



Why a Project Manager is a Necessity – Not a Luxury

BY PETER STEIN & TIM MAYNES

With the economic slowdown, facility managers – and their bosses – may be looking for ways to trim expenses surrounding an office relocation or construction project. One solution: hire a project manager. As soon as possible.

The idea of layering another consultant to *cut* costs may seem counterintuitive, but there are several critical ways a project manager can deliver space in a more cost effective manner, as well as on time, properly, and with the fewest number of headaches.

First, a project manager can facilitate competition, especially in a weaker economy. When the real estate market is booming, there might be so many firms clamoring to sign up tradesmen, architects, and engineers that getting a good deal is secondary to just getting it done. In a down market, however, where cost-cutting is paramount, an experienced project manager can help determine not just which architecture firm may provide the lowest bid, but which ones are best at small jobs, which are best for niche work (such as lab facilities), or which are right for interior renovations. Soliciting bids takes on a whole new dimension with this specific knowledge.

Surprisingly, very few clients take advantage of competing vendors because they already have favorites – or owe a favor – within a particular service area. But in the interest of saving a client's money, especially in a tough economy, a project manager should still strongly recommend a thorough assessment of what the market can offer.

Second, in conjunction with procuring the best-fit vendors, a good project manager also knows the local market and can innovate to determine the best possible project strategy. A few years ago we were helping a large life science firm renovate a vast suburban campus, mostly making improvements to the building exteriors. Because only three trades were needed to complete the job, we bid the work directly to the subcontractors, cutting out the need for a general contractor. Without market knowledge about which subcontractors were out there and which ones were trustworthy, we never would have worked out this arrangement. Of course, often a project does require a general contractor, but again, that is something a project manager can help a client decide.

Third, a project manager can authoritatively question the design – everything from the architecture to the HVAC system – and knowledgeably weigh the cost ramifications. To be sure, architects and engineers aren't always happy with the suggestions, but the project manager will look out for the overarching interests of the client. A contractor would correctly argue that they also protect the client's interest, particularly when they are selected early. As a result, a good project manager might choose to do just that -- have the contractor part of the decision-making process from the start, leveraging valuable subcontractor and vendor input.

Fourth, a project manager can help a client manage complexity. On most projects there are two primary ways construction contracts are awarded. Does the schedule dictate that the contractor should be on board early and proceed based upon a guaranteed maximum price (GMP) agreement, perhaps even so early that the original proposals are based just upon general conditions and fee, with the GMP negotiated later when design progress allows? Or can the client afford to wait for the design to be complete and then take the traditional bid approach? The former allows the project team to help think through the logistics of the project, including things such as the release of long-lead time materials, possibly saving several weeks just on the permitting schedule.

We used this GMP method recently to help a technology firm that had severely outgrown its current facility and was desperate to move. This allowed early release of critical long lead equipment, and, as a result, they will be relocating into their new space as quickly as possible. But faster is always riskier. With every job, there is a trade off between cost and time. The industry motto is that if you want to go cheap, go slower to minimize the risk. Which is yet another reason to hire a project manager.

Finally, a project manager prevents headaches for the client. Perhaps a facilities manager or corporate real estate executive knows the market, has a firm grip on the schedule and can even put together a competitively selected solid design and construction team. Impressive. But can he or she do it all over again with furniture? Voice/data cabling? Audio/Visual? The mover? Can he or she issue RFPs for all of them and coordinate their efforts in the proper sequence?

That's a lot of Tylenol.

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