



# COGENCE Alliance

Owners + Architects + Engineers + Contractors

*Inspire. Educate. Unite.*



# Mission + Purpose

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**Cogence** *(Latin)*

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

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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](http://www.cogence.org)

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- A collaborative project culture that leverages each team member's strengths.
- Reduced risks and improved outcomes for everyone.
- Projects that are financially successful and enjoyable.



# Welcome to Cogence's New Executive Director

Kevin Thompson



# Emerging Leaders Program – Open for Applications

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## **EL Program Benefits**

Experience participating on Boards

Chairing and Leading Committees

Facilitating Meetings and Roundtable Discussions

Public Speaking

Network of Future Industry Leaders

## **Applications accepted through Feb 15<sup>th</sup>**

Visit the Cogence website for application and more information



# Save the Date

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## **Cogence Clay Shoot**

at Hill & Dale Club

**June 9, 2023**

details to follow



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# Collaborative Project Delivery

25 January 2023



# *Advocacy*

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Cogence advocates for cultural changes that enable improved project delivery. We share research, knowledge, and tools to educate and empower industry stakeholders.





# Collaborative Project Delivery - Agenda

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- Introduction – DBIA CPD analytics
- Ohio Construction Law Reform – Collaborative Project Delivery – Jeff Appelbaum
- Presenters – Pen Wolf, Patti Choby
- Q & A
- Breakout Session
- Plus / Delta



# **DBIA/FMI Design Build Utilization - Analytics**

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- Initial 2018 – Updated in 2021**
- Market/Growth/Trends/Drivers**
- Forecasting Shift in Project Delivery Methodology through 2025**
- Encompass full range of Design Build Project Delivery w/  
Alternative Delivery Comparison**
- 279 Respondents – 31% GC, 25% AE, 17% Owner, 9% Trade  
Contractor – Split 53/47 Private/Public**

**Design-build is anticipated to continue to gain share over the forecast period and represent as much as 47% of spending in 2025.**

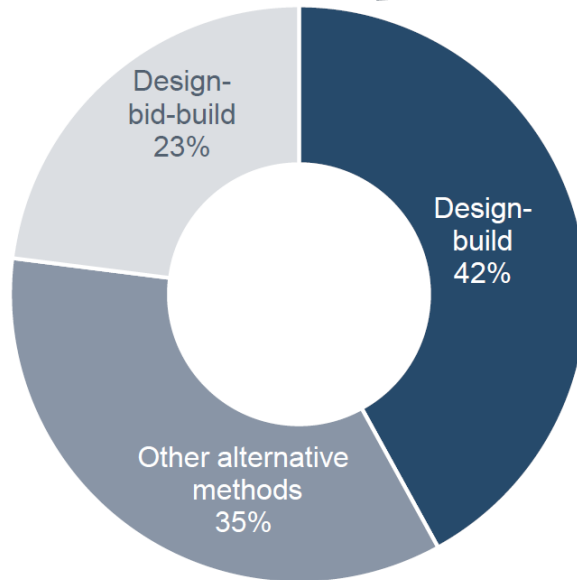
**Distribution of delivery method utilization**

