

# COMPARISON ANALYSIS

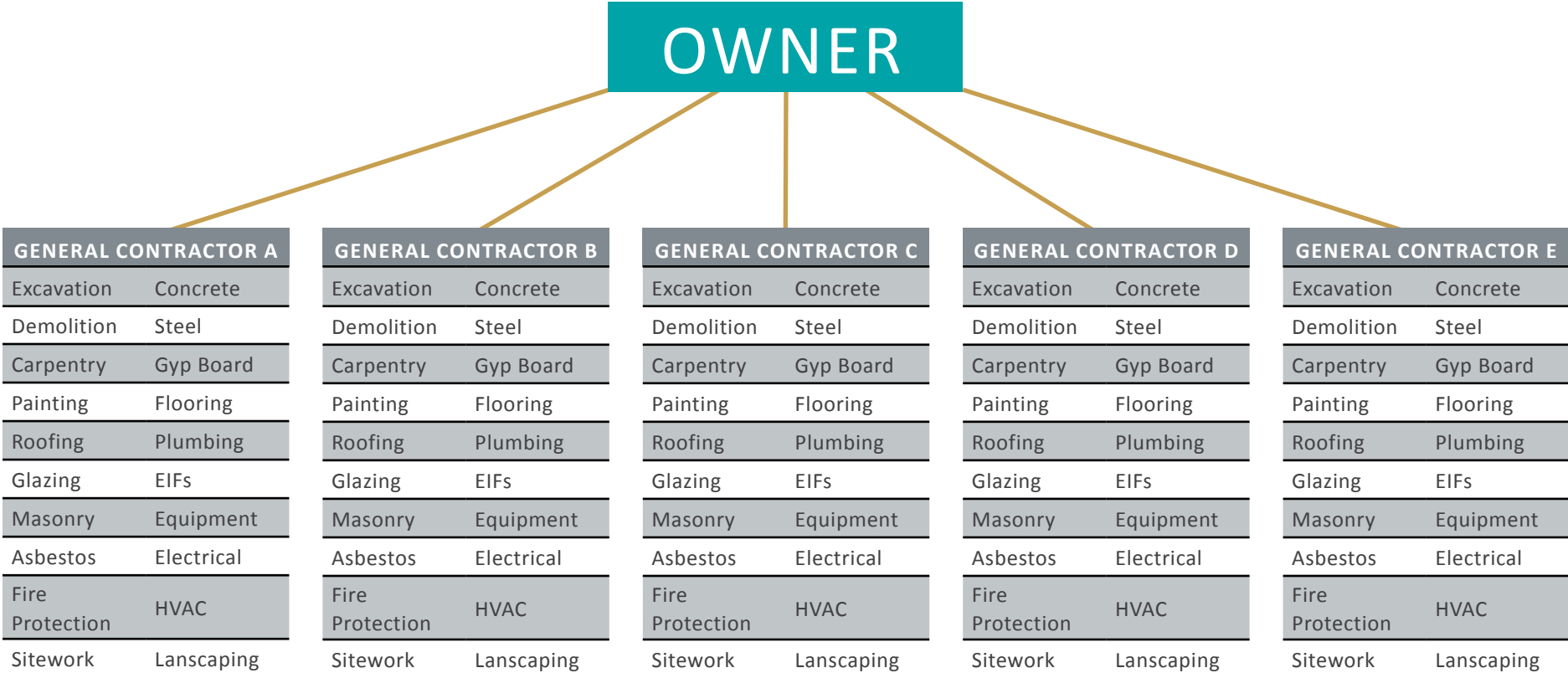
CONSTRUCTION MANAGEMENT VS. GENERAL CONTRACTING



### BIDDING PROCESS: GENERAL CONTRACTING

- » Owners are responsible for soliciting bid packages from general contractors
- » General contractors submit their cost for each trades package required
- » Owner selects the general contractor with the overall lowest bid

