



MANAGEMENT CONSULTANTS
TO THE CONSTRUCTION INDUSTRY®

Cutting Edge Owner Strategies

NWCCC

Seattle, Washington

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Pressures You Face As an Owner *(1 of 2)*

Pressures You Face

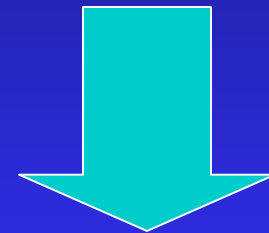
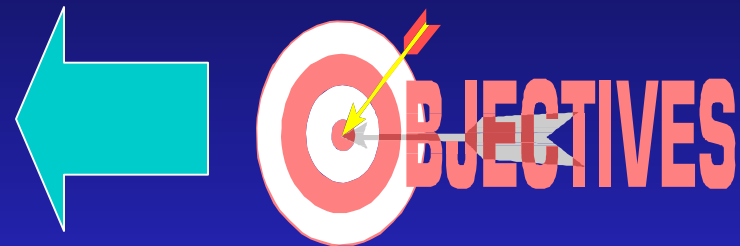
As an Owner *(2 of 2)*

- Complete more work with fewer people
- Increase the quality and value while reducing the cost and schedule
- Create flexibility in facilities
- Anticipate future facilities needs



Cutting Edge Strategies

- Start with an objective evaluation of your organization
- Tie-in to benchmarking of “best practices” within the industry



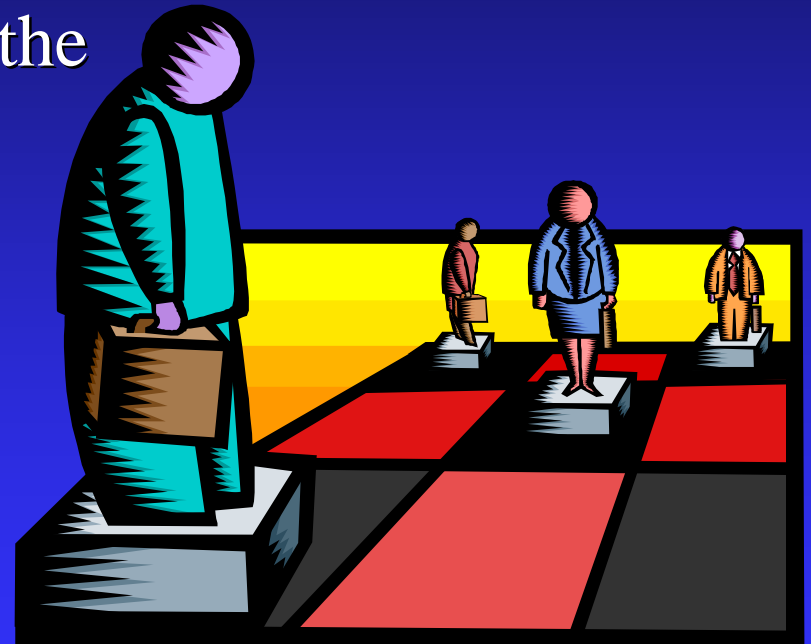


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Areas to Evaluate

Procurement Strategies

- ✓ Do we buy engineering and construction services in the most economical way?
- ✓ Are we effectively leveraging supplier relationships?
- ✓ Are we using the right suppliers to do the right things?



Internal Organization

- ✓ Are we organized in the most effective way?
- ✓ Have we maintained the right core competencies?
- ✓ Do we have strong leadership and management capabilities?