Source(s): FMI analysis of multiple sources

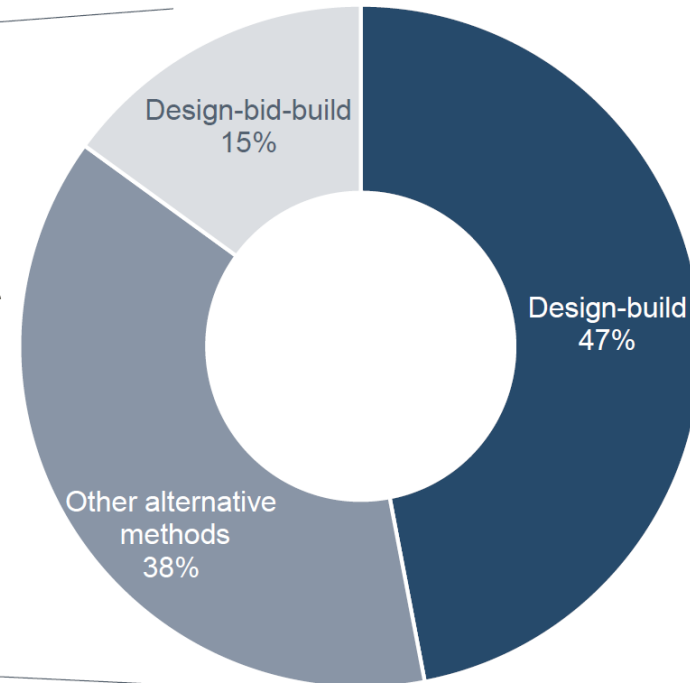
*CPiP – Construction put-in-place  
(estimated)*

**2021-2025 CPiP: \$3,724B**

**2016-2020 CPiP: \$3,225B**



*Industry is  
moving towards  
more use of  
collaborative  
project delivery*



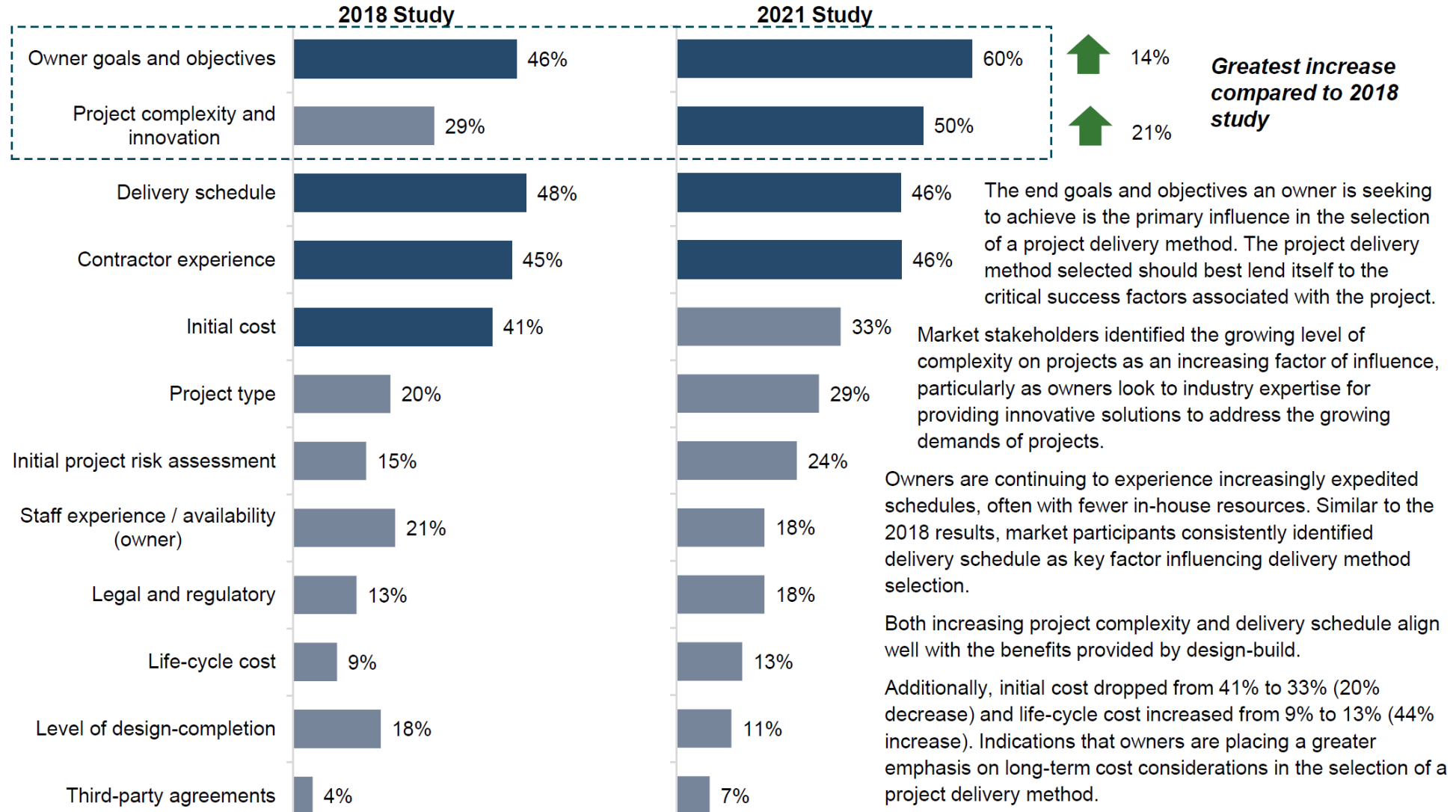
*Other alternative methods include –  
CMAR, IPD, etc...*

