

COGENCE Alliance

Owners + Architects + Engineers + Contractors

Inspire. Educate. Unite.



Mission + Purpose

Cogence *(Latin)*

“To drive together” or “Thinking that is well organized”

The purpose of the Alliance is to bring Owners and Developers, Architects and Engineers, Construction Managers and Contractors, and Allied Industry Professionals together to **advocate** and be a **resource** for improved project delivery.

For more information visit us at www.cogence.org

Inspire. Educate. Unite.



NEO Chapter Update

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*Advocacy
Committee*

*Resource
Committee*

*Partner
Interviews*

*In-Person /
Hybrid
Meetings*

*Lunch &
We Both
Learn*

MEETING: Competitive Procurement
DATE: Wednesday, November 11, 2020
LOCATION: Virtual

1. MEETING PURPOSE: Goal

- "This is not an Auction...." Leverage the industry stakeholder's experiences to advise Cogence Partners of best practices and guidance on how to manage/participate in a highly functional competitive procurement process.

2a. RESEARCH : Reported Deltras of Current State

- The Program Committee surveyed the Cogence Partners prior to the session to identify the industry's perceptions of the current biggest challenges to effective competitive procurement processes

2b. RESEARCH: Reported Pluses of Current State

- Selection Process that Emphasizes Qualifications – Not Price
- Clear, Complete and Thoughtful RFQ/RFP Materials
- Process that is organized and possesses proper resources
- Purchaser clearly demonstrates that it has done its homework and is prepared for selection process
- Purchaser that exhibits honesty, fairness and attentiveness throughout the process
- Commitment to Appropriate Project Delivery System and Collaborative Process (for which selection process is the first step but sets the stage for what is to come)

3. IMPLEMENTATION: Next Steps



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2a. Survey Results : What are three biggest issues with process? Common Themes

A. Failure to define project or supply sufficient information about the project, the selection process or Purchaser's goals and expectations <ul style="list-style-type: none"> • Taking the time to internally define/outline a project • Not enough information from the Purchaser to clearly understand the scope and complexity of the project • Purchaser not clearly indicating what is most important to them (i.e., cost, schedule or quality). 	B. Over reliance on, and improper evaluation of, any pricing component; poor methodology to determine "best value" <ul style="list-style-type: none"> • The procurement process may not be comparing firms on an equal basis; scopes of work and requirements may not be fully defined • Proving best value in a format for auditors and management to understand. • Purchaser not using an objective scoring matrix when evaluating RFP/best-value 	C. Purchaser's failure to understand or apply proper project delivery system <ul style="list-style-type: none"> • Delivery systems do not align with the associated project risks • Many Purchasers do not have the resources/time to develop trust in the collaborative process • Lack of flexibility. Challenges can and should be overcome by integrating appropriate delivery method 	D. Process is not tailored and wastes valuable resources <ul style="list-style-type: none"> • Purchaser not thoroughly prequalifying the firms invited to participate • Recognition that the procurement process costs firms many hours to prepare and submit • Boilerplate requests which add no value to the process and are not utilized in the evaluation 	E. Poor management of Diversity Issues <ul style="list-style-type: none"> • Diversity and inclusion is critical to our teams; approach to this needs to change. • Reliance on the same sources project after project. • Needs to be team-wide and require a detailed approach to scope.
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3. Roundtable Discussion Outcomes :

A. Output from Roundtables Organized into Best Practices at the Three Stages of the Process : 1. Preparation 2. Implementation 3. Evaluation

