#### AGC of America THE ASSOCIATED CENERAL CONTRACTORS OF AMERICA Quality People. Quality Projects.

### Integrated Project Delivery (IPD): Why Owners Choose Multi-Party

October 29, 2009 1:00 – 2:30 PM (ET)

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Martin Hague, Sr. Director, Facilities Resource Group, Ascension Health

Moderator: Michael Kenig, Vice Chairman, Holder Construction Company; Chairman, AGC Building Division

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### **Learning Objectives**

- Define Integrated Project Delivery (IPD)
- Recognize the advantages and disadvantages of IPD from an Owner perspective
- Identify IPD best practices
- Explain how the project and stakeholders can benefit from IPD involving a multi-party agreement

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### Overview

- Welcome and Webinar Instructions
- Brief Introduction to Integrated Project Delivery
- Owner Presentation: Ascension Health
- Owner Presentation: Autodesk
- Moderated Discussion
- Wrap-Up



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	IPD: Degrees	of Collaboratio	n
	"Classic" Collaboration	"Non-Multi Party" IPD	IPD as a Delivery
Level of Collaboration	Lower 🔶		Higher
Philosophy or Delivery Method?	IPD as a Philosophy	IPD as a Philosophy	IPD as a Delivery Method
Nicknames	?	Non Multi-Party IPD; IPD "Lite"; Technology Enhanced Collaboration IPDish	Multi-Party Contracting; "Pure" IPD; Relational Contracting; <u>Allancing</u> ; Lean Project Delivery
Delivery Approaches:	CM at-Risk or Design-Build	CM al-risk or Design-Build	IPD
Typical Selection Process:	Qualifications Based Selection of all team members or Best Value Proposal	Qualifications Based Selection of all team members	Qualifications Based Selection of all team members
Nature of Agreement:	Transactional	?	Relational
IPD Principles and Practices:	No contract language requiring collaboration     Limited team risk sharing     CM or DB share in savings	Contractlanguage requiring collaboration     Some team risk sharing     All parties compensation tied to project success     Co-location of team	Owner-Designer-Contractor (and possibly other key team members) all sign one contractthat contracts collaboration Team risk sharing Team decision making Optimizing the Project Pain / Gain Sharing Limits on Inligation Co-location of team
Typ. Basis of Reimbursement	GMP	GMP	No GMP or GMP (some costs guaranteed)









Hist	ory of Me	thods for		of America INCONTRACTORS OF AMERICA Mainly Projects. m + Delivery
7	0s 8	10s (9	90s 0	0s 10s
Issues	High interest rates, high energy costs	Liability crisis, Savings + Loan	Worldwide building expansion, early sustainability	Digital connectivity, world credit crisis
Delivery	Good Old Fashioned D B B	Fast Track + Original CM	Design Build + Flavored CM	Integrated Project Processes
Design Te	chnology		Building	Building Lifecycle View
			Objects	
		Comp	uter-Aided Drafting	
	Layered Proc	duction		
Tracing F	Paper			











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Costs, Risks, and Rewa	Inds AGC of America <u>Del ASOCATED CINENA CONTACTOR OF AMERICA</u> Quality People. Quality Projects.
Trentive Compensation Layer	ICL Elements: 1 - Budget 2 - Green 3 - Schedule 4 - Quality
ICL Direct Costs	Other Direct Costs
Contract Cos	





Costs, Risks, and Rewa	ards AGC of America <u>HE ASSOCIATED CONTENT CONTENT CONTENT</u> Quality People. Quality Project.
there is a second secon	ICL Elements: 1 - Budget 2 - Green 3 - Schedule 4 - Quality
ICL Direct Costs	Other Direct Costs
K Total Project Co	st



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	ery Principals Classic Models	, Compared
PRINCIPLE	Classic Models	
Desision		IPD Model
making	Propose / Dispose	Consensus
Risk Allocation	Least able to avoid	Best able to manage, shared
Reward structure	Protect fixed price	Accomplish project goals
Outcome focus	Protect self-interest	Maximize project outcome
Deliverable focus	Least effort	Best result
Team behavior	Self, then project	Project = self

![](_page_8_Picture_4.jpeg)

![](_page_8_Picture_5.jpeg)

Ascension Health Martin Hague, Senior Director

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### **Existing World**

- Conventional contracting is transactional and
- · Information flow and management have not adapted to the realities of complexity
- Risk is addressed by inclusion of additional dollars
- · Limited mechanisms for Owner to capture savings

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### What Is IPD?

- Core Group
- Form of Agreement/Contract/Creation of Team
- Production Control System
- Financial/Incentive Agreement
- Commitment to change

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### Alignment of Parties

- · Lean Partner Contractors are not on fixed cost contracts
  - Open book = Cost plus fixed fee
  - No counter-productive "Protect my GMP" behavior
    Risk is transparent and controllable

  - Change Order process is minimal
  - Allows changes to occur quickly and smoothly
- Financial control and cost reporting are paramount

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### What Happened?

- Predictable workflow and proper sequence are extremely important benefits everyone.
- Document control was difficult with pace of project. Construction pushed design.
- Subcontractor financial projections were difficult.
- Eliminating the GMP was a major factor in how contractors behaved.
- Field Staff/GF & Supt discounted the incentive program.

![](_page_10_Picture_8.jpeg)

# Why did Autodesk Choose Multi-Party IPD?

- Evolution of BIM→IPD
- Demonstrating the potential of technology
- Supporting future trends: BIM, green and IPD
- Getting the best results very quickly

## What Did We Do?

- · 55ksf fit-out in new shell
- N-Party agreement
- Consensus decisions
- Outcome-based profit: budget, schedule, green and quality
- No litigation
- 100% BIM-based process

![](_page_11_Picture_8.jpeg)

### What Were Our Results?

- 8 months from 0% design to Certificate of Occupancy
- 0% change orders
- 30% owner scope changes delivered in 6.7% less time (compared to baseline project schedule)

- No back charges
- LEED Platinum certification 7.4% added design quality

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![](_page_11_Picture_19.jpeg)

![](_page_12_Picture_1.jpeg)

![](_page_12_Picture_3.jpeg)

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### How Is Multi-Party IPD Different from "Good" CM-at-Risk?

- "IPD-ish projects are just CM-R with happy language" (Eric Lamb, DPR)
- Gating factor: getting the right players
- "A chain is only as strong as the weakest link" (John Cannistraro, JCC)
- "BIM forces integration" (Eric Lamb, DPR)
- Structural changes compel behavior "working on behalf of the project
- Project success = participant success (and failure)

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### **Future Events and Resources**

### AGC BIMForum

January 14-15, 2010 Phoenix, AZ www.bimforum.org

AGC Building Contractors Conference January 20-22, 2010 San Juan, PR www.agc.org/BCC

AGC Annual Convention March 17-20, 2010 Orlando, FL http://Convention.AGC.org COAA National Conference

www.coaa.org ConsensusDOCS 300 Standard Tri-Party Collaborative Project Delivery Agreement <u>www.ConsensusDOCS.org</u>

AGC Project Delivery Page www.agc.org/projectdelivery