



**CLEVELAND
CONSTRUCTION**

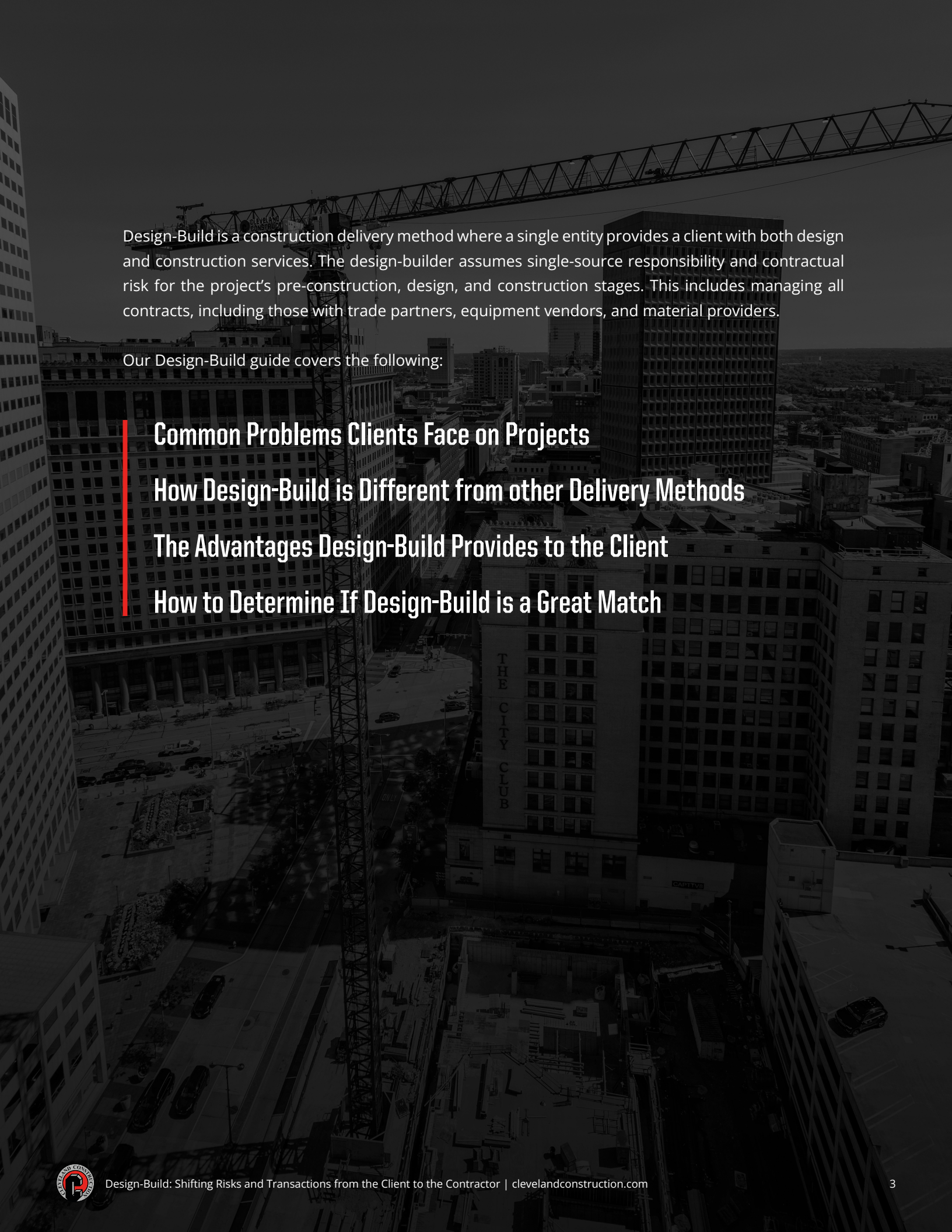
DESIGN-BUILD

Shifting Risks and Transactions
from the Client to the Contractor

The popularity and use of design-build have risen rapidly over the last decade.

Considered somewhat “radical” twenty-five years ago, it is now the delivery method for nearly half of the country’s construction projects. The increased use of design-build results from a growing number of clients who feel this method offers the best way to mitigate the risks. While construction will always be fraught with challenges, they see this method as a structure that will eliminate some of the common problems they face on projects.





Design-Build is a construction delivery method where a single entity provides a client with both design and construction services. The design-builder assumes single-source responsibility and contractual risk for the project's pre-construction, design, and construction stages. This includes managing all contracts, including those with trade partners, equipment vendors, and material providers.

Our Design-Build guide covers the following:

Common Problems Clients Face on Projects

How Design-Build is Different from other Delivery Methods

The Advantages Design-Build Provides to the Client

How to Determine If Design-Build is a Great Match





— CONTRACT - - - - COMMUNICATION

Source: <https://dbia.org/impact/>

COMMON PROBLEMS CLIENTS FACE ON PROJECTS

An adversarial relationship develops between the architect and the contractor.