## Owner goals and objectives, followed closely by project complexity and innovation, were the most influential factors in project delivery method selection.

### Factors influencing owners project delivery method selection

Percentage of owner respondents that selected 'extremely influential'

Source(s): FMI



# Reflection of the Owners Goals/Project Team Experience

## Positive Experience

- Owner - Ability to select the best-fit team with capabilities and expertise to align with the project
- All - Early full team identification of what project success looks like
- Owner - Schedule/Cost
- Owner – Innovation: Ability to solve complex technical challenges using the innovation of the full team

## Negative Experience

- Team - Owners that perceive design-build as a vehicle to transfer all the risk to the design build team
- Team - Underestimating the time and resource commitment it will take from the owner side
- All - Lack of communication and collaboration across the project team
- Owner - Lack of a dedicated design-build team leader



# Project Delivery at City of Cleveland

Traditional: Design-Bid-Build

Currently: Targeting specific projects for D-B and CMAR

Requires special legislation

Future: Working on revising governing legislation



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# Jeff Appelbaum

Managing Director

Project Management Consultants

Partner

Thompson Hine LLP

DBB - Multiple Prime

DBB- Multiple Prime - CM as Advisor

DBB - Single Prime

CM at Risk

Design Build - Bridging Only

Ohio Public Contracting

Project Delivery  
Timeline

1867 1977 1993 2000

2011  
Construction  
Reform

DBB - Single Prime

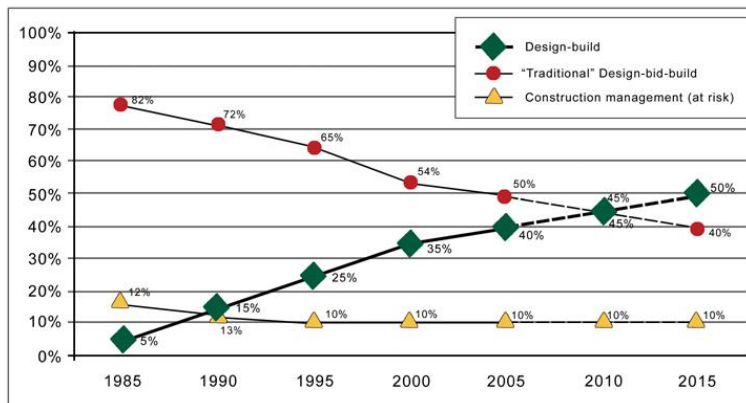
CM at Risk

Design Build - Bridging and Progressive

Ohio Private Contracting

Integrated Project Delivery

## Non-Residential Design and Construction in the United States



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THOMPSON  
HINE



## Positive Trends over Time

- Increased Structured Collaboration among Owner, Designers and Builders

- DBB is low; CMR is moderate; DB and IPD are high
- Primary Reasons:
  - Early involvement of contractors in design phase including increased reliance on design assist;
  - Use of BIM Model and other collaborative tools
  - Sharing of risk and reward and removing contractual barriers in DB and IPD