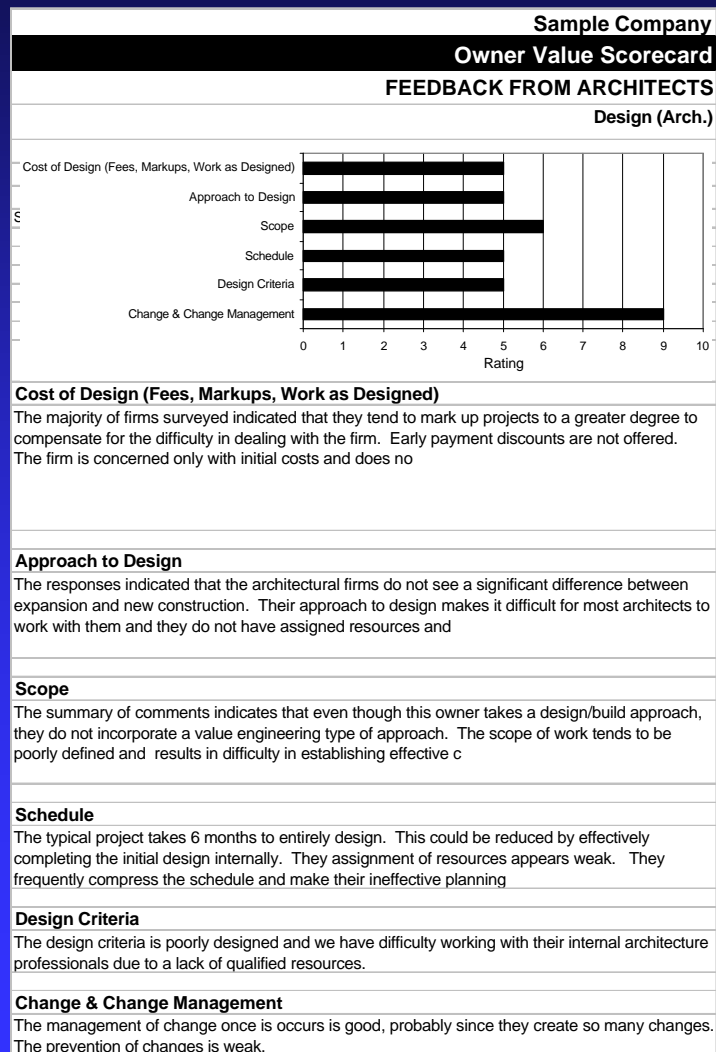


Project Control Systems

- ✓ Do we have the processes and procedures to effectively manage the capital delivery process?
- ✓ Are we effectively controlling change orders?



FMI Sample Owner Value Scorecard



Sample Company Owner Value Scorecard		
		Score Sheet
Business Unit Score		5.8
FEEDBACK FROM ARCHITECTS		6.3
SCORE	Design (Arch.)	5.8
	Cost of Design (Fees, Markups, Work as Designed)	5
	Approach to Design	5
	Scope	6
	Schedule	5
	Design Criteria	5
	Change & Change Management	9
Relationships and Owner Evaluation (Arch.)		5.8
	Approach to Cost Reduction	4
	Process (Efficiency/Inefficiency)	4
	Communication	7
	Owner's Relationship with the Market	8
Benchmarking (Arch.)		9.0
	Project Numbers/Types	9
	Contract Approaches	9
FEEDBACK FROM CONTRACTORS		5.7
Construction (Cont.)		6.1
	Cost of the Work (Fees, Markups, Work as	7
	Scope	5
	Schedule	5
	Procurement	5
	Approach to Pricing and Bidding	5
	Risk (Site, Financial, etc.)	7
	Change & Change Management	9
Relationships and Owner Evaluation (Cont.)		5.3
	Approach to Cost Reduction	5
	Process (Efficiency/Inefficiency)	5
	Communication	5
	Owner's Relationship with the Market	6
Benchmarking (Cont.)		5.0
	Project Numbers/Types	5
	Contract Approaches	5
VENDOR MANAGEMENT		5.3
Alliance Relationships		5.0
	Sole Source Percentages	5
	Contracting Approach	5
Account Management		5.5
	Vendor Relationship Description	6
	Management Approach	5

