



## The value of engaging an owner rep in “Phase 1” - by Alen Gershkovich

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Owner reps have seen it all when it comes to construction project disasters and the inevitable recovery. Inspiron gets called to revitalize a project during many different phases. While an owner rep wears a wide range of hats during any development and construction project, the hats vary dependent upon when we are engaged.

When clients are experienced in development and construction, they will engage Inspiron to support their program from the onset, during the preliminary design phase, or as we refer to it “Phase 1 / pre-construction.” This is the phase where, with our guidance, the client is able to get ahead of any issues. Phase 1 involvement is the best case scenario for the project’s health.

However, that best case scenario doesn’t always occur. Often clients need to get burned, get in

trouble, and get in over their heads on a development and construction program. That is when Inspiron gets the call, mid-project. Once the liens and litigation and lawyers get involved, we typically get the call to come in and put the train back on its tracks to clean up a derailed project.

## Phase 1 Engagement with Inspiron

In order to start an engagement with Inspiron, a client needs to have a problem that requires our expertise to solve. Our clients are typically looking for support on their development or construction program and they are seeking experts to be in their corner, providing them accurate and timely advice and leading the program on their behalf.

At the beginning of a project we want to fully understand the roles and responsibilities of the client's team. From there, we want to clearly understand what assumptions were made at the onset of the project. What were the cost and schedule assumptions? What was their understanding with the construction team, the design team, and all the other members of the development group?

The client will typically provide Inspiron with the following:

- The documents used to make their initial assumptions about their overall program

- A basic understanding of the client's mindset, i.e. where they got their original expectations/who provided those expectations

- The point in the project at which those initial assumptions shifted course, when it started to derail and deviate and why

- Documents such as a budget, schedule, and any contracts with various design and construction teams on the project

With this information, the owner rep is able to fulfill our role as the conductor and leader. We hold the flashlight and provide the light (direction) that is in the best interest of our client and project. Our job is to make sure that everyone is aligned, focused, and looking/moving in the same direction for the benefit of the project.

Inspiron becomes the decision maker and guide on behalf of ownership. We are there to resolve all of the reasons why something cannot happen and instead focus the team on all the reasons why a goal will be achieved. We perform that leadership role daily and weekly.

## The Project Budget and Schedule

At first, we want to see the budget that the client is using without us plugging in any missing programming. Often we find that the assumptions were missing certain costs that are critical to the program. Those costs then take time to implement in the field. In many cases, when you add more scope, it takes more time to perform that scope. All of a sudden we start to see a necessary "deviation," "correction," "addition" to the budget.

When you add anything to the budget, the timeline for completion is impacted. We look to see if the budget is actually a construction budget or a program budget where construction is just one element. Often we find that not all major cost segments of the “budget” are included. For example, the contractor may only be looking at the “construction” portion of the budget because that is what they are contracted to perform. However, there are also design, development, and soft cost, interest carry, revenue generating assumptions, and timelines in the budget. Someone, typically the client’s program lead or owner rep, will make the team aware of the entire budget that is a concern and focus for the client.

A schedule is just a timeline to implement the budget line items. If you take the budget and just add durations to the right of the budget you can now show visually when each sequential task on the budget needs to take place. We want to see if the budget and the schedule, which are the primary tools of managing the development / construction program, are making the same assumptions. For example, if the client has design teams and design consultants, we would want to see where those design team deliverables are reflected on the schedule. From there, we look at whether or not any durations change from the initial assumptions.

### Engaging with Inspiron Makes a Huge Difference

The owner rep is the conductor, leader, organizer, main voice of the program. Just like in an orchestra, you have expert players focused on their specific tasks and instruments. But once in a while the conductor has to ask the entire team to slow down, and be aware of what other players are doing.

As a conductor, our job (especially at the onset of our engagement) is to make sure that each party to the development—designers, contractor, trades, etc.—are actually on the same page. In many cases, we find they are not even in the same book. Somehow they are using outdated materials, like drawings or schedules, or emails and communication.

At Inspiron, our goal is to realign everyone’s assumptions. To reset and restart whatever miscommunication took place so that everyone is moving and building in the same direction. It is important to note that those assumptions also relate to ownership. Just because we are hired by the owner does not mean we do not need to have some pragmatic and realistic talks behind closed doors. The owner’s reality and assumptions need to be realigned as well. So long as we are respectful and fair, everyone—including us—needs to be held accountable.

### What Happens if an Owner Rep is Brought on Later?

Of course, it is better for the project’s health (in terms of time, money, and resources) to have the entire project team aligned in the very beginning. The true cost of construction delays and program delays are often misunderstood. Once a program is delayed it reverberated through all elements of the schedule and budget. Specifically on the budget, delays often cost ownership more money on interest and financing costs as well as lack of future revenue generation.

When you combine the extra cost of the interest due to the months of delay and the extra reduction of revenue, it becomes a perfect storm of losses for the owner. On a \$100 million dollar program, the interest carry costs millions of dollars a month...not thousands. So, each month's delay significantly impacts the overall bottom line for our clients.

At Inspiron, we always want to see that the entire development team, including designers, contractors, trades, and the owners staff clearly understand that arithmetic early on in the program. When we are brought on in the middle or at the end of the development program, the damage is already done. Our job at that point is to stop the project from bleeding out cash. In short, it is always best to align the project team in the beginning where possible.

Inspiron Management is the owner rep / project & development management firm that owners rely on during challenging times. Let us provide the Owner Rep services and support for any upcoming construction project or to assist you with resolving any issues encountered while you are in the middle of a project.

Call us at 917-750-8934 or email me at [aleng@inspironmanagement.com](mailto:aleng@inspironmanagement.com) and build with confidence on your next construction project.

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