

## Advantages of the Open Book Process

Let's face it, construction costs are becoming more and more expensive. Increased construction costs are the result of multiple factors impacting different areas of the construction process. If it's not a rise in the cost of steel, then it's a change in cost of concrete or renegotiated labor contracts. The open book process gives owners a solution to this problem, as well as the best value for every construction dollar spent.

Contractors who are familiar with the intricacies of the open book process provide this value-added service to their clients. Why? Because the open book process ensures the owner is getting the best purchasing power for every dollar spent.

One of the more common ways of delivering construction services is "bid and build," whereby a set of plans are produced that are bid upon by several general contractors. This method is not only time consuming, it can also be a source of construction and/or cost problems. In the "bid and build" process, everything must be fully detailed and explained in the construction documents, including existing conditions, in order for the bid process to work properly. Oversights and omissions of any detail during the bidding process can, and invariably will, end up causing conflicts and potential costs overruns during the course of construction. There is no question that the "bid and build" process lengthens the time of construction.

Alternatively, a contractor who is skilled in offering pre-construction services enables construction to start earlier through an open book process coupled with a flat fee, so the owner is in a better position to save money on the project. This process benefits everyone on the team, allowing input in product and subcontractor selection decisions. Terry Prisk, from IMC Global, summed it up nicely when he said, "An open book process allows the contractor to join the construction team early, and take part in the early planning process by providing value engineering services. It helps eliminate adversarial relationships by getting everything out in the open." Contractors who are experienced in this process have the infrastructure in place to pass on the cost savings benefits to their clients.

An open book process makes sense for the owner, architect, and general contractor. One proven method is to utilize a flat fee, whereby all construction and reimbursable expenses are multiplied by a flat fee. By establishing a flat fee, the contractor can contribute in numerous ways to make sure the owner gets the most for their money. Benefits include:

- A phased construction schedule that will fast track projects and result in an earlier completion time.
- The owner's needs are understood by a team who is responsible for delivering the project.
- Construction feasibility of the design can be evaluated early in the design phase.
- Value engineering is an ongoing process that establishes continuous cost information based upon the most economical design choices that meets the owner's needs.
- A stepped permit process, which can allow construction to start sooner and result in an earlier occupancy.
- As subcontractors and vendors submit their bids, all parties can review them.

The open book process enables many parts of the design and construction process to occur simultaneously. For example, by using a stepped work permit process, a permit can be taken out by the general contractor for the demolition of a space. That work can begin while work on the drawings continues and the full building permit is secured later. This process speeds up construction, helps the owner save money and results in an early occupancy because the contractor can be reviewing and updating the cost of the project as design continues.

With the more traditional but slower "bid and build" process, owners must wait for the completion of the construction documents before learning the cost of a project. The open book process offers a continuous, ongoing method of delivering construction services and provides more timely information for the owner. This process doesn't just save time, it saves money. And how often can you say that in construction?

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