Who Do You Talk To? *(1 of 2)*

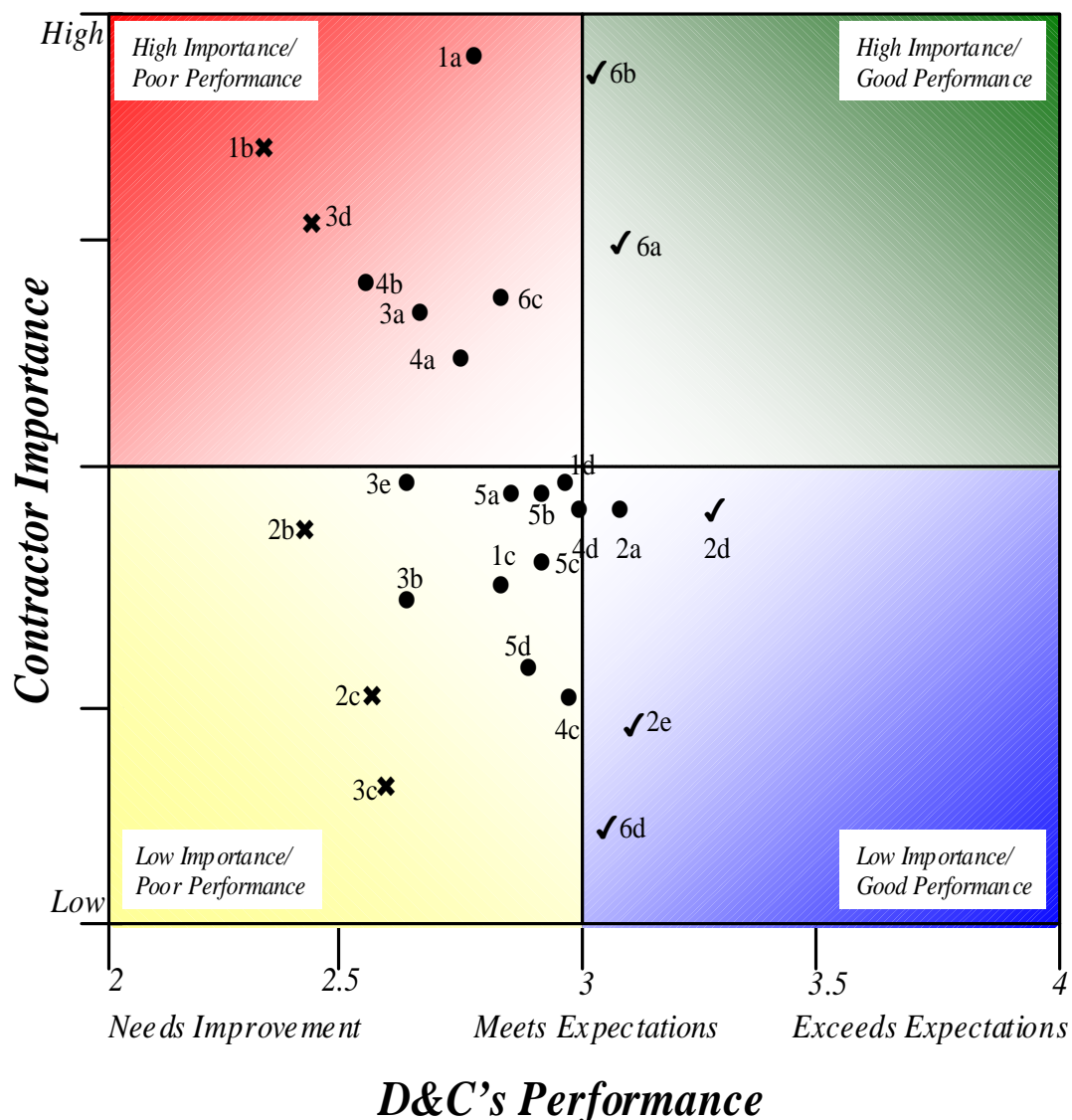
Who Do You Talk To? *(2 of 2)*

- Internal department personnel
- External suppliers
- Internal department customers

