilities and efficiencies and their comfort level at discussing approval cycles and milestones. With our

experience, we can look at a set of drawings and know what the construction duration should be. We ask the contractors about their schedule: are they realistic, overly optimistic, do they think they can deliver the project in the time frame necessary? General conditions and management labor for your general contractor is a large part of the overall expense, which runs from a low of 8% of the project cost to as high as 15%. These fees are based entirely on the duration of the project. Any time increase also extends the architecture, engineering, inspections and construction management fees to manage the process. A good CM will manage and reduce costs by accelerating the design and construction schedule.

**Skillful Negotiation.** Negotiation is a huge part of managing a project. Our expertise stems from having tremendous experience and knowing what questions to ask. Negotiating is not beating people up on price. It is asking all the right questions, and making sure you are getting the right answers. If someone is not committing sufficient staff to your project to ensure it finishes on time, we will negotiate for additional staff or resources. Other avenues of negotiation could be in terms of inclusion of additional scope of work, insurance, contractual issues, and risk management. Each stakeholder should be held responsible for their part of the project, and not what the others are responsible for. All this needs to be sorted out. Negotiation is honoring people and their needs and finding out what is important to each team member. It is working to forge a common ground, despite differences in roles, to create the best method to deliver the Owner's goals.

Scope, cost and schedule are the essential bottom-line issues faced by every project, regardless of size. They are always competing. You cannot just manage the budget without relationship to schedule and scope. If one changes, they all change. At the same time, because they are inter-related, there are options and flexibility to balance and shift priorities as needed. It is often easier to negotiate for ancillary elements other than costs. For example, if a team member's fee is on the high side, we still might be willing to recommend them to the Client if they offer improvements on schedule, manpower, risk management issues, inclusion of additional scope, etc. Many professionals are uncomfortable negotiating on price, but willing to be flexible on scope for the same price. In effect, the Client is getting better value and everybody wins, even though there is some level of compromise. There is always room to add value and improve controls and relationships.

**Expectations.** For a project to be successful, everyone needs to keep motivated and working at the same level: the project is only as good as its slowest member. As much as possible, an atmosphere of trust needs to be engendered. Principals need to understand that scope, cost and schedule compete: simply putting pressure on the team for one of these is not a good tactic as it causes friction that has no place to go. It is often best to communicate through the CM as a buffer. We listen carefully when the Principal vents and translate what it is he really wants or is upset about. We then convey this feedback to the appropriate team member in a skillful, sensitive way, privately, with an eye to resolution and re-motivation.

It is our experience that when a problem arises, it can often be traced back to a gap in communication. De-motivation can occur from any number of things. A misplaced payment

might cause a vital team member to become resentful and uncooperative. They might then devote their resources to other projects and put yours on the back-burner.

**The Estate Manager's Role.** Can you imagine your estate running without you? If you became ill, could someone unfamiliar with your profession step in and flawlessly fulfill your myriad of tasks exactly the way you've perfected them over years of experience? Similarly, trying to manage a multi-million dollar construction project takes professional experience beyond the talents, time constraints and risk acceptability of most EMs. Yet, an EM is a critical member of the team and should be included in project meetings as appropriate. The amount of participation and authority each EM will ultimately have will depend on their previous experience and relationship with the Principal. Their input and familiarity with the Principal's lifestyle, requirements and preferences are critical to inform this process. While they should be consulted for input in terms of the future home's functionality, organization, interior design, etc., an EM should not be held responsible for matters outside their clearly defined scope.

The balance in every project will be different. Reliance on the CM to manage the hard construction issues will enable the EM to attend to their own domain. The goal is for the EM to have the level of input needed, and still have sufficient time to perform their usual duties. With the CM on board, an EM will have confidence that important things won't fall through the cracks necessitating them to have to pick up the pieces. If there are decisions to be made, the CM will present these in a timely, organized manner to the appropriate party.

A good Construction Manager will protect the Owner (and EM) from unnecessary liability, will centralize communication and act as project liaison to fully and seamlessly integrate all project participants, all while saving money, accelerating schedule and ensuring quality. A good construction manager is truly an impartial advocate for the Owner, EM and for the whole project team.

*Bart Mendel, LEED AP is President of Stonemark Construction Management, a full-service planning and construction management firm for custom luxury homes and estates, houses of worship, commercial and multi-family residential projects. Stonemark's management model is based upon our commitment to integrity as the Owner's Representative and our in-depth experience of all construction disciplines. We give the Client confidence that the entire team is looking after their best interests. Stonemark serves the continental US with full construction management throughout Southern California.*

*Stonemark is actively involved with professional domestic service associations and is a trusted, vetted, professional firm. We offer impeccable references and given our exclusive clientele, are the souls of discretion. We are rated #1 Owner's Representative in the Franklin Report [www.franklinreport.com](http://www.franklinreport.com).*

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