### WHAT'S THE CATCH?

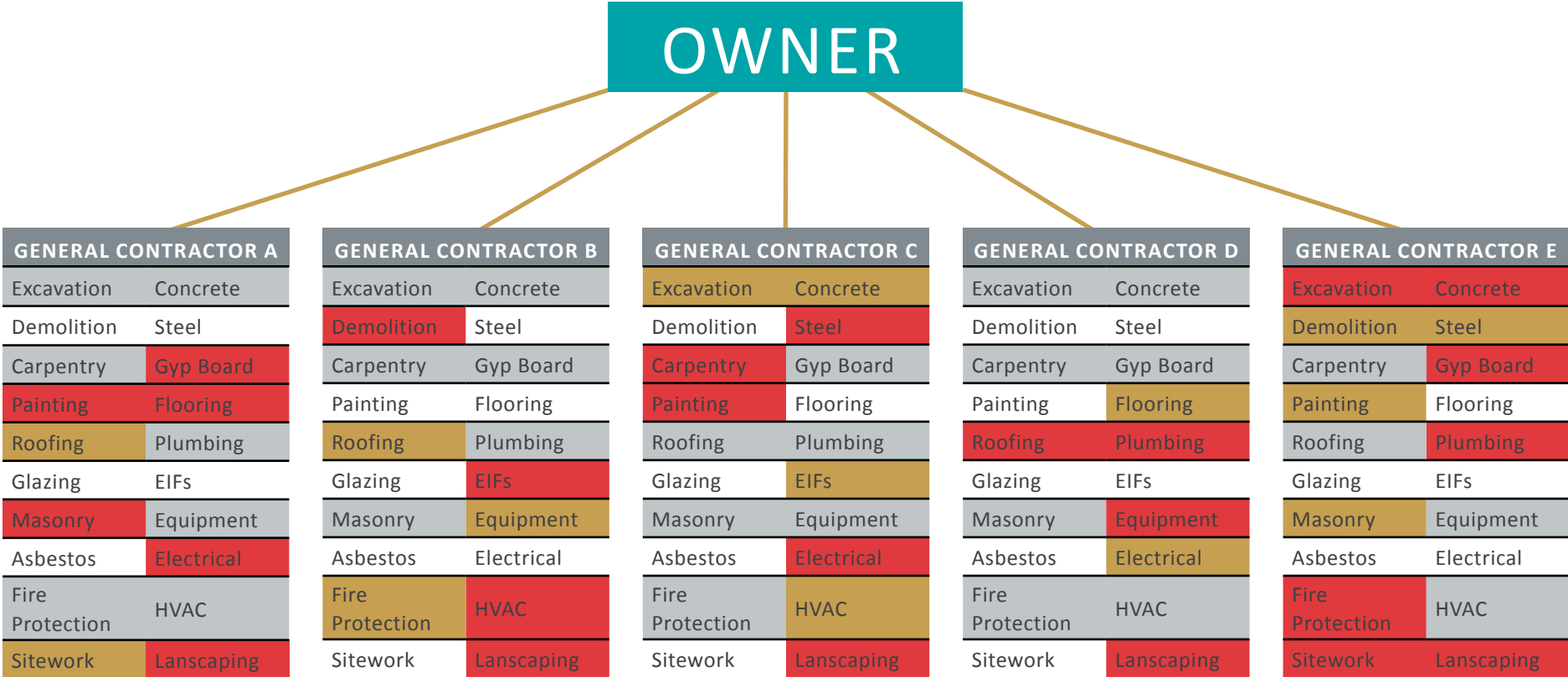


# BIDDING PROCESS: GENERAL CONTRACTING

## WHAT'S THE CATCH?

» If we take a look at who the high and lower bidders **within each trades package**, the results are scattered.

What if we could select the best of the best from within each general contractor's bid?