- Others in your industry



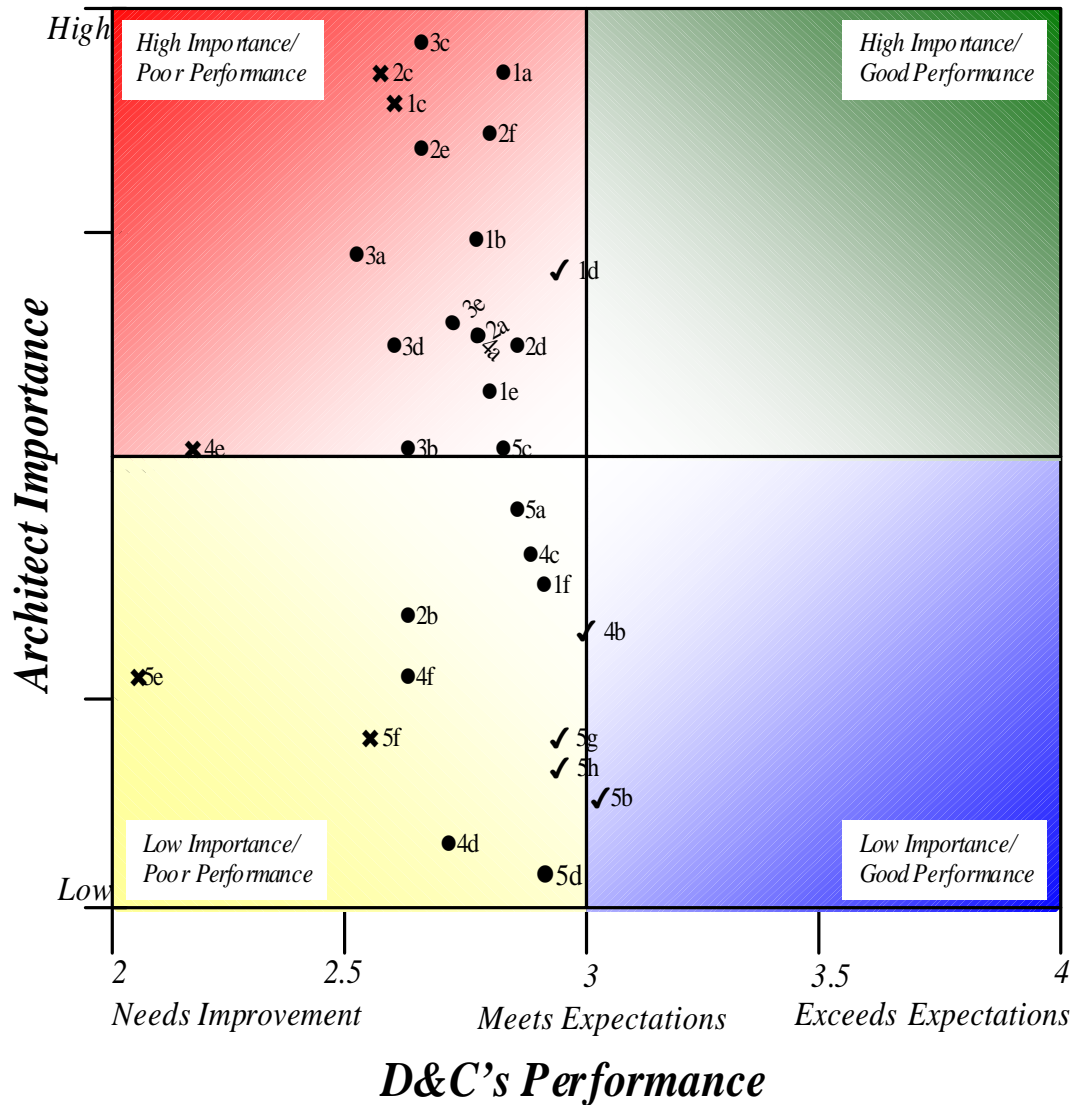
All Contractors...



1. Bidding Process/Instructions
 - a. Clarity in scope of work description
 - b. Drawings and specifications
 - c. Time allowed to assemble a bid
 - d. Clarity regarding schedule requirements
2. Schedule
 - a. THE CLIENT rep's knowledge and helpfulness regarding schedule requests
 - b. Schedule revisions for owner changes
 - c. Response to submittals
 - d. Notice of start date
 - e. Turnaround time on contract
3. Direct Purchases
 - a. Lead time
 - b. Packaging of items
 - c. Installation documents
 - d. Arrival of deliveries (timing)
 - e. Degree in which material matched plans and specs
4. Change and Payment Process
 - a. Review and response on requested changes
 - b. Clarity and completeness of requests for change
 - c. Clarity of THE CLIENT payment instructions
 - d. Degree in which payments met agreed-upon and established guidelines
5. THE CLIENT Supervision
 - a. Helpfulness and timeliness in response to RFIs
 - b. Availability of supervisor
 - c. Punch list preparation (timeliness/completeness)
 - d. Subcontractor cooperation and communication assistance by supervisor
6. Partnering and Communication
 - a. Responsiveness of THE CLIENT rep.
 - b. Interaction between THE CLIENT rep. and the contractor
 - c. Performance related to addressing problems and opportunities to bring about needed change
 - d. THE CLIENT rep's attendance record for project meeting

✘ Five Lowest Scores
 ✓ Five Highest Scores

Architects...



