

# THE ULTIMATE GUIDE:

## WHY YOUR DEVELOPMENT PROJECT NEEDS A SPECIAL KIND OF OWNER'S REPRESENTATIVE

Your best way to save millions and successfully complete your Project: On Time...In Budget.

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*Presented by  
DSS Consultants*



## EXECUTIVE SUMMARY

Development projects are hard. So hard, in fact, that most projects are either late, over budget, or both. And too many end in bad feelings and even litigation.

But your project doesn't have to go that way.

This guide explains how Developers and Building Owners can avoid these problems and successfully complete their projects on time and in budget.

The guide starts by describing the key challenges faced by Developers and Building Owners. It then discusses the common mistakes and myths that lead to project delays and cost overruns. Then, it describes the proper roles and functions of an Owner's Representative and explains what Developers and Building Owners should look for when considering Owner's Rep services.

Finally, this guide describes the best time in a project's lifecycle to hire an Owner's Rep in order to significantly reduce the project's costs and greatly increase the likelihood that it will be completed on time and in budget.

## THE CHALLENGE

Construction projects are expensive and complicated. Developers and Building Owners are taking on a big risk embarking on a new project.

Building designs and specifications can be over- or under-engineered, cost estimates can be wildly wrong, vendors can be unreliable, permits can fall into a bureaucratic black hole; the list of pitfalls to be dealt with goes on and on.

What's more, getting the right team of design and construction professionals assembled, aligned and on track is inherently difficult - like herding cats.

One of the biggest problems is that you already have a full-time job running your business. The last thing you need is a massive distraction that pulls you away from where you're really needed and from what you're really good at.

## COMMON MISTAKES

Typically, a Developer's or Building Owner's first step after securing project financing and some of the necessary approvals is to hire an architectural firm and put them to work designing the building and creating construction documents. Once the documents are completed, the Developer puts them out for bids from general contractors, receives proposals and then awards a contract. At this point, many Developers and Building Owners think they're done hiring the project team and that the architect and general contractor will be capable of managing the entire project on the Developer's behalf.

This is a common mistake.

Architectural firms know design. But they don't always compare the outcome of different design options to make for a more efficient design and they're not always as budget-minded as developers or building owners would like.

Similarly, good general contractors understand construction, but they don't always understand the full scope of a developer's goals and they aren't always fully aligned with a building owner's interests.

So even together, the architect and general contractor don't have the full perspective to safeguard the Developer's interests and effectively manage all of the complexities and problems that come with every construction project.

This leads to a lack of coordination and poor upfront planning which is the main reason most projects fail to come in on time and in budget.

The best solution to these problems is to hire an Owner's Representative – an individual or company that acts as an extension of the owner's staff, protects their interests, assembles all the required consultants, design firms,

contractors, and vendors and coordinates and effectively communicates to the team's members throughout the project's life-cycle, from start to finish.

An Owner's Rep acts as the Owner's eyes and ears throughout the entire process with the sole purpose of executing their goals and mission. An Owner should be able to say to their Rep, "go be me," and have the confidence and trust that the Rep will do just that.

<b>Who's looking after your interests?</b>			
	<b>Owner's Rep</b>	<b>Architect</b>	<b>Contractor</b>
<b>All Project Phases</b>			
Keeps focus on overall "Big Picture"	X		
Manages all phases of the project	X		
Manages total project budget	X		
Manages total project schedule	X		
Explains design and construction processes, techniques and terminology	X		
Manages project quality to your benefit instead of the agenda of others	X		
<b>Pre-Design/Procurement Phase</b>			
Provides expertise to navigate and implement municipal procurement rules	X		
Suggest contract form and content to benefit you as the Owner	X		
Explains the different ways you can hire a contractor	X		
<b>Design Phase</b>			
Design to your needs		X	
Provides expert advise and mentoring	X	X	X*
Advises you of options and alternatives	X	X	X*
<b>Construction Phase</b>			
Provides labor, material and subcontractors			X
<i>*In some cases</i>			

## COMMON MYTHS

Unfortunately, many Developer's and Building Owners proceed without the benefit of an Owner's Rep. This is based on three common myths:

**Myth #1** – *The Owner's Representative is an additional, unnecessary expense to my project*

The Owner's Representative will not increase overall project costs, and in most cases will actually reduce costs. As on every project, budget management is paramount. The advantage of the Owner's Representative's presence early in the process is by managing the entire project team, from design through move-in, costs are reduced as a result of close coordination. Additionally, the best Owner's Reps are also able to recommend ways to optimize building designs in a way that simplifies construction and saves money.

