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Integrated Project Delivery

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Integrated Project Delivery (IPD) is receiving a lot of press of late as the preferred project delivery method for the immediate future. Both the AIA and the AGC will have addressed IPD in their latest model documents. Proponents of sustainable design tout IPD as a near-necessity in order to gain full advantage of "going green."

The collaborative team concept at the core of IPD is relatively simple and similar to previous team-oriented project delivery models such as partnering. The logic goes like this: If key players in the design and construction process work collaboratively toward a common set of goals from design beginning to project end, they will reap the results of a higher quality and lower cost project with ample profits all around.

The concept is sound. Implementation is not so simple. Traditional project delivery methods such as design-bid-build have stressed the separation and distinction of roles among the key players. Blurring these lines of distinction presents opportunities for false assumptions, misunderstandings, errors, omissions and resulting liabilities. Communication, then, becomes a critical factor in any IPD attempt.

Despite these drawbacks, IPD shares a distinct advantage over previous attempts at collaborative designing and building. Today, Building Information Modeling (BIM) software provides a greatly advanced tool for supporting true collaboration. Using BIM, team members share a common agreed-to database of project information that can be viewed, reviewed and adjusted with three-dimensional graphic representation.

IPD Basics

The AIA California Counsel defines IPD as follows:

Integrated Project Delivery ("IPD") is a project delivery approach that integrates people, systems, business structures and practices into a process that collaboratively harnesses the talents and insights of all participants to reduce waste and optimize efficiency through all phases of design, fabrication and construction.

IPD principles can be applied to a variety of contractual arrangements and IPD teams will usually include members well beyond the basic triad of owner, architect and contractor. At a minimum though, an Integrated Project includes tight collaboration between the owner, the architect, and the general contractor ultimately responsible for the construction of the project, from early design through project handover.

The backbone of IPD success is the design and construction team. Successful IPD depends on the ability and willingness to adapt to a new way of doing business. It requires that familiar and sometimes comfortable walls and silos come down. It requires being open with your information and accepting constructive suggestions from other team members in areas that perhaps you have long considered your private domain. And above all, it requires trust.

The IPD Team

The composition of an IPD team will vary depending on the nature of the project. However, the core members in virtually all IPD teams are the project owner or client, the lead designer and the contractor. These are the parties that must agree that shared project goals are the overriding concern. They must perceive each other as partners, not adversaries. They must be willing to take constructive criticism from each other and be flexible with their decisions when the other core team members agree on an opinion that is different than their own.

The owner must be clear and consistent with goals and needs, but must be willing to listen to the designer and contractor when they disagree on the means and methods of achieving those goals. The designer must be insistent on following solid design principles but must listen when owners and contractors raise budget or constructability concerns. Likewise, contractors must be willing to alter their construction methods when the owner or designer put up a good argument that an alternative path may more effectively lead to project goals.

Beyond the big three, team members should also include any subconsultant, subcontractor or other party who has a key roll in project success. These parties should be brought into the decision-making process whenever a question arises regarding their area of expertise. For some project types, a subconsultant or subcontractor may be a permanent member of the decision-making team. A structural engineer, for example, would be a central player in a

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bridge or parking garage project. A mechanical/electrical engineer would likely be a key play in a hospital or clean room project.

Communication the Key

For any collaborative project delivery method to work, parties must communicate early and often. The project team should be formed at the project's inception, as soon as key players are identified. An introductory meeting should be held to discuss the principles of IPD, align goals, define roles and gain commitment to the collaborative approach. A schedule of regular meetings needs to be established and procedures set for calling emergency meetings to discuss immediate project issues and upsets. Web-based videoconferences allow for frequent project meetings among project team members who are geographically dispersed.

The need for open and honest communication should be addressed at the first meeting. The project team should agree on ground rules and procedures for gathering, sharing and using information. It is not unusual for team members to express concerns about sharing sensitive information. Confidentiality agreements are often useful for alleviating such concerns and give members greater peace of mind about having open communications.

Contracts and Compensation

Contracts associated with IPD tend to be more complicated than those used with traditional projects. In some cases, the client, design team, contractor and subs are all parties to a lengthy multi-party agreement. Such agreements spell out the roles, relationships, duties, rights and obligations of all parties. Each party's compensation may also be revealed in this shared document. Needless to say, drafting and agreeing to a multi-party agreement can be a costly and time consuming process. Therefore, these agreements are primarily used on larger projects where most parties have at least a basic understanding of and experience with IPD.

Even when more traditional contracts are used, provisions between the client and design firms and between prime consultants and subconsultants call for parties to commit to IPD principles. Language may also address relationships between parties when they differ from traditional relationships under a design-bid-build approach.

Clear scopes of services become particularly important for IPD projects. Because roles and relationships can become blurred in a highly collaborative process, it is critical that contracts spell out who is responsible for what services being performed. These scopes should be thoroughly discussed by all key team members so that there are no misunderstandings about roles and responsibilities. Being collaborative and open to the suggestions of others does not alleviate your full responsibility for the services you are contracted to perform.

Another key contract clause is the one addressing dispute resolution. Logically, contracts for IPD projects will call for nonbinding mediation as the first choice for resolving any project upsets that can't be resolved internally. Nonbinding mediation supports the collaborative nature of IPD and encourages parties to settle disputes quickly and efficiently without expensive litigation.

Some IPD contracts go even further and include specific procedures for resolving disputes internally within the project team before going to an outside mediator, arbitrator or court. Others may even include a clause in which all parties agree to waive their rights to litigate against one another. While such language is admirable, it may not hold up in the event of a major project dispute. Therefore, mediation should be specified as the formal dispute resolution method of choice in the event the project team can't settle the dispute internally.

Compensation structures can also be more complex with IPD projects. Many proponents of this project delivery system feel that compensation should be directly tied to project success. Incentive compensation programs such as Gainsharing have been used successfully when inducements are clearly tied to the achievement of project milestones. Collaboration and teamwork increase when all parties can achieve financial gain by bringing in the project on time and under budget.

IPD and Your Professional Liabilities

The collaborative spirit of Integrated Project Delivery will, in the long run, have a positive effect on professional liabilities. When project team members communicate openly and honestly, have a commitment to common goals, agree to non-litigious methods of dispute resolution and have a financial incentive to deliver a profitable project, they are more apt to resolve project issues and upsets in a quick, amicable manner.

As with any new procedure, however, IPD presents uncertainties that may increase some liabilities in the short term. For instance, care must be taken not to unwittingly take on another party's liabilities when engaged in collaborative efforts. Means and methods of construction and job site safety must clearly remain the responsibility of the contractor, even if the designer has offered opinions regarding the execution of his or her design. Client expectations must be carefully managed – a new project delivery method does not automatically result in an error-free project and significant cost savings.

Should a dispute go before a mediator, arbitrator, judge or jury, chances are there will be little precedent to call upon regarding nontraditional relationships or contract language. That makes it difficult to judge how an outside party might rule on a particular dispute. The insurance industry is also going to have to respond to IPD, potentially in the form of new types of forms, coverages and endorsements. Shared rewards and risks between clients, designers and contractors will present gray areas when it comes to current types of insurance coverage.

With a well drafted contract, a project team committed to the principles of the collaborative process and an emphasis on shared project goals, Integrated Project Delivery should logically lead to less litigious projects. Redefined roles and redrawn relationships are bound to raise new professional liability issues, but the underlying spirit of IPD appears to be an effective catalyst for litigation-free project delivery.

Can We Be of Assistance?

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