1. Quality of information...
 - a. Criteria documents, updates, etc., as...
 - b. Completeness of project background...
 - c. Completeness of scope of work
 - d. Preliminary site plan
 - e. Thoroughness of RFP
 - f. On-site survey responsiveness of THE CLIENT rep.
2. THE CLIENT facilitation of design phase and kickoff...
 - a. Advance notice of KOM date
 - b. Receptiveness to cost saving suggestions
 - c. Timeliness of response to questions
 - d. Describe all portions of project quality of...
 - e. Electronic files/drawings
 - f. Design question responses
3. THE CLIENT responsiveness during the preparation ...
 - a. Updates on changes
 - b. Receptive to our alternate design/methods...
 - c. Responses to questions/sense of urgency
 - d. Quality of review process/substantive...
 - e. Interaction with/support of the consultant
4. THE CLIENT project administration prior to construction
 - a. Schedule reasonableness
 - b. Responsiveness to proposal
 - c. Responsiveness to or action on change...
 - d. Issuance of contracts for construction
 - e. Timely payment and follow-up of our invoices
 - f. Responsiveness to our extra requests
5. THE CLIENT team administration during and after...
 - a. Schedule reasonableness
 - b. Responsiveness to proposal
 - c. Responsiveness to or action on change...
 - d. Issuance of contracts for construction
 - e. Timely payment and follow-up of our invoices
 - f. Responsiveness to our extra requests
 - g. Coordination with project rep
 - h. Coordination with the general contractor

✕ Five Lowest Scores
 ✓ Five Highest Scores

Completing the Evaluation

- Internal department resources
- Internal consulting resources
- External consulting resources
- Peer groups



Challenges of the Process

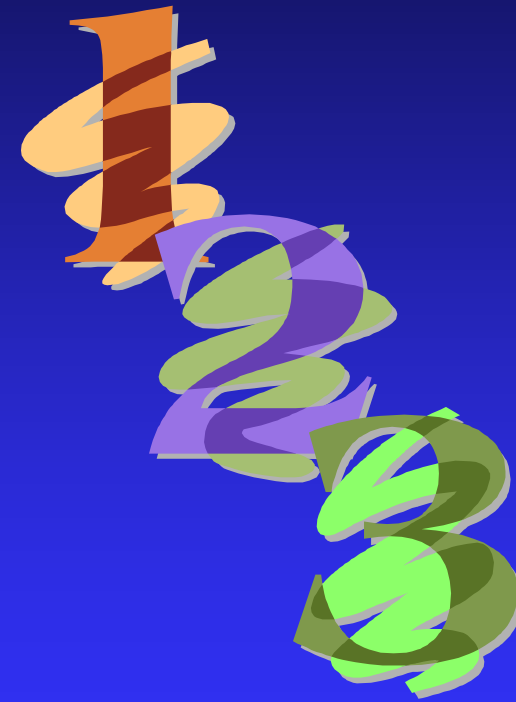
- Difficult to overcome—“But we have always done it that way!”
- Can be painful at times (has been compared to an autopsy on a living body!)
- Time consuming—requires resources to complete
- Suppliers may not give objective information

Benefits of the Process

- Gives you a performance basis to begin your benchmarking process
- Determines the “gaps” in performance that, if improved, will give you the biggest bang for the buck
- Inspires innovation—“How can we do this better?”
- Shows executives you are serious about improving performance and ROI

Gretchen's Top Three Cutting Edge Owner Strategies

- Leveraging supplier relationships through effective supplier selection and contracting
- Determination and tracking of the critical performance metrics
- Having the right people in the right positions



Thank You

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