**LEGEND**

- Low Bid
- High Bid

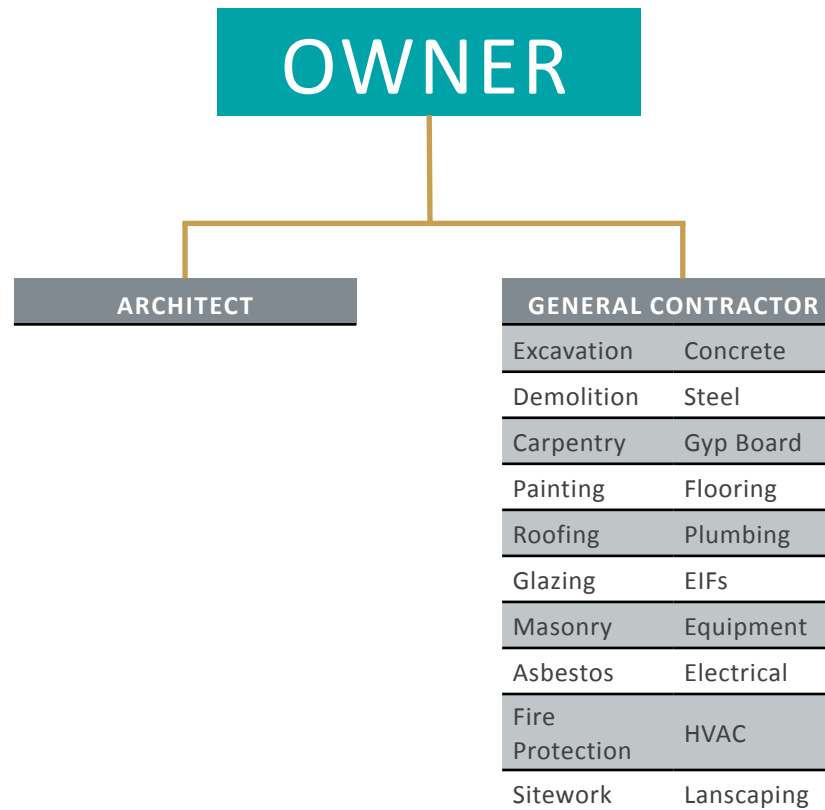
## ORGANIZATION STRUCTURE: GENERAL CONTRACTING

### WHAT'S THE CATCH?

General contractors...

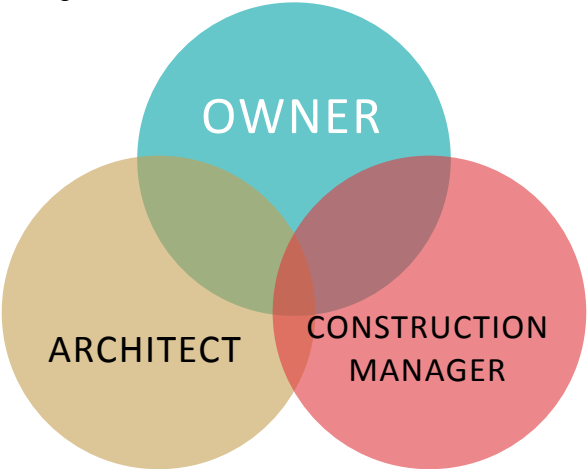
- » *Have an entrepreneurial interest*
- » *Are chosen by low bid*
- » *Have no input during design*
- » *Operate behind closed books*

*Is there a better way?*



### BIDDING PROCESS: CONSTRUCTION MANAGEMENT

- » The owner, architect and construction manager work together as a team
- » The team selects the lowest AND responsive bid for each package



EXCAVATION	DEMOLITION	CONCRETE	STEEL	CARPENTRY	GYP BOARD	PAINTING	FLOORING	ROOFING	PLUMBING	GLAZING	EIFS	MASONRY	EQUIPMENT	ASBESTOS	ELECTRICAL	FIRE PROTECTION	HVAC	SITE WORK	LANDSCAPING
White	Red	Gold	White	White	White	White	White	White	White	White	Red	Gold	White	Red	Gold	White	White	Red	Gold
Red	White	White	Gold	Red	White	White	Red	Gold	Red	Gold	White	Red	White	White	White	Red	Red	White	White
Gold	Gold	Red	White	White	Gold	Red	White	White	White	White	Gold	White	Red	Gold	Red	White	Gold	White	Red
White		White	Red	Gold	White	Gold	White	Red	Gold	White		White	Gold		White	White	White	White	White
		White	White	White	White	White	Gold		White	White		White	White		White	Gold	White	White	White
			White		Red	White	White		White	Red			White		White	White	White	Gold	
			White		White		White		White	White			White		White	White	White	White	White

**LEGEND**

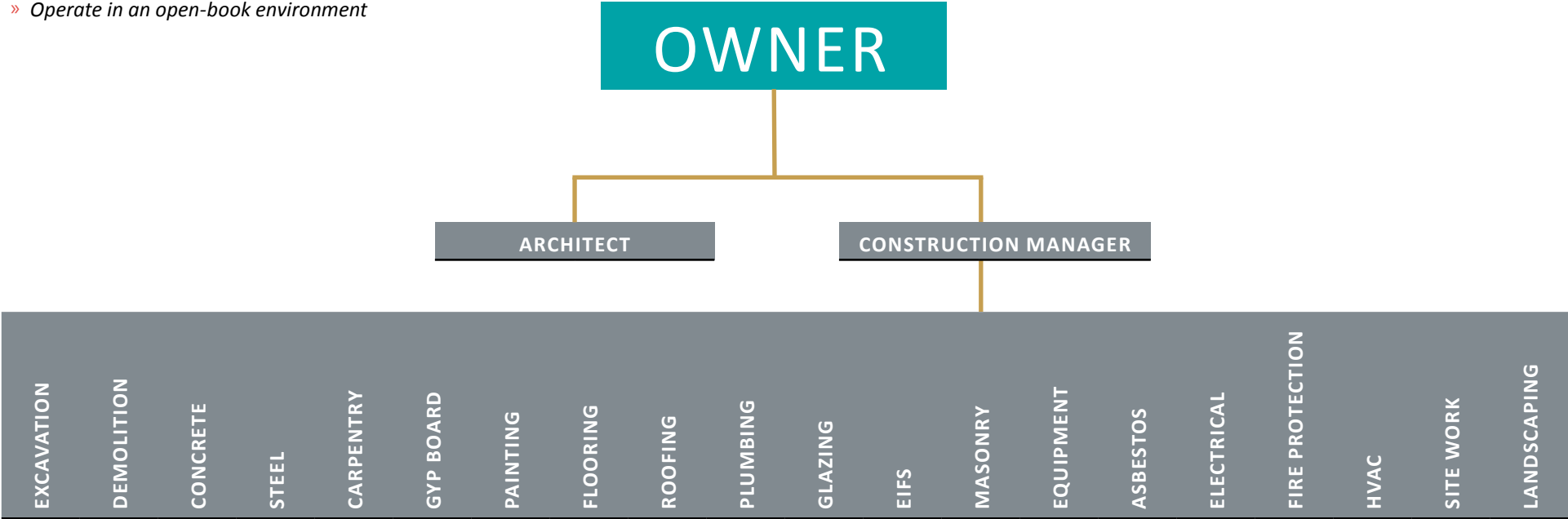
- Red square: Low Bid
- Gold square: High Bid

