

## PROJECT LAB SERIES

# Fitness guidelines

This document is written to help companies who contemplate undertaking significant design and construction work when that work is neither familiar nor part of their day-to-day operational expertise.

As such, this is a guide to evaluate a company's "project fitness." It has 3 sections:

**A list of common mistakes** made by project "Owners"; the entity paying the bills

**A short checklist of "Owner responsibilities"** that, if effectively discharged, will lead to successful design and construction projects

**A list of links to related posts** on the Wilkinson Building Advisors web site





## COMMON MISTAKES MADE BY PROJECT OWNERS:

### **Spending money before setting objectives**

Outcomes must be stated in ways that can be measured (budgets, time, impacts on the Owner's operation). Performance requirements should be used whenever possible, in addition to common prescriptive requirements.

### **Starting design without budget confidence**

Feasibility must be a matter of contract and not simply aspirational. The Owner must seek and obtain contract protections before substantial funds are expended. Feasibility has been established when the project fits within the budget and schedule (and the budget contains an appropriate unassigned contingency). Experienced builders can confirm budget feasibility before significant amounts of design work are undertaken.

### **Failure to understand and allocate project risks contractually**

Contracts are binding agreements that establish risks and rewards. It falls to the Owner to establish these agreements. Care must be taken that the Owner is not exposed to risks arising from the failure of others.

### **Owners holding project responsibilities they are not able to discharge**

In many organizations, major design and construction "projects" are infrequent. Not uncommonly Owner organizations do not have direct experience. Instead, measures of enthusiasm are applied rather than applicable management knowledge and skill when project teams are designated. Project operational workloads are often layered on top of routine responsibilities. This can result in periods of extreme overload and should be avoided.

### **Designation of principle project members (design and construction) without regard for direct experience**

Where design and construction resources are concerned, there are no safe substitutes for direct experience. Design and construction teams formed for a specific project (only) should be considered partners of convenience and not qualified. Direct experience is best secured when persons who actually did the work are on the team. Avoid situations where the company may have done applicable work but the persons with direct involvement are no longer employed.

### **Loss of financial management controls during the project's execution**

Change management during the execution phase of a project can be overwhelming, leaving the Owner exposed to substantial risk and cost. Negotiation of the costs of change work at the time of invoice submission is a trouble signal that evidences loss of management controls.

### **Failure to execute the Owner's work, usually at critical moments near the end of construction**

Commonly, project Owners have a lot to do at the time of construction completion. There are actions that are not in work designated to others. The Owner work is commonly called FFE (furniture, fixtures, and equipment). Planning and managing FFE is a special skill set and often overloads the Owner's staff.

## Areas of Direct Owner Responsibility

### GOVERNANCE AND OPERATIONS MANAGEMENT

- Strategic risk management**  
Why is the project being undertaken, what are the risks, and what are the downside protections?
- Selection of project operations format**  
Which of the common forms will be used: construction management, traditional design-bid-build, design-build?
- Selection of companies and individuals to execute the format**  
Who will fill project period roles?
- Establishment of internal project team**  
Designation of roles and responsibilities considering basic operations and project workloads.
- Designation of contract administration authority**  
The designation of the person authorized to execute contracts and contract changes.

### PLANNING AND MANAGEMENT OF DESIGN

- Selection and integration of stakeholders**  
The engagement of internal stakeholders particularly during the pre-project stages.
- Program development and communication**  
Stakeholder preparation of the instructions to design professionals in performance and prescriptive terms

### FINANCIAL MANAGEMENT

- Insure time for your design professionals to do the early project planning, including participating in cost estimates. Successful early planning is critical to confirm feasibility.
- Establishment of budgets and contractual controls to achieve budgeted outcomes. Establishment of work flows designed to efficiently stay ahead of change management during the project construction period.

### PLANNING AND EXECUTION OF OWNER'S WORK

- Commonly, the Owner organization has a heavy work load after construction is complete and it is time to move-in. This work is in the area of FFE (furniture, fixtures, and equipment). Typically, this work has many diverse aspects and pieces and involves many small contracts and purchase orders. Integration with work performed during the construction period requires careful attention.

Links to related posts on the Wilkinson Building Advisors blog:

[For investors, know your costs upfront](#)

[Successful project completion](#)