

# Teaming Pursuit

Owner

Project

Partners

Teaming agreements

Walking away



# Understand the Owner

- Important part of go/no-go and risk mitigation
  - Are they new to Design-Build?
  - How do they score and select best value?
  - Do they value innovation and promote it?
  - Do they pay stipends?
  - How do they manage it (owner's rep)?

# Understand the Project

- Important part of go/no-go and risk mitigation
  - Is it a good candidate for Design-Build?
    - Appropriate level of design
    - Innovation potential
    - Minimal third party risks
    - Avoid risk shifts
  - Likelihood of moving forward—is it funded?
  - Can you be a differentiator?

# Picking a Contractor Partner

Meet the  
new boss!



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# Picking a Contractor Partner

- Most important decision you will make
  - Do your due diligence
    - Reputation with the Owner
    - Experience with DB
    - Bid history
    - How do they treat consultants? Subcontractors?
    - Are they in it for the long haul?
  - Culture and values

# Teaming Agreements

- This needs to be in place before you start spending money
  - Lots of unknowns —that is okay!
  - Set expectations on both sides
  - Make sure the Contractor understands your deal breakers
  
- The longer you go, the harder it is negotiate



# Teaming Agreements—Key Issues

- Key staff commitment
  - This works both ways
  
- Schedules
  - Agree to jointly develop a CPM schedule
  - Be clear on responsibilities
    - Contractor responsibilities
    - Owner responsibilities
    - Designer responsibilities
  - Submittal reviews and re-submittals are often out of your control, discuss this

# Teaming Agreements—Key Issues

- Responsibility for quantities
  - Lots of good teaming agreement language available
  - Avoid developing quantity estimates
    - Not a good place to be helpful
  - Generally need common understanding that design is preliminary and will undergo further development as part of the process
  - Work with the contractor to develop a risk register and discuss likely areas of quantity growth
  - Carry contingencies in quantities and schedule



# Teaming Agreements—Key Issues

- Commercial Terms...*we did say profitable*
  - Multipliers
    - Pre-award
    - Post award
  - Success fee
  - Sweat equity
  - Proposal preparation and costs
  - **Changes in procurement schedule = additional costs**
- What happens if you can't agree on price?

# Teaming Agreements—Key Issues

- Insurance limits
  - Project specific policies
- Overall limit of liability
  - Difficult to negotiate
- Indemnification
  - Mutual
- Schedule delay/liquidated damages
  - Importance of CPM schedule
  - Assessed damages

# Teaming Agreements—Key Issues

- Termination clauses
  - Really important as you are often signing well before advertisement
  - Discuss the types of issues that would result in termination on both sides
  - Understanding of owner is really important here
- Failure to submit for convenience clause
- Standard of Care

# Walking Away

- Approach it like a program
  - Develop internal protocols and follow them
    - Be clear on who can make teaming decisions
  - Decide the type of risk you are willing to take and stick to it
  - Every bad “go” decision affects your profitability, these are expensive pursuits
    - Proposal costs
    - Reduced multiplier work
    - Opportunity cost
  - Balance your costs against ability to make better multipliers

# Execution Phase

Partnering

Scope of Work

Schedule Management

Quality Control

Why bother?



# Partnering

- Contractors are people too!  
Be a good partner
- Build some trust
- Remember: If the contractor is losing money, everyone suffers...



# Partnering

- Think like a contractor and an engineer
  - Extra work is extra work
    - Put them on notice, even if it is Day 1
    - Remind them of your fee negotiation
    - They will often push back, especially early in the project when design work is happening
    - Don't kick it down the road, time is not your friend
  - The number of submittals matters and will cost money

# Scope of Work

- You need a detailed scope of work
  - Use it as a tool to reinforce issues that may have been problematic in the contract
  - Define roles
  - Assumptions
- The scope from the RFP is not good enough