1. Preparing to Issue an RFQ/RFP : <ul style="list-style-type: none"> • Purchaser sets the tone for the selection process. <ul style="list-style-type: none"> • Provide enough information on the project to receive more project specific responses vs boilerplate response information. • Purchaser should clearly define the project and supply sufficient information about the project, the selection process, their goals and expectations. • Purchaser should be open minded, understand options, and select the proper project delivery method. • The Process needs to be tailored to the project and not rely on boilerplate responses. <ul style="list-style-type: none"> • There are formats, process, tools that exist to support selection teams • Reach out to peers/market to find best practices in the processes that have produced the best results. • Purchaser needs to review, set and clearly define any Diversity goals for the project. • The Selection Committee should meet and develop the process, scoring and evaluation methodology. • The Committee, to the extent they are not familiar with the design/construction industry, should be educated on the selection process and how to evaluate procuring professional services. • The Committee should be educated in the value that the proposed team can bring vs costs <ul style="list-style-type: none"> • Recognize the value of references, and prepare questions that will be asked to proposed references that will support your analysis of a team members • Communicate the evaluation methodology for all steps 	2. RFP Phase <ul style="list-style-type: none"> • Purchaser sets the tone on transparency. The more transparent through the process the fairer the process is viewed, and trust is built with the Purchaser. • RFQ/RFP questions should be designed to solicit responses that add value to the Committee. <ul style="list-style-type: none"> • Ask questions that produce responses that you will find value in and will engage the Selection Committee in recognizing the characteristics of the team proposed • Focus the written response around people and leverage the interviews to allow team members demonstrate how they work • Provide the list of questions for the interview to the shortlisted teams and provide an interview format. This will ensure that the teams present the information most important to the Purchaser and the selection committee can score teams on a consistent basis. <ul style="list-style-type: none"> • Even with structure, provide teams the opportunity to show their creativity and how they can separate themselves with an unstructured section • Provide responding teams adequate time to appropriately respond to the RFQ/RFP • Clearly identify what attributes are desired in the staff so that the right staff can be proposed on the project. • Through the review process, provide specific questions to the teams which responses the Committee would benefit from seeing addressed, gaining more clarity during the interviews. 	3. Post RFP / Evaluation <ul style="list-style-type: none"> • Announce the shortlisted teams or if the project is an invite, let all the teams know who have been invited / shortlisted. • Interview placement of the teams typically provides different approaches based on if a team goes first, second or third. <ul style="list-style-type: none"> • Selection Committee should be aware of this and score teams appropriately. • Information learned from the first team might generate questions for the following teams to address. • Taking chances in the interview and providing solutions to issues should help a Purchaser see how a team thinks and understand their processes, even if the solution is not what the Purchaser desires. • Evaluation of the RFP and Pricing Proposals should be evaluated to provide "Best Value" • Score teams before/without looking at dollars, this will influence feedback • Schedule interviews, quantity, duration, and sequence to most completely engage your Selection Committee • The weight of the fee vs. qualifications provided needs to match the project type and complexity of the project • Debrief: <ul style="list-style-type: none"> • Non selected companies should ask for and Purchaser should provide feedback • Candid feedback helps strengthen future responses • Reverse Purchaser should solicit feedback
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INSPIRE. EDUCATE. UNITE.

Supply Chain Volatility

Look Out for Survey

Your Experiences and Impact

15 June 2021 @ 4:00

29 June 2021 @ 4:00

2021 Theme: INFLECTION POINTS – The Moments that Define a Project

- March 24: Project Kick-Off
- May 26: GMP
- July 28: Start of Construction
- September 22: Changes in the Work
- November 11: Post-Occupancy Review

Agenda

- President's Introduction
- Program Introduction
- Review of 2019 Cogence GMP Guidelines – Mark Crawford
- Presentation – Doug Richardson
- Breakout
- Breakout Results
- +/-Delta

GMP

26 May 2021

Mark Crawford

John E. Green Co.