- Increased Pricing Transparency

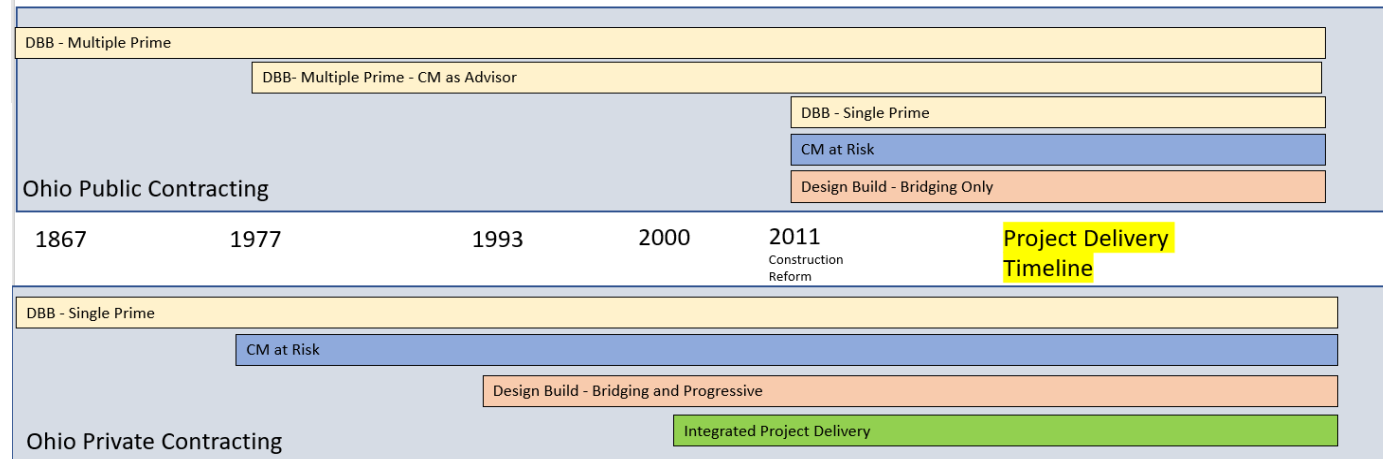
- DBB is low; CMR and DB (with open book pricing and GMP) and IPD are high
- Primary Reasons:
  - DBB is primarily lump sum bid; no transparency
  - CMR and DB (with open book pricing and GMP); is fully transparent (with some limitations on profit, OH and professional service fees)
  - IPD is fully transparent with even fewer limitations

- Improved Stakeholder Selection Process

- DBB is low; other methods are high
- Primary Reasons:
  - DBB is based on sealed bids; lowest responsive responsible bidder
  - Other methods are based on best value using wholistic evaluation

- Effective Risk Management; Minimization of Claims/Disputes

- DBB is low; CMR is moderate; DB is high; IPD is high (but constrained)
- Reasons:
  - DBB is designed to be adversarial among 3 primary parties
  - CMR is still adversarial, but pre-con involvement of contractors; open book pricing with contingency management options reduces risk
  - DB further reduces risk by teaming Contractor with AOR
  - IPD teams all parties; pools contingency with Owner taking ultimate risk with target pricing methodology



- Some Limitations

- Administrative Burden

- DBB is low; DB is Moderate to High; CMR is High; IPD is Highest

- Insurance

- Professional liability insurance is "fault based" and conflicts with IPD principles