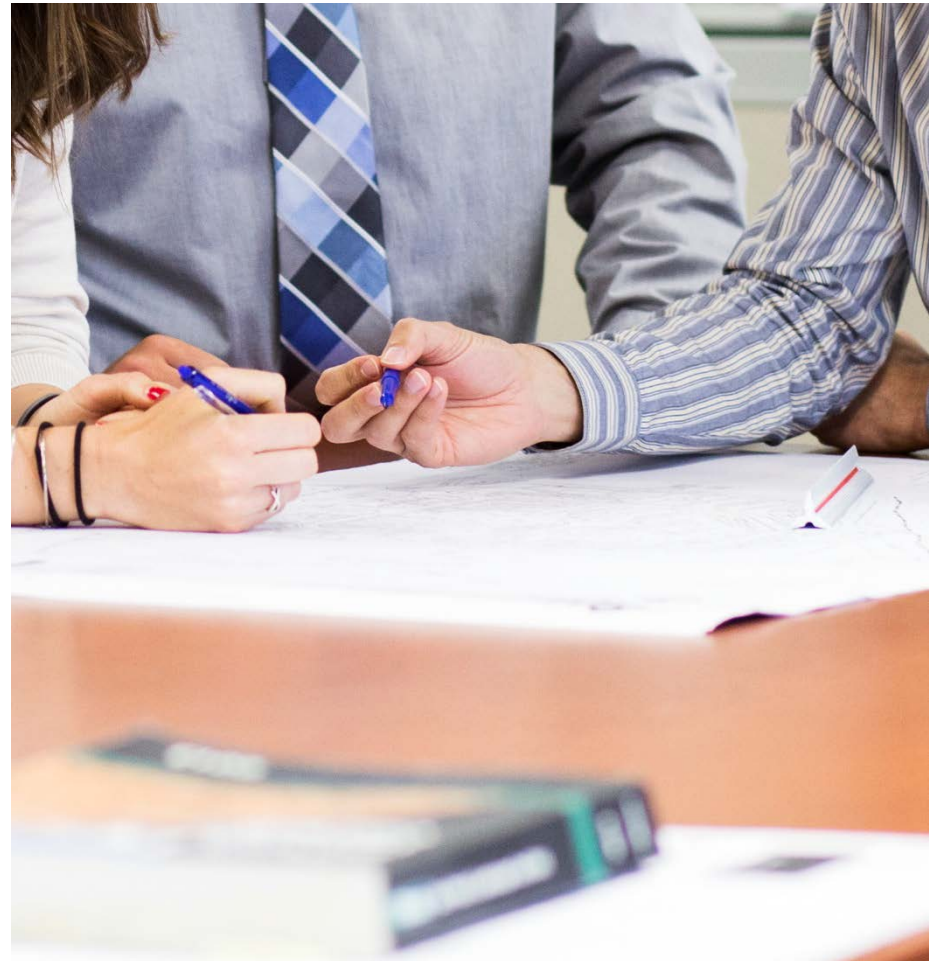


# Scope of Work

- Define the role of the Contractor and hold them to it
  - Constructability reviews
  - Sequencing and phasing
  - Responses to agency comments
  - Approval of design submittal, design changes
  - Review submittals for cost implications vs. the bid
- Contractor requested design changes
  - After preliminary design, this costs money
  - Generally making changes to save cost or schedule, they should include your costs in this evaluation

# Scope of Work

- Reliance on standard specifications and details
  - Deviation from standards takes time and effort
- Early release for construction process
  - Define the packages as part of your scope
  - Additional early release packages require additional compensation



# Scope of Work

- Construction phase work
  - Non-conformance reports and support (exclude this)
  - Shop drawing review
  - Field presence
    - Define a level of expectation and manage to it



# Schedule Management

- Understand and agree with the baseline schedule
  - If that is unreasonable, you are doomed to fail
- Review all schedule updates carefully
  - Provide comments and document them
- Ensure reasonable assumptions are used
  - Number of re-submittals
  - Owner review
  - QC process included
- Understand the critical path (Be a good partner!)
  - Find ways to save time
  - Consequences of not meeting schedule are much more severe

# Quality Control

- You need to actually read and follow the quality plan you submitted!
- Be clear on roles
  - Responsibility for construction quality
  - Safety
- Have someone who is sufficiently scary perform audits
  - Document everything



# Why Bother?

- Probably can't avoid it...the industry is continuing to do more alternative delivery
- Can be more profitable than your standard agency work
- Makes you better engineers and will improve your performance on all types of delivery methods