STEP 1
Project Initiation Documentation

Owner establishes baseline assumptions

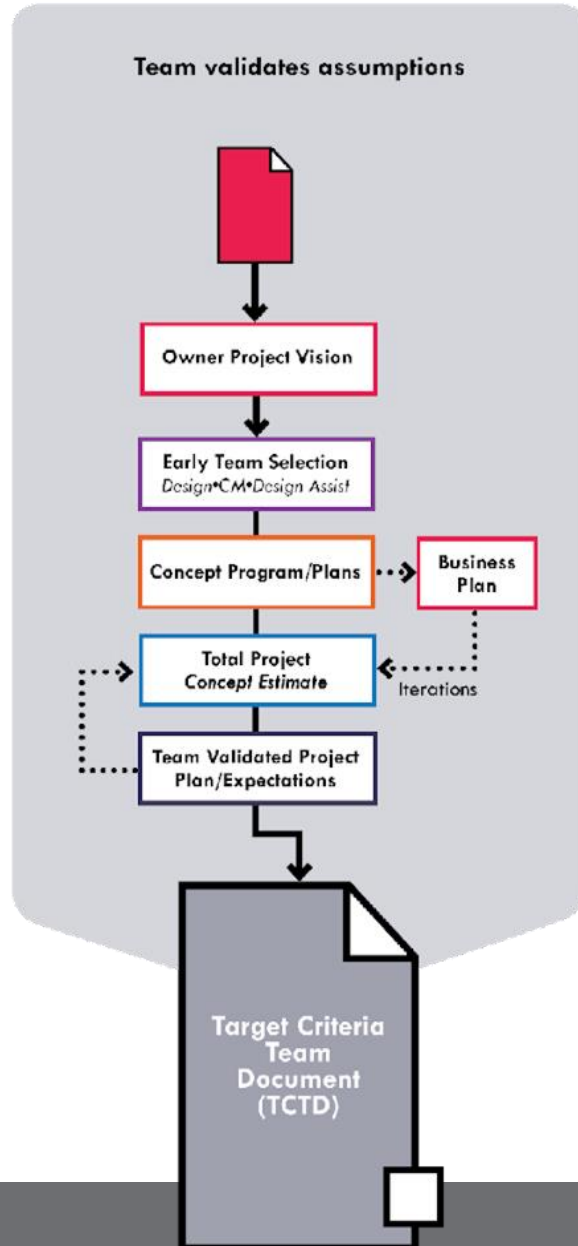
Public/Private
Pre-Feasibility
Desired Scope
Target Budget
Target Schedule
Key Assumptions
Constraints

Owner
Project Vision

Project
Initiation
Document (PID)