- DB has certain limitations

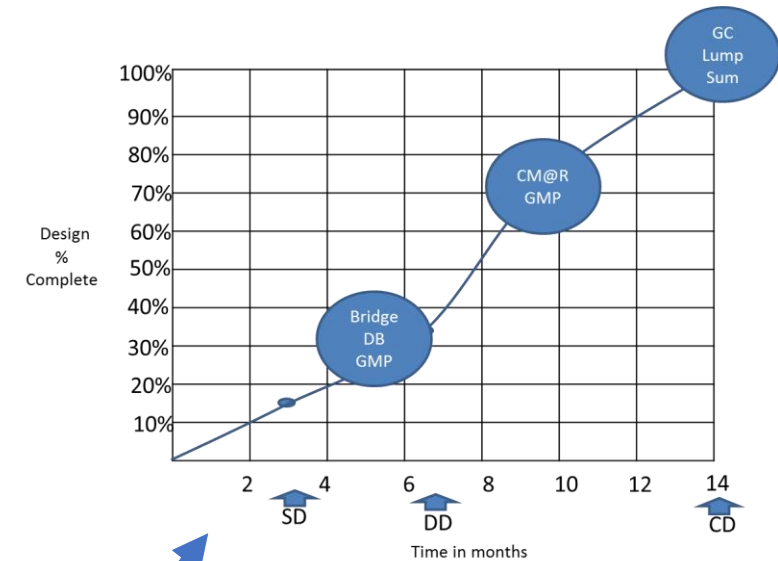
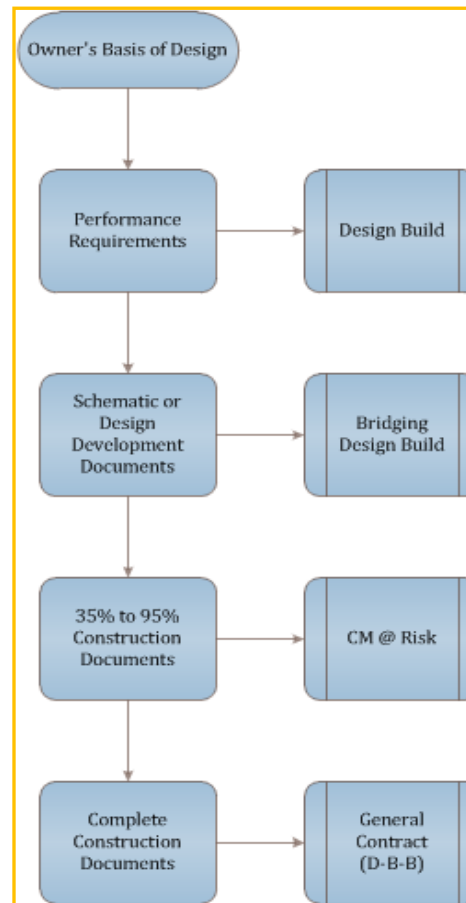
- Only can use Bridging DB for vertical Public Sector projects

- IPD has limited application

- Public projects
- Traditional project financing
- Certain Owner risk profiles

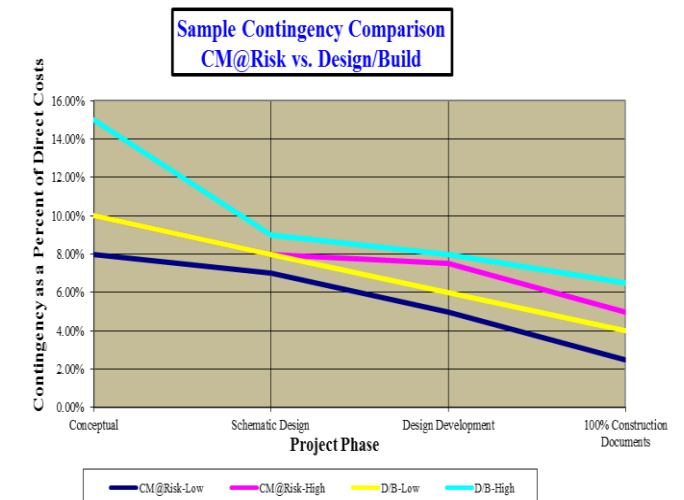
# Comparative Risk Profiles

- Existence, Timing and Nature of Price Guarantee
  - What is guaranteed?
    - Construction only?
    - Design build?
    - Performance?
  - When is it guaranteed?
  - What risks are included in the guarantee?
    - Delay? Consequential Damages?
  - What contingency is available to mitigate risk?
  - What insurance (or other mechanisms) are available to absorb risk?
- What is an alternative?
  - IPD "Target Price" Approach



