

More often than not, an owner's first move after securing financing and some of the necessary approvals on their project is to hire design firms to continue the pre-construction process. After the documents are completed, the owner will then look to get them out to the general contractors, receive proposals, and then award a contract. Between the design and contracting firms, the owner is nearly complete with the hiring of the project team. In addition, these firms will be more than capable of managing the entire project on the owner's behalf.

Not so fast.

Let me introduce you to the Owner's Representative – an individual or company hired to act as an extension to the owner's staff, protect the client's interests, assemble all of the required consultants, design firms, contractors, and vendors, and coordinate and effectively communicate to the team's members throughout the project's life-cycle, from cradle to grave. All of this while paying close attention to budget and schedule.

As an owner, why do I need an Owner's Representative?

Lack of time and experience.

A project comes to life due to a need for a company's growth and/or transition. Whether building out of the ground or moving into an existing space, there is proper planning required that is absolutely necessary for a successful project. And it doesn't matter if you're moving into a 3,000sf space or building a new 200,000sf facility, as an owner you have to devote the time to your project and team.

The most critical and time consuming phase of any project is prior to putting a shovel in the ground. The owner, in order to minimize financial and schedule risks, needs to hire All of the project team members as early in the process as possible. Thereafter, the members need to be provided with the appropriate information in order to carry out their required tasks. The owner also needs to consistently manage the team during this pre-construction phase to ensure the correct information is identified on the construction documents, and more importantly, is thorough and complete.

Does an owner have the sufficient amount of time to dedicate to a project, especially during this stage? Typically, no. Owners many times feel they can manage their project while running their full time business. An Owner's Representative can oversee and address all of the details so owners can focus on their company.

The lack of experience within the commercial real estate industry for some owners can be problematic when trying to find the best team for their project. Whether it's a new outpatient & rehabilitation hospital or a dormitory for a university, an owner should reach out to firms who compliment their vision. An owner's representative can assist with recommending design firms, contractors, and the balance of the project team that come with the market experience the client is looking for.

In addition to the selection of the right project team, the owner's representative will be knowledgeable with new materials introduced to the marketplace, current technologies, and experience with past projects which ultimately benefits the client.

As an owner, I only have to hire the architect and contractor, and maybe a vendor or two, correct?

Some owners are under the impression they are only responsible for the design firms and general contractor, but that is certainly not the case.

Depending on the building type, here are some examples of vendors/firms the owner typically hires direct and do not work for the design firms or contractors:

- Real Estate Attorney
- Testing & Inspections (soils, concrete, steel, roofing)
- Furniture
- Information Technology
- Low voltage (phone & data)
- Audio Visual
- Security
- Nurse Call
- Acoustical Consultants
- Lighting Consultants
- Kitchen Consultants
- Signage
- Moving

The above represents only a portion of the list, but the bottom line is the owner needs to identify the required firms early in the process, hire, and coordinate to ensure minimal schedule and cost overrun issues.

OK, for the firms I have to hire direct as an owner, why should they be hired early on?

The earlier in the design phase these firms are brought in as part of the project team, the better. That being said, there are some firms that can't be hired until some of the design information is identified, such as testing & inspections agencies and signage vendors.

Here are some examples of entities that should be considered to be brought in sooner than later:

- **Furniture Vendors** – we all know there are numerous manufacturers in the marketplace with various products. It is important for the owner to identify furniture types during design in order to ensure furniture dimensions fit with the overall architectural layout. There have been projects where furniture is one of the last things to be addressed, only to find out the client could not procure the furniture they wanted due to dimensional conflicts, lead times, and/or code compliance issues.
- **Information Technology** – one of the first items an owner should address to compliment the architectural layout is the role of IT – Will my server be remote or onsite? If onsite, where in the new space will it be located? Are we going wireless? Who is going to ensure when employees arrive after we move they are ready to work (phones activated, email working, etc)? Some of these questions affect design and need to be identified at that time.
- **Security/Audio Visual/Low Voltage** – these expert vendors should be brought in during design in order to identify items such as power outlet locations, card reader power requirements, and phone/data jack ports. If hired after the construction documents are completed, the electrical contractor will typically ask for additional funds and depending on timing, could affect other subcontractors as well.

