

**COMPARISON BETWEEN
CONSULTANT/CONSTRUCTION MANAGER AND GENERAL CONTRACTOR
METHODS OF CONSTRUCTION**

<u>Consultant/Construction Manager</u>	<u>General Contractor</u>
<p>I. Design Phase</p> <p>A. Optimum Design</p> <p>The Construction Manager, acting as the Owner's Consultant, is an integral part of the design process. Utilizing his extensive field experience, he provides the Owner and designers with practical design input, which is essential to achieve optimum design and substantial savings in construction costs. Furthermore, he reviews the drawings and specifications as they are being prepared, evaluating initial construction expenditures versus future operating costs in order to obtain the most economically designed facility.</p> <p>B. Budget</p> <p>The Construction Manager provides the Owner with a detailed budget breakdown, consisting of estimates for each trade and coordinates design criteria with budgetary considerations.</p> <p>C. Equipment Pre-Purchase</p> <p>Owner has the option to purchase directly, major materials and equipment in order to:</p> <ol style="list-style-type: none"> 1. Eliminate delays engendered by long lead-time equipment. 2. Effectuate substantial savings by elimination of needless trade contractor and general contractor mark-ups. <p>D. Fast Tract Planning</p>	<p>I. Design Phase</p> <p>A. Optimum Design</p> <p>Owner Designs Project – Since the Owner retains design personnel, he must rely entirely on the Architect to develop and finalize his design criteria.</p> <p>B. Budget</p> <p>The General Contractor only provides the Owner with a lump sum estimate.</p> <p>C. Equipment Pre-Purchase</p> <p>Not feasible</p> <p>D. Fast Tract Planning</p>

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To avoid delays, owner can accept bids and award certain critical phases of the work while other phases are still being designed.	Not Feasible
<p>II. Bid Phase</p> <p>The Construction Manager provides the Owner with the opportunity to deal directly with the trade contractors and obtain a multiplicity of bids for each trade, thereby, assuring the Owner of purchasing the construction work for the best possible price. Since the General Contractor – middleman has been eliminated, savings in the amount of 15% of the total cost of the project can be realized. In this era of a “buyers market” all savings realized in negotiating directly with trade contractors represents reduced costs to the Owner.</p>	<p>II. Bid Phase</p> <p>The General Contractor presents a lump sum price based on his estimate and on information he has obtained from the subcontractors. Any savings realized from negotiations with subcontractors are added to the General Contractor’s profits.</p>
<p>III. Construction Phase</p> <p>A. Scheduling</p> <p>The Construction Manager prepares an in-depth progress schedule showing all phases of the work through project completion. All work is scheduled and monitored to ensure compliance with Owner’s requirements.</p>	<p>III. Construction Phase</p> <p>A. Scheduling</p> <p>The General Contractor schedules work for his convenience. Conflicts may arise for his convenience. Conflicts may arise between requirements of the Owner and other projects currently under construction by the General Contractor.</p>

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<p>B. Contractor Control</p> <p>Since the Owner pays all trade contractors directly, he exerts direct control over all contractors. Since trade contractors are assured of prompt fair progress payments, performance is substantially improved.</p>	<p>B. Contractor Control</p> <p>Since the Owner pays the General Contractor directly he exerts no control over trade contractors. The General Contractor may utilize the Owner's payments to meet his own needs, thereby, affecting subcontractor performance.</p>
<p>C. Changes</p> <p>Since the Owner contracts directly with the trade contractors, he is able to implement any changes he desires most economically.</p>	<p>C. Changes</p> <p>Since the Owner pays the General Contractor directly, he exerts no control over trade contractors. The General Contractor may utilize the Owner's payments to meet his own needs, thereby, affecting subcontractor performance.</p>
<p>D. Progress Payments</p> <p>The Construction Manager reviews, certifies and analyzes all applications for progress payments to insure that the Owner is only paying for work that has already been completed. His expertise eliminates the practice of "front end loading", a practice prevalent in the construction industry.</p>	<p>D. Progress Payments</p> <p>The General Contractor in billing the Owner for progress payments, attempts to "front end load" in order to generate a positive cash flow.</p>
<p>E. Termination of Contract</p>	<p>E. Termination of Contract</p>

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<p>IV. General</p> <p>A. Compensation</p> <p>The Construction Manager is engaged for a fixed fee, removing any conflicts of interests, assuring the Owner that only his best interests will be considered and supported by the Construction Manager. The cost to the Owner for the Construction Manager's fee is only a fraction of the usual General Contractor profit.</p>	<p>IV. General</p> <p>A. Compensation</p> <p>Since the General Contractor has been contracted to build the project for lump sum, his major objective is to maximize his entrepreneurial profit. The actual General Contractor's profit mark up is unknown to the Owner.</p>