Therefore, the "additional" fee is typically not additional after all, as costs are redistributed with reduced project budgets resulting from a more focused and efficient process.

**Myth #2** – *Other project team members view the Owner's Representative as a "roadblock"*

The Owner's Representative is hired for one reason – to assist the Owner in delivering a project that is within budget and on schedule, while creating a harmonious experience for all of the project team members.

Many of the team members (architects, contractors, consultants, and vendors), have aggressive profit margins. While assembling their proposals, they are also assuming a certain number of hours dedicated to each project. These team members rely on the Owner to deliver information to them in a timely manner in order to keep pace with their own internal budgets. Part of the Owner's Representative's role is ensuring that information is communicated on time. With the absence of an Owner's Representative,

many project team members can lose money if an Owner is not on time with responses to inquiries.

**Myth #3** – *I don't need an Owner's Representative since I have an internal team*

Effectively managing a development project takes a tremendous amount of time and requires a great deal of specific, specialized experience in building and construction management. Few internal teams have the time, experience and knowledge to run the project successfully without sacrificing other job responsibilities. In addition, an Owner's Rep generally has access to a larger pool of consultants and contractors and has more diverse experience to draw from.

## A BETTER WAY

In order to run a smooth project, avoid costly delays and surprises, and successfully complete a project on time and in budget, it makes sense for Developers and Building Owners to hire an independent, professional Owner's Representative company that will act solely on their behalf.

*The ideal Owner's Rep firm should have three key ingredients:*

1. Extensive experience and subject matter expertise in all aspects of construction, including design, architecture and engineering.
2. Ability to think out-of-the box in order to optimize design and approach and in order to solve problems quickly and cost-effectively so the project stays on track.
3. Outstanding project management skills, with a proven track record of coordinating the people, equipment, materials, schedules and money required to successfully complete a project.

A project management firm that has these three ingredients will be able to:

- Speak the language of architects, engineers and contractors
- Review, understand, question and improve upon project specifications
- Identify opportunities to save money and maximize project efficiencies from start to finish
- Understand the importance and the nuances of the bidding process to protect the developer's investment and keep costs in line
- Protect the Owner from paying inflated prices
- Ensure the project scope does not spiral into something much larger and costlier than anticipated
- Understand, anticipate and mitigate risks and pitfalls
- Apply expertise to logistics, scheduling and purchasing in order to keep the project on track
- Control the budget and provide financial reports and forecasts
- Communicate frequently and in plain language to the entire project team, including the Developer's team
- Motivate and lead the project team of designers, contractors and subcontractors to successfully deliver the project

Development projects led by this kind of project manager run more smoothly and have a much greater likelihood of finishing on time and in budget.

## TIMING IS EVERYTHING

Owner's Reps can take control of a renovation or restoration project at any stage. Many Developers hire an Owner's Rep after the designs have been completed and they are ready to put the project out to bid. Other Developers hire an Owner's Rep at the start of construction. Some Developers hire an Owner's Rep after their projects get into trouble with unwelcome delays and cost overruns.

Owner's Reps can provide valuable assistance in all of these cases, but whenever possible, the best time for a Developer or Building Owner to hire an Owner's Representative is at the very start of the project, before soliciting bids, hiring engineers and contractors, or seeking financing.

