



Building Confidence

Los Angeles

Santa Barbara

## Construction Management for Estate Projects

Construction management is a process of discrete steps that 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 should save owners money well in excess of their 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. An Owner 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 expediter, engineers, consultants, landscape designers, etc. For a project to be successful given this enormous number of "moving parts", all professionals involved must be experienced, appropriate, and team players with complementary skill sets. Most importantly, they must be 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. No one wants an initial design that is impractical or beyond their budget. 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. It is all too common, for example, that an architectural firm is excellent in conceptual design but falls short on their 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 investigate numerous parameters. We interview them thoroughly in order to determine their strengths and weaknesses. A partial list of issues includes 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 the chosen architectural firm produce Design Drawings that are well established, clear and coordinated. Contrary to popular understanding, it is these drawings that determine the cost of the project, much more so than the contractor, who can only bid on what is drawn. This is the stage at which an Owner's Representative is 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 should include the Owner, and continually review drawings as they are being developed to 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 a project when it is over-budget at the end of the design process, after the bids are received and the project is too costly. It is expensive – and upsetting to the Owner - to be forced to eliminate design components to which they may have become emotionally attached. 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 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 all the Owner's consultants, any remaining engineering, perform quality control inspections and manage the budget and schedule.

It is critical that your CM establish a clear and consistent 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.** 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. With our experience, we can look at a set of drawings and know what the construction duration should be. You can tell a lot about a contractor by their scheduling capabilities and efficiencies and their comfort level at discussing approval cycles and milestones: 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 and requires expertise born of tremendous experience. Negotiation is not beating people up on price: it is asking all the right questions, and making sure you are getting the right answers. If a team member is not committing sufficient staff to a project to ensure its timely completion, 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 only their part of the project, and not for that of others. All this needs to be sorted out. Negotiation is about 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 with no outlet. It is often best to communicate through the CM as a buffer. We listen carefully when the Owner vents, translate what he is really saying, and then convey the 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.

A good construction manager will protect the Owner 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 and for the whole project team.

*Bart Mendel is president of Stonemark Construction Management, one of the West Coast's most respected construction management firms. Stonemark offers a full spectrum of construction management services for custom homes & residential estates, commercial buildings, sacred spaces and multi-family residential. Our projects and our clients are diverse, but our philosophy remains the same: to bring a harmonious approach to the chaos of construction.*

*Stonemark offers impeccable references, and given our exclusive clientele, are the souls of discretion. Please visit our website [www.stonemarkcm.com](http://www.stonemarkcm.com) and [blog](#) to follow our Custom Home project journals, educational articles, and for answers to your questions about construction issues & project management.*

*At Stonemark, the strength of our reputation is built on the quality of our service. We build confidence by building better buildings... better relationships... and a better construction experience for our clients. It isn't just what we do—it's what we do best.*