COGENCE GMP 4 Step Process: Step 1

STEP 2
Target Criteria Team (TCT) Validation

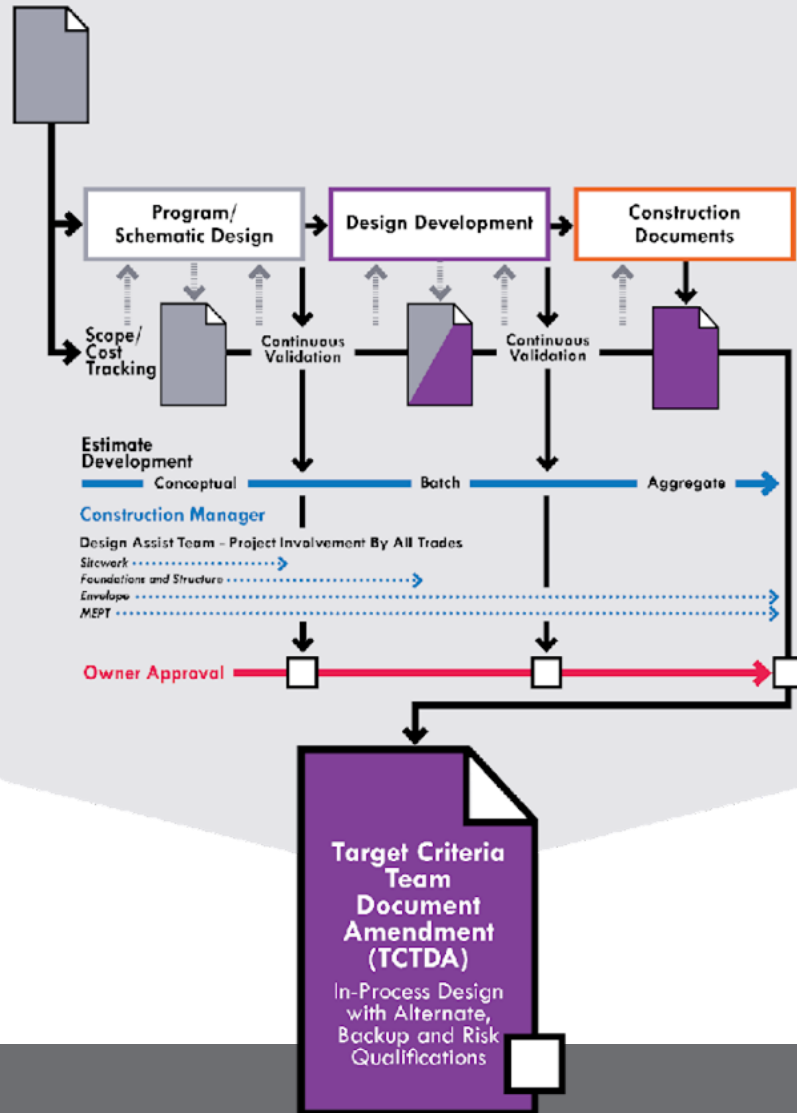


COGENCE GMP 4 Step Process: Step 2

STEP 3
Continuous Team TCTD Re-Validation in Design