What are some of the "myths" regarding Owner's Representatives?

Myth #1

The Owner's Representative is an additional, unnecessary expense to my project The owner's representative should not increase overall project costs. As on every project, budget management is paramount. The advantage of the owner's representative's presence early in the process is by managing the entire project team, from design through move-in, costs are reduced as a result of close coordination. Therefore, the "additional" fee is typically not additional after all, as costs are redistributed with reduced project budgets resulting from a more focused and efficient process.

Myth #2

The other project team members view the Owner's Representative as a "roadblock" The Owner's Representative is hired for one reason – to assist the owner in delivering a project that is within budget and on schedule, while creating a harmonious experience for all of the project team members. Many of the team members (architects, contractors, consultants, and vendors), have aggressive profit margins, especially in these challenging times. While assembling their proposals, they are also assuming a certain number of hours dedicated to each project. These team members rely on the owner to deliver information to them in a timely manner in order to keep pace with their own internal budgets. Part of the owner's representative's role is to assist all of the project team members by extracting this information from the owner, and communicating back to them. With the absence of an owner's representative, many project team members can lose money if an owner is not on time with responses to inquiries. And at times, claims can be filed.

Myth #3

I don't need an Owner's Representative managing the entire project since I have internal support The beauty of an Owner's Representative is they are consultants, i.e. part time help. Depending on the firm, some Owner Representatives are flexible with the client's needs regarding the project team. Some clients have previous relationships with architects and contractors, have internal IT support, and/or already contracted with various firms prior to bringing in representation.

An Owner's Representative can be hired to manage any number of firms and concentrate on specific areas, complimenting the client's requirements.

What are other advantages of an Owner's Representative?

- Owner's Representatives are hired as part time support; that is, they are billing for the time required to manage the project, thus saving clients with overall company budgets and the hiring of full time employees
- With years of commercial real estate experience, they can recommend top notch design and construction firms to owners
- A dedicated, unbiased professional can ensure expensive mistakes are avoided
- Getting into the "weeds" of every project such as assembling bid packages, reviewing proposals, reference checks, design oversight, insurance requirements, issuing contracts, requesting lien waivers, and processing payment applications ensures all management tasks are covered
- The Owner's Representative can effectively translate the objectives of the creative process from the designers to the construction folks, and vice versa, due to their experience and background
- Re-occurring on-site presence on behalf of the owner ensures solutions to construction issues can be addressed quickly
- Submitted change orders from project team members can be reviewed accurately due to an in-depth understanding of the project
- Better "Quality of Life" for owners

Is the role of the Owner's Representative expanding?

In the past 10-15 years the role has expanded greatly, more firms have been established from construction and design executives entering the field as a result of the economic downturn. This coupled with owners

making tough decisions about layoffs has increased the importance of the Owner's Representative.

Owners have been taking notice more recently due to ObamaCare, the number of firms in the market place, and quite frankly in speaking with other owners whom have experience using an Owner's Representative. The "quality of life" factor also helps owners to make the decision to hire part time support. After realizing that running project can be more time consuming than originally thought while trying to concentrate on their own business, usually is the point where an owner seeks help, if not sooner.

Design and contracting firms are beginning to see the value of an Owner's Representative as well. Having someone as the focal point of a project allows each of the team members to have a sense of security knowing the project will be closely monitored. This lends to quicker decisions for everyone which translate into higher profit margins.

Final Thoughts...

By no means is Owner Representation rocket science, but it is necessary. Clients need experts to work on their behalf to bring in-depth project knowledge to the table, be aware of current codes and technologies, and assemble the best project team possible. This will allow delivery of a successful project to the client from a budget and schedule standpoint while meeting expectations.