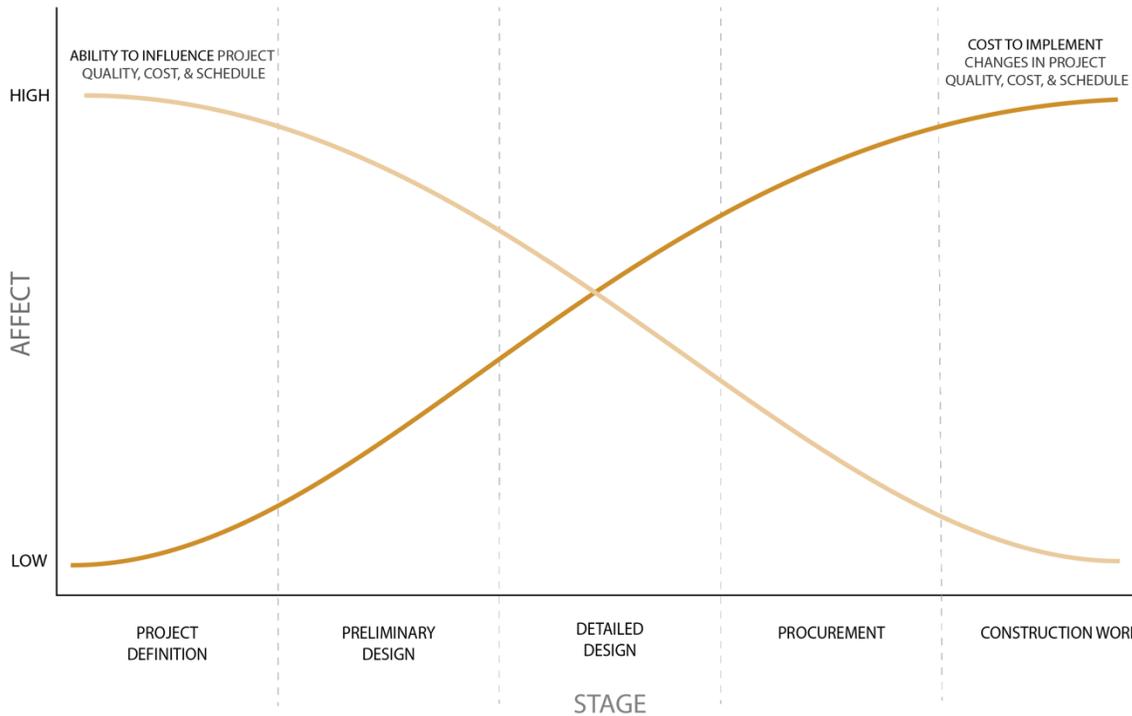
When the Owner's Rep firm is engaged early, they can ensure that the project gets off to the right start by helping define the project's full scope, design and budget.

This is critical because an incomplete scope leads to costly change orders and frequently to claims and disputes which result in cost overruns and delays. Experienced Owner's Reps agree that the time to achieve savings and reduce changes is in the early stages of the project, not at the start of construction, or even worse, during construction itself.

During the planning phases of a project, experienced Owner's Reps with a deep understanding of the entire construction process work to optimize the project's design and to simplify construction.

This builds-in savings and efficiency from the very start and often reduces the project cost by more than the overall Owner's Rep's fees.

## IMPORTANCE OF CLEAR DEFINITION DURING THE EARLY PHASES



At the beginning, it's inexpensive to make modifications that have a large impact on a project's quality, cost and schedule. Modifications during later phases have less impact, are very expensive, and will cause delays.

*Source: Professor Garold Oberlender, Oklahoma State University*

## CONCLUSION

Construction can be like quicksand, especially for people who have not been doing it every day for decades.

But Developers and Building Owners can reduce this risk by hiring an independent, professional Owner's Representation firm with experience in construction management. Such a firm will:

- Always represent the Developer's best interests.
- Ensure your project's design and scope meet your goals.

- Ensure your budget is adequate - but not excessive - to achieve your desired outcome.
- Manage your entire process, from design through bid evaluation, contracting, permitting, construction and final completion.
- Inform you of when decisions need to be made and provide recommendations for making those decisions.
- Help you find and select the right professionals to execute your project.
- Keep those professionals (engineers, architects, designers and contractors) on track.
- Quickly and cost-effectively resolve issues and solve problems.
- Plan for, anticipate, and minimize surprises that may arise during the construction process.
- Deliver your project on time and in budget.

Professional Owner's Rep firms, especially those that have a deep understanding of the construction management process, are able to reduce the burden and stress on Developers and Building Owners while also saving millions and ensuring the project runs smoothly.

### **Imagine Your Development Project: On Time...In Budget**

For more information, and to request a  
**FREE DSS On Time and In Budget Project Plan**  
call 305-856-6711 or email [info@dssconsultants.com](mailto:info@dssconsultants.com)

Development Service Solutions, LLC  
2333 Brickell Avenue, Terrace C, Miami, FL 33129  
[info@dssconsultants.com](mailto:info@dssconsultants.com)

Visit us at: [www.dssconsultants.com](http://www.dssconsultants.com)