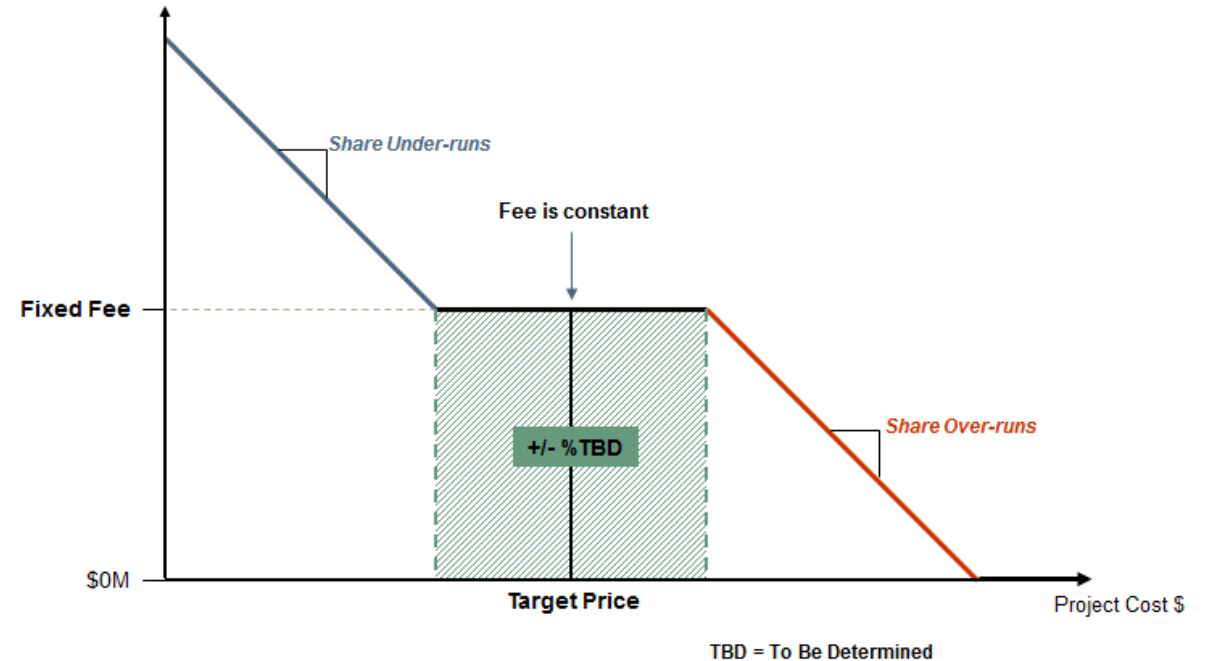
**Timing of Price Guarantee Depends Upon Level of Design**

**Fee and Contingency Depend Upon Delivery Approach and Timing of Price Guarantee**



# Owner Risk Profile Decisions

- Risk Tolerance and Ability to Absorb Risk
  - Absolute price guarantee vs. “risk sensitive” approach
    - Cost benefit analysis
  - Ability to absorb “worst case” outcome
  - Desire for involvement in contingency and cost management
    - Expertise
    - Admin burden



IPD Target Price Approach



# Pen Wolf

Director of Construction  
Cleveland Clinic



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# Cleveland Clinic Integrated Project Delivery



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# Our Project Delivery Journey

