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Construction Management – The Five ‘W’s

The most often asked question of our firm is “What is a Construction Manager?” A CM, often referred to as a Project, Program or Development Manager is a hired manager or consultant who looks out for their client’s best interest during the design and construction of a new project. A client may be a Landlord, Developer, Purchaser, or Lessee who will be the end user or “Tenant.”



BY MARK H. WILDE

There are a plethora of reasons why a Tenant should hire an experienced CM, but the three main reasons are to protect themselves from a process that can be extremely stressful, time consuming and costly. Many Tenants have heard the horror stories about a process that consumed their personal and professional time because the vendors they hired have not performed or they do not know how to speak the same language. During this time, costs add up and budgets are grossly over run and stress level impacts their business and worse case, personal life. A very important role of the CM is to initially set their client’s expectations for budget, schedule and quality. The CM should be an individual or firm which through their expertise can assist in the hiring of the proper design

consultants and manage these consultants during the design process. In addition the CM will manage the bid process and the hiring of the general contractor. During the construction phase the CM oversees the construction in place, typically with a weekly or bi-weekly on site meeting, and negotiates change orders and reviews pay applications for the client. The CM firm’s main goal is to ensure his or her Tenant will be able to move in to their facility on time, within budget and in a facility of that meets their quality expectations.

Who is the CM? The most effective CM is one that has a broad range of experiences within the real estate market. In addition to having a relative educational background, the most effective CM will have hands on design and/or construction experience, knowledge of the development and real estate processes and be a detailed individual that can handle multiple activities at one time. A CM who has worked for both landlord/sellers and tenant will be able to provide the most benefit to their client. Understanding the roles and goals of all parties involved is extremely important for a successful project.

A CM should be hired where they have local knowledge or an expertise in the type of project being developed. Some CM firms

are hired to work outside of their local geographical area when the project requires specific knowledge of a project type, such as a surgical center, medical imaging, laser eye etc... An effective CM will be able to travel as needed.

The point in time during the project when the CM is hired by the Tenant is crucial to the amount of value added from the CM. Prior to signing a purchase agreement or lease is the best time to hire a CM. The earlier the CM is hired, the more value they can add by effectively managing the process and insuring the Tenant is protected. Albeit the case, a seasoned CM can bring tremendous value if hired after legal agreements are signed and even after the design team is in place. Keep in mind that about 90% of the project cost and the majority of the project time will be during the construction phase, so a CM can still bring value prior to bidding or negotiating the construction contract.

An experienced Construction Manager, otherwise known as Project, Development or Program Manager, will bring a tremendous value to any design and construction project for their client. Ask a colleague or friend that has used one for their project and the answer will be one that is not a “horror” story.

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