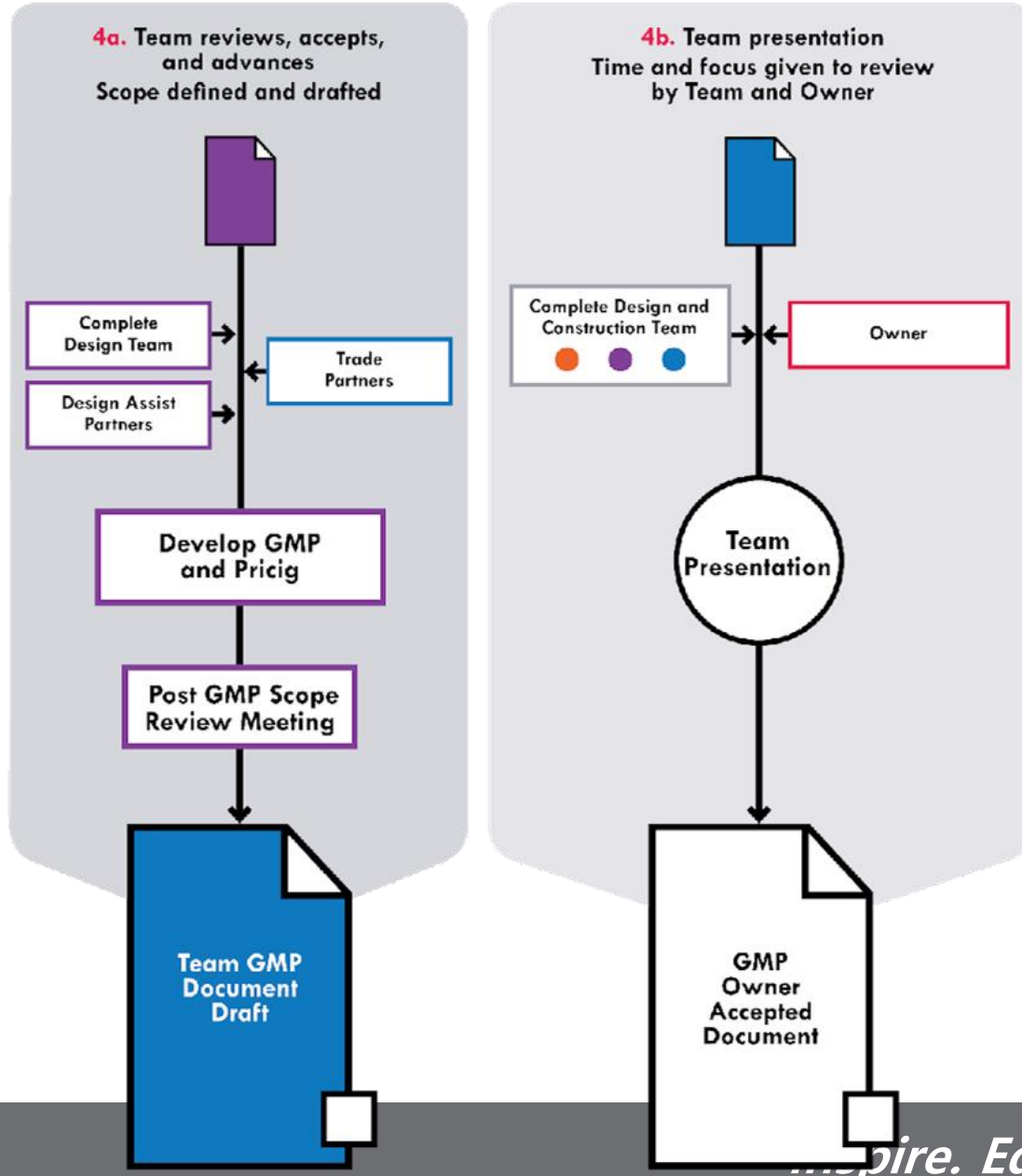
COGENCE GMP 4 Step Process: Step 3

Collaboration between designer, CM team and design-assist partners
Team verifies scope changes