The complex nature of construction projects requires input from several stakeholders. Architects and contractors play leading roles in this process. Both feel pressured to deliver a completed product on time and under budget. Sometimes, frictions occur between the two. When this happens, clients are left to deal with the conflict and the problems that result:

- ■ Construction companies will only bid on what is explicitly stated in the documents.
- ■ Insufficient drawings can result in disputes, schedule delays, and additional change orders that drive up costs.
- ■ The client is often “caught in the middle”, left to manage an architect and contractor each blaming the other for cost overruns and other problems.

Hastily assembled, lower-quality construction documents are received from the architect.

Similar to other areas of construction, workforce-related issues are requiring many design firms to do more with less. Many architectural firms are short-staffed, a result of fewer students enrolling in architecture programs. According to the National Architectural Accrediting Board, enrollment for first-year architecture students has declined by nearly 20% over the past five years. Source: <https://www.seethewhizard.com/blog/shortage-of-architects/>

Staffing shortages and deadline pressures sometimes result in design teams delivering lower-quality documents to the client. Since contractor bids are based on these documents, insufficient drawings may lead to contractor-architect friction and disputes. Additional change orders and schedule delays may result in driving up the client’s project costs.



The assessment and planning for supply chain issues need to be improved.

Delivering a project on schedule is a shared responsibility between the contractor and the design team. Each team should work closely with the other, integrating their combined knowledge and experience, to achieve cost certainty and timely delivery of each phase of the project. The recent global supply chain crisis resulting in significant bottlenecks in the delivery of much-needed materials for projects has made this symbiotic relationship more critical than ever. Supply chain issues have only compounded the headaches clients face on projects. Problems can occur when architects design for constructability, but fail to design for proper procurement. Contractors may find it difficult to maintain the project schedule due to material availability issues or long lead times. Material substitutions may be necessary.

The client's project is adversely affected by labor shortages.

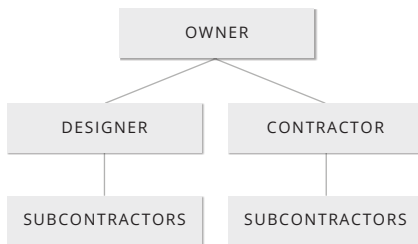
The labor shortage affecting the construction industry is an ongoing problem for clients. With companies struggling to find workers, larger projects have been delayed or canceled. The labor shortage affects both design firms and contractors. Staffing issues at design firms can affect the quality of drawings being delivered. Contingencies to allow for possible trade contractors' labor shortages may not have been considered during scheduling by contractors. Labor shortages that crop up later during the construction process can adversely affect the project's schedule and result in cost overruns for the client.



WHAT IS DESIGN-BUILD?

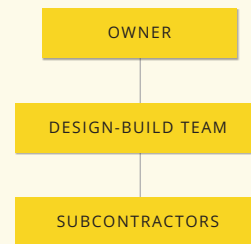
Design-build is one of the three primary project delivery methods that clients typically choose. The other two are design-bid-build and CM at-risk with a GMP. Other, less common, delivery systems include CM as Agent (Cost-Plus with no GMP) and Integrated Project Delivery.

Traditional Project Delivery



Owner must manage two separate contractors; owner becomes the middleman, settling disputes between the designer and the contractor. Designer and contractor can easily blame one another for cost overruns and other problems.

Design-Build Project Delivery



Owner manages only one contract with a single point of responsibility; designer and contractor are on the same team, providing unified recommendations. Changes are addressed by the design-build team and not used as excuses. The design-build team manages all subs and consultants.

Source: <https://www.acebuildingservice.com/what-is-design-build-construction>

The design-build method of project delivery simplifies the process by allowing the design-build team to work under one contract, directly with the client, to provide both design and construction services.

The team consists of the design-builder (contractor), designers, critical trade contractors, and sub-consultants all under one entity. With the designer and contractor on the same team, separate contracts with each are not required. Instead, the client works closely with the design-builder as a single point of contact for both the design and construction of a project. The flow of work is unified from conception to completion. There is a focus on collaboration and open communication as creative solutions are implemented throughout the project.