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- 2004 – Industry practices do not manage Owner's risk
- What will we do differently to manage our risk
- Underlying Truths
  - The OWNER shoulders the risk
  - The OWNER ultimately pays
  - The OWNER has the power to bring order





# OCTPD<sup>SM</sup> Fundamental Concepts

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## Owner Controlled Team Project Delivery

- OWNER control
- OWNER fully engaged
- OWNER leads decision making
- OWNER actively manages the TEAM
- OWNER drives innovation



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# Building Blocks of Project Success

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**Remove contractual barriers**

**Leverage best tools & practices**

**Engage the Knowers & Doers**

**Demand Transparency**

**Create High Performing Teams**



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# How IPD Agreements are Different

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- Risk Sharing replaces Risk Shifting
- “not my responsibility” becomes “it is our responsibility”
- Consensus decisions replaces single party decisions
- Behavior, process, tools and deliverables are contractually prescribed
- You cannot put this contract in the drawer





# Our IPD History

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- **Marymount Hospital Surgery (IPD Light) - 2012**
- **Lakewood FHC - 2017**
- **H Building Infrastructure Recap - 2021**
- **Mentor Hospital – July 2023**
- **Cole Eye Institute - 2025**
- **Cleveland Innovation District - 2025**
- **Neurological Institute - 2026**



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## **If you are an Owner:**

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- **IPD is not for every Owner, take the time to understand**
- **It is not an Easy button!**
- **The contracts are complex, negotiations can be difficult**
- **You need the resources for a high degree of direct involvement**
- **You must learn to trust consensus decision making**
- **If you do it right, results will exceed other methods**



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## **If you are an Construction or Design Professional:**

- **IPD is not for everyone, take the time to understand**
- **Are you ready to share risk and reward?**
- **You need to put your best people on IPD projects**
- **“this is the way we have always done it” will not fly**
- **You are a partner, you need to play that role**



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# **Patti Choby**

Principal and Founder

## **Cobalt Group**



- **Vision**

- Clearly articulated statement of “*What does success look like?*”

- **Leadership**

- Decisionmakers, Colleagues (Formal)
  - Networks of Leaders, Colleagues (Informal)

- **Accountability**

- Specific metrics (financial, time, organizational, vendors, community)