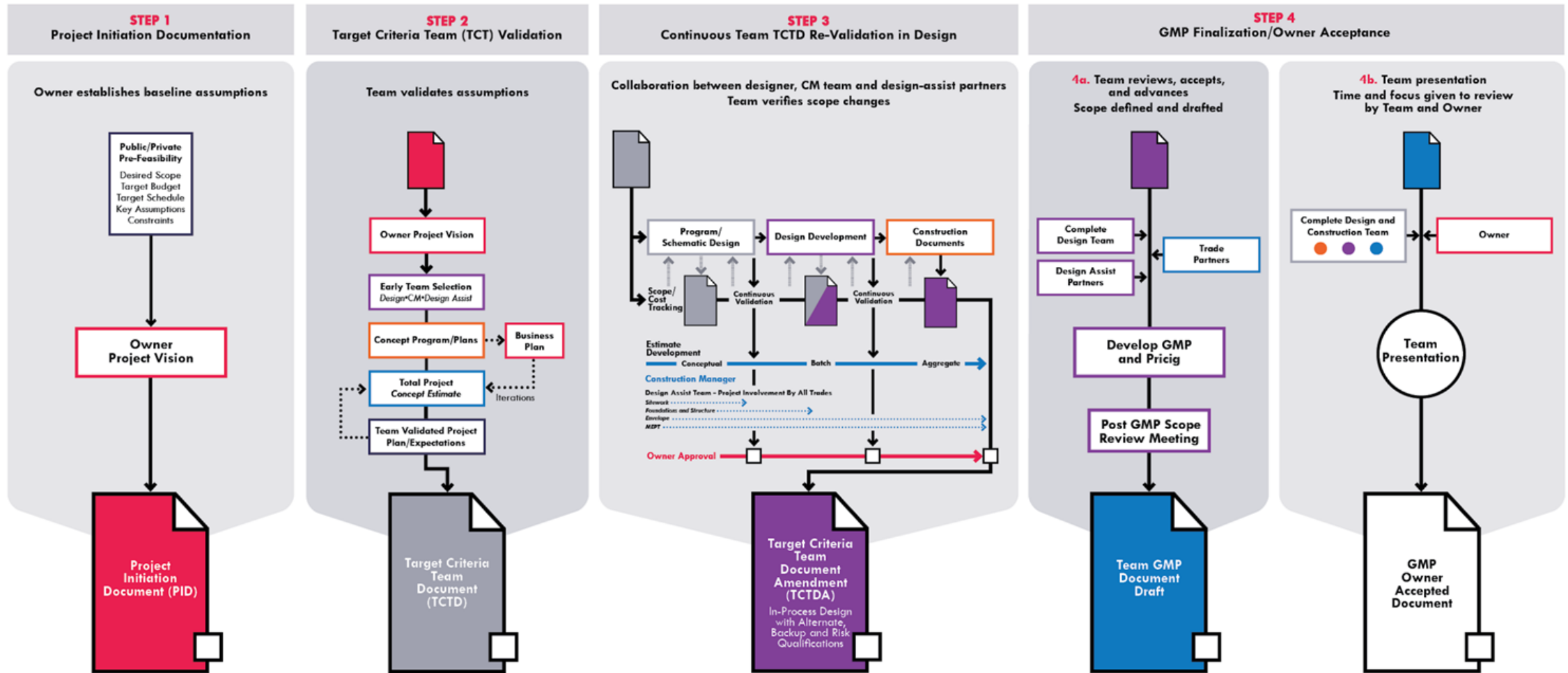


STEP 4
GMP Finalization/Owner Acceptance

COGENCE GMP 4 Step Process: Step 4



COGENCE GMP 4 Step Process



Trust and Collaboration throughout the Process through Team Building, Continuous Approval, and Accountability



Breakout Sessions

- **How should the whole team be involved in GMP development?**
- **What is the best way to compile & communicate the GMP?**
- **How do you resolve conflicts or gaps in understanding during the process of establishing a GMP?**
- **How does the establishment of a GMP shift the onus of risk in a project team?**
- **When should a GMP be set?**



Breakout Sessions (Room 1)- Scott Wagner

- **How should the whole team be involved in GMP development?**
 - Understand when GMP milestone will be completed in relation to design completeness; entire team should have a say in overall development timeline - it starts before the GMP process is started.
 - Target Value Design during precon allows entire team to be aligned at time of GMP.
 - Understanding of project life-cycle - impacts materials and methodologies utilized in design and GMP development.
 - Start with the end in mind - collaborative approach to GMP schedule and development, similar to collaborative approach used to plan the design phases.
 - Team input on price, schedule, assumptions & clarifications, sustainability, diversity/inclusion
 - Group discussion on potential gaps at time of GMP - how to manage through prose statements (including expectations of what's required), holds, allowances, targeted contingencies.
 - Trade partners - ensuring their clarifications and qualifications are in alignment with GMP expectations.



Breakout Sessions (Room 2) - Jeff Cerveney

- **What is the best way to compile & communicate the GMP?**

compile:

- start with design page turn
- added value of getting together as a team and discussing the project
- include design team members as well as CM and trade contractors
- provide high level overview of project backed up with detail
- align how all parties see project scope

Communication:

- meet early to establish control estimate document
- Break down by divisions
- establish timeline for bringing on key players (trade contractors, etc.)
- communicate level of drawing completion to all parties involved
- define the process early



Breakout Sessions (Room 3) - Mark Seifried

- **How do you resolve conflicts or gaps in understanding during the process of establishing a GMP?**

1. Schedule - Aggressive but achievable.

- a. Multi-phased GMP's***
- b. Pull planning to mitigate schedule risks***
- c. Getting the right decision makers in the same room.***

1. GMP Audit

- a. Pre-executed GMP audit***
- b. Fee based vs Finding based 3rd party***
- c. Discussing Allowances / Contingencies up front. who's at risk?***

1. Trust the experts

- a. Lessons learned from past projects***
- b. Collaborative conversation that leads to mutual understanding***



Breakout Sessions (Room 4) - Arne Goldman

- **How does the establishment of a GMP shift the onus of risk in a project team?**
 - Each party must understand their risk/silos
 - Keeping scope aligned
 - Design - not completing the design in alignment with the Prose/target value design
 - CM - cost and schedule certainty/scope assignment and buyout
 - Owner - Unforseens/Errors/Scope Creep/Owner Allowances

Douglas Richardson

Vice President, Operations
Marous Brothers Construction

Current Risk Drivers

in Guaranteed Maximum Price Agreements

Types of GMP Agreements

There are a number of types of GMP Agreements that vary slightly with respect to the obligations of the parties. They are as follows:

- Agreement Between Owner and Contractor
- Agreement Between Owner and Design/Builder
- Agreement Between Owner and Construction Manager

Cost of the Work Plus a Fee with a **Guaranteed** Maximum Price

A guaranteed maximum price (GMP) contract is a cost type contract where the Contractor, or Construction Manager is compensated for the actual costs incurred, plus a fee, subject to a ceiling price.