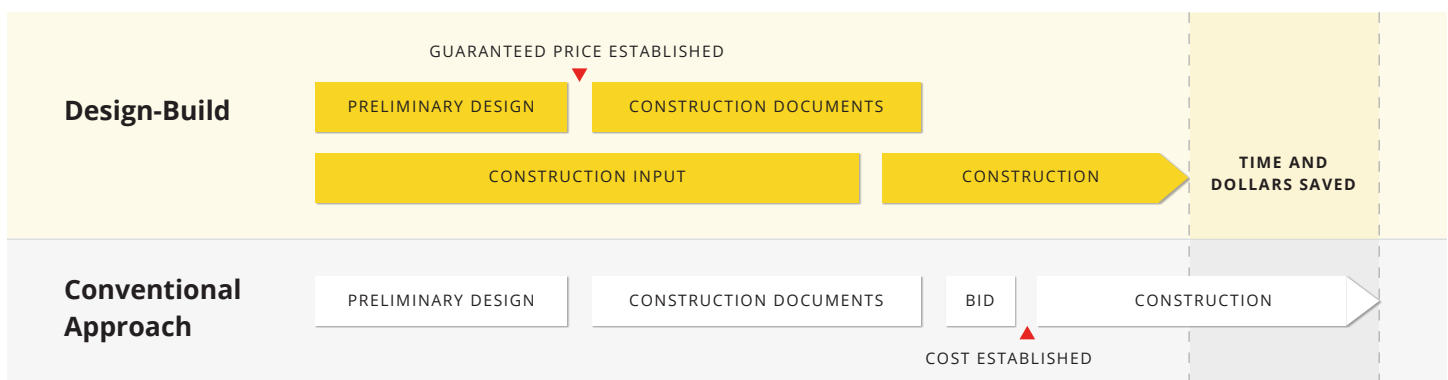


THE ADVANTAGES DESIGN-BUILD

PROVIDES TO THE CLIENT

Combining the design and construction process into a single team effort provides advantages to the client. The structure of the design-build delivery method maximizes efficiencies throughout the process. The contractor and designer work hand-in-hand to provide design, engineering, and construction services.

Early and frequent collaboration enables schedules to be streamlined and costs reduced. In the end, the client benefits from a higher quality project often completed ahead of schedule.



Source: <https://info.burnsmcd.com/white-paper/benefits-of-design-build?abm=true>

One Contract for Design and Construction

The client only has a single contract with the design-build team to provide both the design and construction services. Design contracts are retained/held by the contractor (design-builder). The client is relieved from mediating the design hand-off from the architect to the builder and any potential disputes that might result.

Higher Quality of Documents

Under the design-build method, the client can pick a contractor based on qualifications and quality, not price. Most clients who have done previous projects are aware that quality builders will exceed expectations instead of striving to meet minimum requirements.



The work is of higher quality because the owner can work closely with the design-builder to ensure expectations are met. The contractor will have a greater concern for the quality of documents since they are responsible for both the construction and design of the project. This eliminates any recourse (or cause for claims) back to the client for subpar documents.

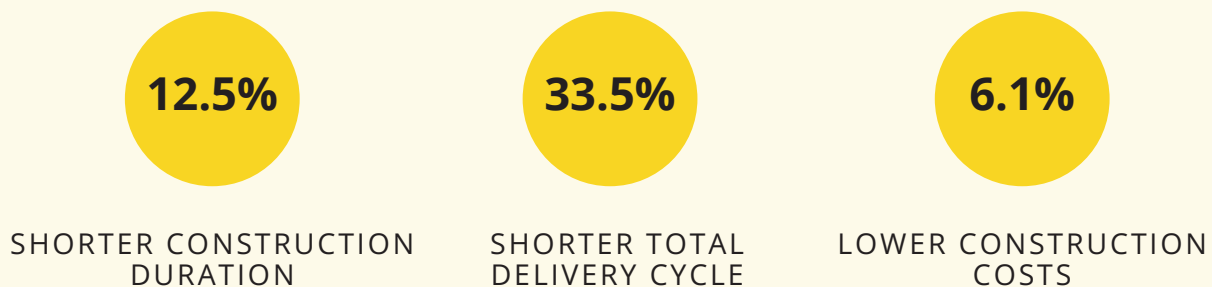
It is an ongoing collaboration equating to fewer gaps throughout the timeline while giving the client more project control. Also, the design-builder will be evaluating budget solutions early and create continuous price estimates so they can deliver the best value.

Streamlined Schedule

Clients know time is money. Design-build can save them money by avoiding delays often associated with other project delivery methods. Construction delays caused by coordination problems with design disciplines are avoided. Another costly delay avoided is the redesign/VE phase, which typically occurs after bids are received and the client realizes they can't afford what they've paid to be designed. A redesign can add months to a schedule, pushing back closing and construction start dates. During this time, costs continue to escalate due to inflation and the client is getting less for their money.

The time involved in choosing an architect and then a contractor is avoided. Instead, the single choice of a design-build team leads to a shorter construction duration and delivery cycle for the client.