We can somewhat compare the role of an Owner's Representative to a CPA. If you're a business owner and it's time to file your taxes, do you try to do it yourself? Are you familiar with all of the rules and ever changing regulations of the IRS? I doubt it.

Case Study #1

A client hired The FGX Group, LLC to manage a fit-out for space in an existing medical office building.

During the design phase, the mechanical engineer proposed a certain number of heat pumps for the space. It was determined by The FGX Group that three (3) of the pumps could be eliminated due to proposed utilization. As a result, there was a savings of approximately \$10k in equipment, material, and construction costs.

Case Study #1 *(continued)*

This savings single handedly paid for the Owner's Representation fee, and construction hadn't even started.

Case Study #2

A client hired The FGX Group, LLC after their architect had completed the construction documents for office space in an existing building. The general contractor was also on board, and ready to begin demolition. They had been requesting information on office furniture already purchased from the client. The FGX Group quickly coordinated the furniture vendor, general contractor, and the balance of the required firms. It was determined existing electrical/ data floor boxes and wall outlets within the suite needed to be coordinated with new conference room furniture. After research The FGX Group found the new furniture would not work with the existing power layouts, and new furniture had to be quickly procured. The FGX Group was able to obtain new furniture that complimented the space, met the client's expectations, and did not go over budget. The issue was found early enough in the process where the previously ordered furniture could be returned at no charge to the client.

Case Study #3

A client hired The FGX Group, LLC to oversee a building addition and renovations to an existing mixed-use structure, as well as improvements to the exterior grounds. The client was concerned about overall project costs and the length of time to get through the land development process. Quite frankly, they were concerned the entire planning / approval process would be too overwhelming for them to manage internally. After meeting with the client and the local township prior to any management work beginning, The FGX Group, LLC developed a phased construction approach which coincided with the client's desired timelines while maintaining the budget. The client will be able to move into their new facility on time, while approvals from the local township, state agencies, and environmental agencies will be facilitated.

Case Study #4

A client due to several logistical concerns was forced to move approximately 100 employees into a 16,000sf space within a limited timeframe. After formal

project approval, The FGX Group, LLC was tasked with ensuring the space would be ready for the client in three (3) months. That is, the **ENTIRE** project needed to be completed in three (3) months which included full design, construction, commissioning, and move-in. The FGX Group, LLC was required to hire the architect/engineers, the general contractor, a furniture vendor, an audio visual firm, a low voltage contracting firm, a signage vendor, an IT consultant, and a moving company. The FGX Group, LLC developed a streamline plan to hire the general contractor and furniture vendor during design in order to begin procurement of all long lead items. This along with consistent communication with all of the project team members during the project's duration ensured everyone was focused on meeting the client's expectations. The project was completed on time and under budget.

**About the Author**

FRANK GALLAGHER, P.E., PMP, LEED GA is President of The FGX Group, LLC, a consulting company based in Wayne, PA. Focusing on the commercial real estate industry, The FGX Group, LLC assists its clients with program management within various markets, such as healthcare, institutional, industrial, corporate, retail, and mixed-use. The FGX Group, LLC specializes in assembling, coordinating, and managing professional teams on behalf of the owner while closely overseeing project budget and schedule, and meeting their every expectation. The FGX Group, LLC provides owner representation services throughout the Pennsylvania, New Jersey, and Delaware regions.

Frank has 20+ years of experience directing and coordinating design and construction activities. An expert collaborator who creates rapport and trust in relationships with other departments, staff, and customers, he is an effective communicator at all levels. An outgoing, analytical self-starter, Frank is dedicated to customer service, inspires confidence, and consistently delivers projects on, or under, time and budget.

Frank attended Villanova University and graduated with a Bachelor of Science Degree in Civil Engineering. He received his Professional Engineering License in 2002 as a Civil Engineer. He also received certification as a Project Management Professional (PMP) and earned his LEED Green Associate credential, both in 2010.