## A FEW RULES OF CHANGE (with Vision, Leadership and Accountability)

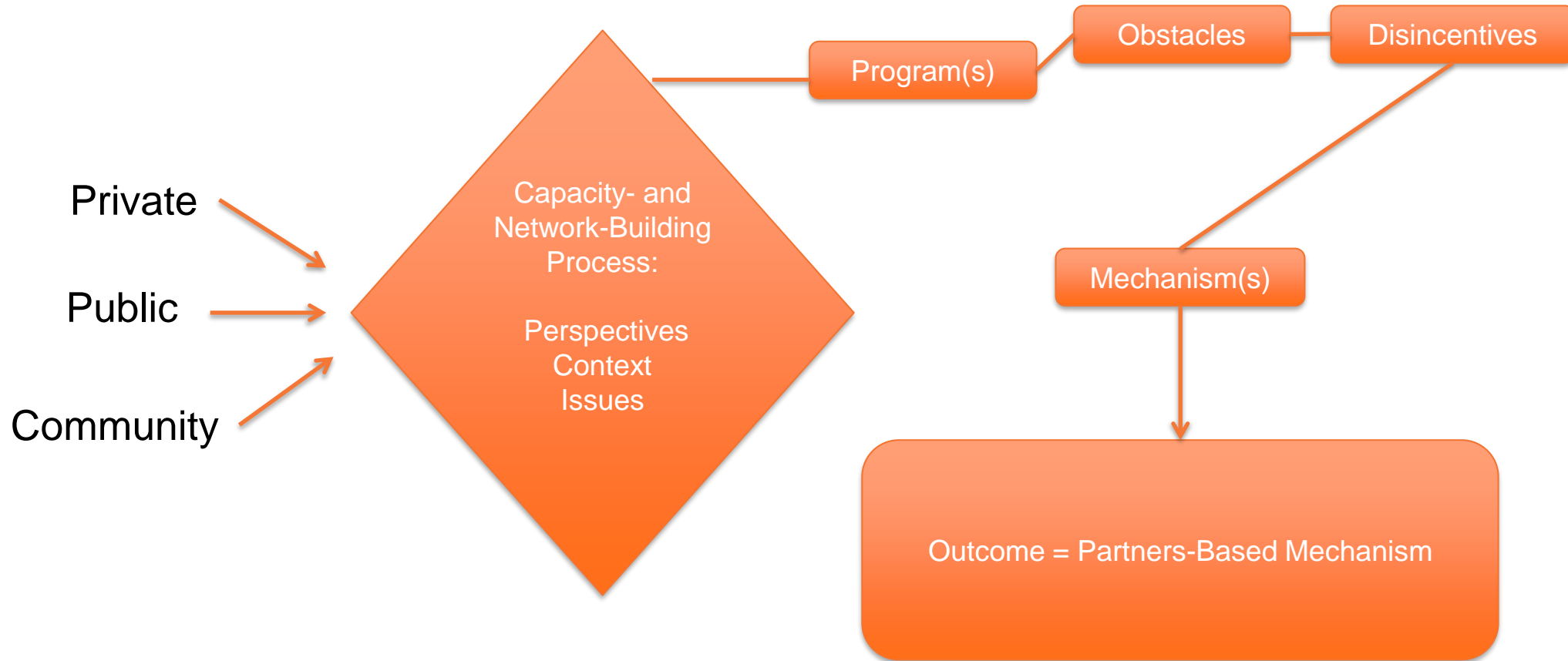
- We can only control *our own actions*
- No one person can be the leader (*shared but accountable leadership*)
- Change *requires commitment* from everyone who wants to be involved
- The dinner table will be set as long as you keep bringing something to the table – “pot luck”
- Requires a *call to action* (*define shared goal(s)*)
- *Change is constant*, however, the degrees of change vary (time > degree of change)
- **People direct change, but, *change usually happens because of external forces***



- A ***collaborative*** project ***culture*** =
    - Understanding definition of ***culture*** = values, beliefs, traditions, language
    - ***Authenticity*** of *and* ***mutual respect*** among team members
  - A Strengths-based approach to leverage each team member's strengths.
    - ***Strengths = Talents x Time***
  - Lessons Learned
    - Define Program, Overcome Obstacles, Reduce Disincentives
- to create ***MECHANISM*** for success



# FRAMEWORK FOR CREATING LINKAGES AND PARTNERSHips





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# Questions



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# Breakout Session



# **Your Experience with Collaborative Design**

- 1. What did not work and why – How can we change?**
- 2. What is your Perception of IPD / Design Build?**



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## **2023 other Possible Topics:**

**Diversity** – NEO is widely diverse – how do we grow representation of diversity partners (quantity and quality) in NE Ohio. Do mentor protégé programs really work.

**NEO Regional Development** – What is Cogence role in regional success. Where does NEO fall short.

**Project Risk** – Updated for 2023. Risk on projects after Cogence is much different than when the first Cogence Risk conversation was held years back.

**Mental Health** – Mental Health both within the Industry as well and in the country has become an engaged topic of discussion. What are firms doing to better mental health within and outside of an organization.

**Regulation** - NEO Regulatory requirements impacting Design and Construction.

**Schedule** - Project Schedule and the shift to early/multiple packages – impact on Design and construction

Contact [Alobas@osborn-eng.com](mailto:Alobas@osborn-eng.com)



# Plus / Delta

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## Plus (+)

- Bonnie
- Session highlighted the mission of Cogence!!
- Breakout session

## Delta (-)

- Bring back more workshops / breakout sessions for collaboration



# Next NEO Roundtable

March 15, 2023

Bring a Guest