# ORGANIZATION STRUCTURE: CONSTRUCTION MANAGEMENT

## ADVANTAGE:

Construction managers

- » *Serve as the owner's agent*
- » *Have a vested interest in client satisfaction*
- » *Provide input during design*
- » *Operate in an open-book environment*



## EXAMPLE BID SUMMARY

TYPICAL BUILDING PROJECT <i>150,000 SF</i> <i>15-month schedule</i>	GENERAL CONTRACTOR A	GENERAL CONTRACTOR B	GENERAL CONTRACTOR C	GENERAL CONTRACTOR D	GENERAL CONTRACTOR E	CONSTRUCTION MANAGER (CM)
Sitework	2,000,000	\$1,494,500	\$1,550,000	\$1,400,000	\$1,200,000	\$1,200,000
Concrete	\$1,470,000	\$1,595,000	\$1,950,000	\$1,450,000	\$1,300,000	\$1,300,000
Steel	\$790,000	\$800,000	\$650,000	\$750,000	\$950,000	\$650,000
Masonry	\$700,000	\$730,000	\$800,000	\$825,000	\$900,000	\$700,000
Roofing	\$850,000	\$850,000	\$730,000	\$725,000	\$750,000	\$725,000
Finishes/Interiors	\$2,475,000	\$2,395,000	\$3,000,500	\$2,950,500	\$3,250,000	\$2,395,000
Painting	\$655,000	\$665,000	\$655,000	\$675,000	\$750,000	\$655,000
Landscaping (allowance)	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Paving	\$350,000	\$375,000	\$450,000	\$400,000	\$300,000	\$300,000
Electrical	\$1,900,000	\$2,100,000	\$1,900,000	\$2,356,000	\$250,000	\$1,900,000
Plumbing	\$722,000	\$902,000	\$733,000	\$688,000	\$688,000	\$688,000
HVAC	\$2,150,000	\$2,030,000	\$2,202,000	\$2,078,000	\$2,100,000	\$2,030,000
Fire Protection	\$280,000	\$311,000	\$291,000	\$288,000	\$266,000	\$266,000
General Conditions	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
Profit (5%)	\$747,100	\$742,375	\$775,575	\$759,275	\$765,200	\$670,450
<b>TOTAL</b>	<b>\$15,689,100</b>	<b>\$15,589,875</b>	<b>\$16,287,075</b>	<b>\$15,994,775</b>	<b>\$16,069,200</b>	<b>\$14,079,450</b>

Owner selects lowest bid from  
General Contractor B  
**\$15,589,875**

CM selects lowest bid for each trade  
**\$14,079,450**

### LEGEND

- Low Bid
- High Bid

## SIDE-BY-SIDE COMPARISON

ACTIVITY	GENERAL CONTRACTING	CONSTRUCTION MANAGEMENT
<i>Early involvement in planning</i>	No input	Extensive input
<i>Relationship with designer</i>	Adversarial	Partnership that serves owner
<i>Value engineering</i>	No input	Extensive input
<i>Budget/schedule planning</i>	No input	Extensive input
<i>Safety incentive</i>	Cost/infracton avoidance	Proactive/planned
<i>Basis of award</i>	Low bid	Qualifications
<i>Cost control</i>	Benefits GC's profit	Benefits owner's budget
<i>Relationship with owner</i>	Entrenpreneurial	Professional
<i>Project cost reporting</i>	GC's eyes only	Transparent/open book
<i>Motivation to succeed</i>	Maximize profit	Next project/quality referral