

Responsibly plan a construction project

Peter Drucker once said, “The best way to predict the future is to create it.”

As business leaders, you create the future of your companies every day. As a part of that future, your facilities need to support your vision, enable your business to succeed, energize your employees, drive efficiencies and represent your brand.

Facilities are a major overhead expense. How can you best balance needs with responsible costs?

Focus on the following “Critical Success Factors:”

The Process. Planning, design and construction can be defined in five distinct phases: feasibility, design and bidding, construction documents and permitting, construction and occupancy.

Ninety percent of project success is determined in the feasibility or planning phase. (graph) This article focuses on feasibility; but you’ll need to consider elements of all five phases in your planning efforts. For example, permitting for a major project can often take months. It is critical to understand project feasibility early in the process so design information can be submitted for permit applications.

Teamwork. For the purposes of this article, the term “design/builder” will be used to represent planning, project management, architecture, engineering, cost estimating and scheduling. How you choose to contract for those services is a topic for another day, but be aware that your design/build team must be committed to your goals, and carefully coordinate their efforts for you to get the desired results. For example, the design must be “married” to the budget at the earliest stages of the project.

Plan the work, work the plan. Require your design/build team to build a project development schedule that will outline all activities required to meet your schedule dates. Key activities must include feasibility, land acquisition, regulatory approvals, financing, design, bid, construction, furnishings, technology, staff training and occupancy. You’ll get a kick out of what happens

after that schedule is built — it is truly a call to action for the team.

Feasibility. Begin with the end in mind. Don’t let the design proceed until you have a clear picture of project scope and associated costs. Your design/builder must be able to evaluate project costs based on very preliminary information, and can evaluate your needs based on historical costs for similar projects. Your investment in this phase should be minimal — demand high value services for low costs, until you are comfortable you have a feasible project.

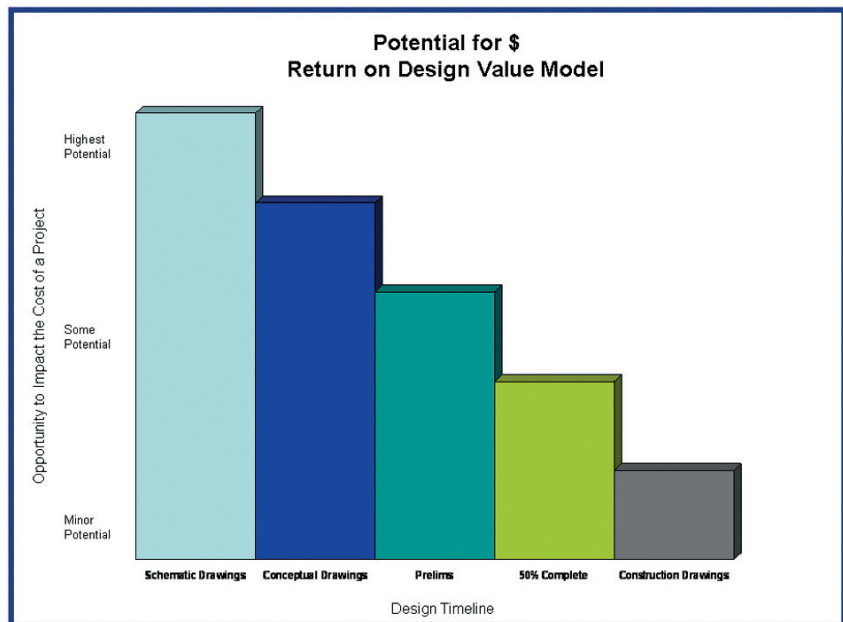
Challenge your design/builder to evaluate those metrics most important to your business. For example, costs per square foot for a hotel are important, but not as critical as costs per room. When costs per room are outside of feasible ranges, it is often because non-revenue generating square footage such as corridors, lobbies, etc. is too large. Similarly, separating costs by area of your facility can help to evaluate return on investment for your various business units.

Economic development and regulatory requirements. The Fox Valley

is rapidly changing, and many forces are at work promoting business growth in our area. Your design/builder can lead discussions with local representatives, exploring economic incentives and regulatory issues to be addressed. Think of these together: economic incentives such as tax increment financing (TIF) are often created to develop an area of the city that may require some additional effort. For example, TIF dollars are often available to bring utilities into a newly developing area of the city. Your design/builder can evaluate the cost/benefit of incentive programs, and help you negotiate a win-win with the local authorities.

Communicate your vision, focus on these critical success factors in your facility planning and create the future for your business.

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— By Jim Perras, vice president, Consolidated Construction