A study conducted by Penn State University evaluating the effectiveness of multiple delivery systems found that design-build outperformed design-bid-build in every category, including:



Source: <https://dbia.org/wp-content/uploads/2018/05/Research-Cii-Penn-State-Study.pdf>

Reliable Budget

Design-build shifts some of the project costs to the early design phase. It is where the contractor can get involved to assist in determining an accurate construction budget based on extensive historical data and future market conditions. Research has shown that contractor engagement early in the design phase creates a more reliable budget. **Real-time feedback is provided by the contractor on designs, helping to avoid a redesign/VE phase, associated delays, and bid-cost overruns.** Early and frequent collaboration allows team members to voice concerns, identify issues, and share suggestions while still in the conceptual stage. Clients benefit from a reliable budget that can be used to assemble a project's capital stack sooner.





The Client's Design Goals and Parameters are Met

While the design process is handled by the design-build team, they still are obligated to deliver a design that meets the client's needs. Because the design is the result of input from everyone on the team, the client is presented with a design that can be constructed within the parameters of the agreed budget.

Contractor Engagement is Increased

Communication is improved and easier when all the decision-makers are in the room.

With design-build construction, the fact that the architect and construction manager are working together from project start to finish simplifies the communication process.

Issues that may arise are solved proactively. Confusion and "blame game" are avoided. By providing one point of contact, the client's role in the project is simplified. The design-build contract provides all stakeholders with a clear line of accountability. The owner's wishes are communicated directly to the design and construction teams. It all results in fewer layers of communication needed, leading to better outcomes and more productive owner involvement.



Contractor Expertise is Leveraged

Design-build allows the client, who may only work on one or two projects at a time, the ability to leverage early on the expertise of an experienced contractor who has dealt with dozens of similar projects in the past.

Zoning and Code Compliance Responsibility is Shifted

The contractor (design-builder) assumes responsibility and associated risks for building code compliance.

Cost Certainty is Provided

Design-build can provide the client with cost certainty much earlier in the process than possible with other methods of delivery. The contractor (design-builder) may start phasing in a transparent fixed price, or guaranteed maximum price (GMP) for the client sometime around the 30-60% design stage.



ABOUT CLEVELAND CONSTRUCTION, INC.

A National Design-Build and Construction Management Firm

At Cleveland Construction, Inc., we are a national commercial construction manager headquartered in Cleveland, Ohio. Our team specializes in mixed-use/multi-unit hospitality and multi-family developments throughout the Midwest and Southeast. We operate as a family with a commitment to construct buildings measured on quality and value.

We are proud to be considered as a leader in mixed-use & unit construction and our mission is to deliver on our promises. We have extensive experience in managing multi-unit projects, including new construction, historic renovations, and adaptive reuse for condominiums, apartment units, assisted living, and hotels.

For over 40+ years, we have guided our clients through the construction process, turning their vision into reality, through collaboration and expertise. Each construction project is unique, but our Make It True® commitment ensures a consistent approach and project delivery.



CLEVELAND CONSTRUCTION FAST FACTS

Founded in 1980
Construction
Management Staff of
250+

Incorporation:
Family-Owned
C-Corporation

Offices:
Mentor, OH (HQ)
Charlotte, NC (Primary)
Cleveland, OH
Cincinnati, OH
Orlando, FL
Naples, FL
Baltimore, MD

Leadership:
Jon D. Small, CEO
James W. Small, COO
Keith E. Ziegler,
President

Bonding:
\$250M Single Project
\$500M Aggregate

Revenue:
2022 company wide
revenues were \$230
million

Our Commitment
**MAKE IT
TRUE®**

Our Services:

- Preconstruction Planning
- Design-Assist
- Virtual Design +
Construction
- Design-Build
- Construction Management
- Interior Trades

Market Sectors:

- Aviation
- Corporate Office
- Education
- Hospitality
- Industrial
- Multi-family
- Parking Structures
- Retail/Mixed-Use
- Sports & Entertainment

Our Make It True® Principles:

- Respect
- Communication
- Thoroughness
- Accountability

HOW TO DETERMINE IF DESIGN-BUILD IS A GREAT MATCH

Design-build is used on projects of all sizes across all industries. However, it may not be right for every client or project. Each client should consider their expectations and benefits associated with the integration of design and construction and what unified needs could be met. There are types of projects and requirements that lend themselves well to the design-build method. These include:

- ■ The client has a complex project, with lots of “building unknowns” during design and construction and requiring great collaboration between players to ensure things go smoothly. *An example would be an adaptive reuse project, such as a conversion of an office building to a residential complex.*
- ■ The client has a project requiring a tight schedule or an expedited timeline.
- ■ The client places a top priority on the cost and quality of the deliverables.
- ■ The client desires to reduce their risk and involvement.
- ■ The client has limited in-house experience with design, construction, and projects in general and finds the one-stop model appealing.
- ■ The client does not have specific design standards to reference from previous projects.



Elevate your construction project to the next level by partnering with Cleveland Construction. Schedule a call with our preconstruction team today to learn how our design-build expertise can shift project risk and bring your vision to life.