**How is the inherent risk allocated among the Owner,
Architect and Construction Manager?**

**How and when does the risk transfer among the Team
members?**

The Guarantee

Contingencies

Contingencies within the GMP:

- Construction Contingency
- Buyout/Savings Contingency

To be used for losses resulting from the award of subcontracts, scope differences, subcontractor defaults, acceleration, errors in estimating, overtime, etc.

Contingencies Outside the GMP

- Owner Contingency

To be used for changes in design initiated by either the owner, architect, or government officials, design errors or omissions, unforeseeable conditions, etc.

Development of the GMP Schedule Elements

Important Schedule Elements

- Design Review Iterations
- Bid Package Development
- Preparation of Front End Documents
- Bid Period
- Bid Package Scope Reviews
- Preparation of the Proposal
- Reconciliation
- Acceptance

Development of the GMP

Design Document Development

Key Decisions in Design Document Development:

- Determine the level of documents that are desired
- Determine whether a single GMP, or multiple GMP's are necessary
- Decide how that translates to the various disciplines
- Develop a narrative explaining intended design development that will not be depicted in the GMP Documents
- Ensure good coordination between the various design consultants

Development of the GMP

GMP Proposal

Key Elements in a GMP Proposal

- Bid Summary by Bid Package
- General Conditions/General Requirements Breakdown
- Drawing/Specification List
- Clarifications/Qualifications
- Bid Award/Bid Analysis Forms
- Alternates, Unit Prices, Allowances
- GMP Summary/Contingency Tracking
- Project Schedule
- Logistics/Sequencing Plan
- Others

Development of the GMP

Delivery/Presentation

Recommendations for Delivery/Presentation

- Present the GMP Proposal in person
- Include the Owner, Construction Manager, and all major design disciplines
- Allow a period of review for all members of the project team
- Conduct a workshop to reconcile the GMP Proposal
- Ensure any clarifications, qualifications, and incomplete scope are included in a supplemental document release

Managing the GMP

Continued Collaboration

Continued Collaboration

- Regular examination of the status of the GMP at OAC Meetings including:
- Transparency in cost shifts between Bid Package line items
- Identification of potential risks that may impact the GMP
- Regular discussion regarding the allowable uses of the contingency
- Communication of actual and potential impacts to the contingency including dollar amounts and circumstances

Risk Transfer and Allocation

Risk Transfer and Allocation Dependencies:

- A clear understanding of what is being guaranteed, including the conditions of the guarantee
- Developing a clear understanding of the necessity, and uses of the contingencies
- Ensuring enough time for proper GMP proposal development
- Clear decisions regarding the desired level of GMP documents
- Establishing an effective process for the presentation and reconciliation of the GMP
- Managing the GMP through continued collaboration

Questions



Breakout Sessions (Room 5) - Pat Klanac

- **When should a GMP be set?**
 - **When all parties reach consensus that all risks have been understood**
 - **When the project has been clearly understood**
 - **After the complete team has been assembled (trade partners onboarded)**
 - **Can multiple GMPs be developed = maybe ? Overall project still needs to be outlined before finalizing**
 -

Take-Aways



Take-aways

- 1: Ensure all parties are clear on definitions, types of contingencies
- 2: Schedule the development of the GMP into the process (4 steps)
- 3: Design the GMP process and the deliverable
- 4: Plan to review in depth and in person
- 5: Understand what is still unknown (exposures)



Take-aways

- 6: Plan to “manage” the GMP (continued collaboration)
- 7: Talk about where risks lie before & after GMP
- 8: Consider multiple GMPs if appropriate (?)
- 9: Involve entire team/stakeholders (include sustainability)
- 10: Document decisions, outcomes, changes



Plus / Delta

Plus (+)

**Lots of information
Yay Bonnie!
Well organized
Good participation
Better understanding of
different perspectives/talking
Kept moving
Great content/good discussion**

Delta (-)

**Designer/owner perspective
(empathy)
Not in person :(**

Next Program

28 July 2021

Start of Construction

Bring a Guest