
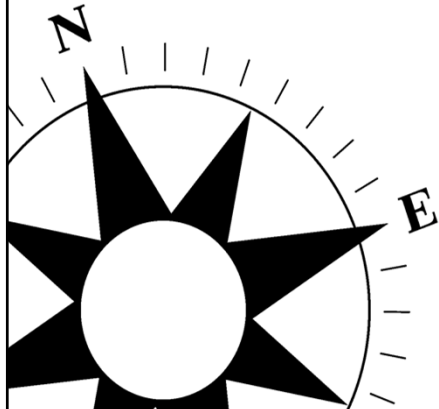



*Project success begins with you*



# Design Build-So You Want to Dance?

Randy Lewis, CPCU  
VP Loss Prevention & Client Education

## Workshop Learning Objectives



1. Attendees will understand the attractive nature and current state of design build in the United States

---
2. Participants will learn the risks presented to design professionals by the design build delivery method

---
3. After completing this program attendees will understand of the business practice considerations design firms face when considering design build

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4. Today's program will identify the step firms can take to manage and mitigate design build risk

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## Today's Agenda



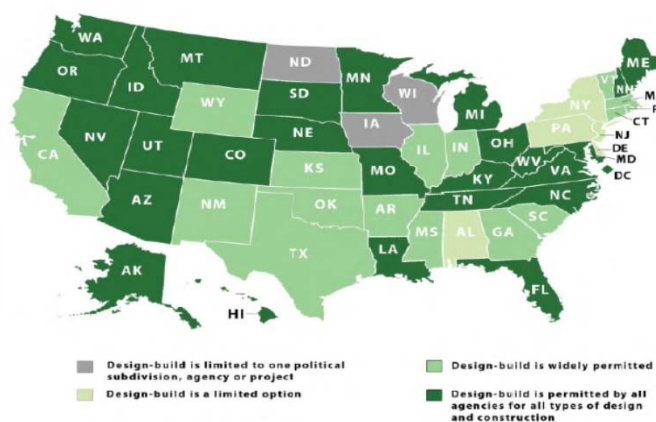
- 1 Current State of Design Build
- 2 Risks of Design Build
- 3 New Challenges
- 4 Effective Risk Management



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## Current State of Design Build

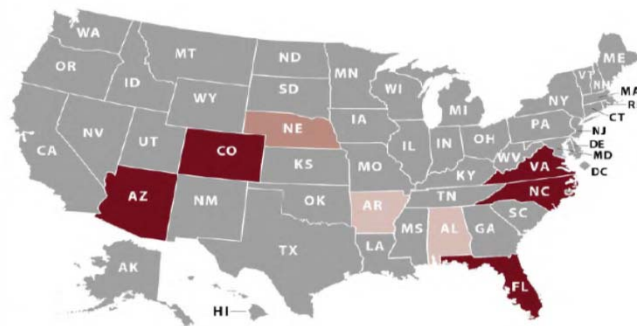


As of January 2017

## Current State of Design Build



### 2017 States With Design-Build Qualifications Based Selection



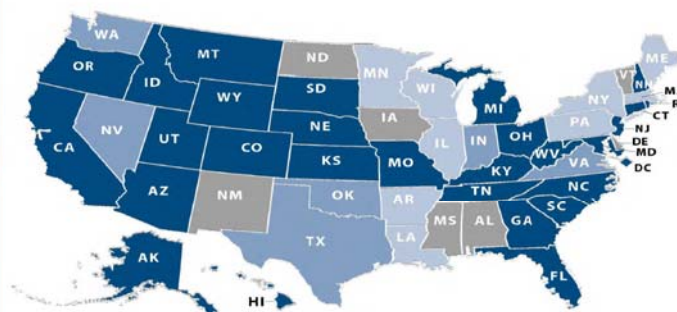
Qualifications-based selection is not authorized  
Qualifications-based selection is authorized with certain limitations  
Qualifications-based selection is limited to one specific agency  
Qualifications-based selection is widely permitted

As of January 2017

## Current State of Design Build



### 2017 States Granting Local Design-Build Authorization



Design-build is not specifically authorized  
Design-build is a limited option  
Design-build is widely permitted  
Design-build is permitted by all agencies for all types of design and construction

As of January 2017

## Why DB



Metric	Design-Build vs. Design-Bid-Build	Design-Build vs. CM@R
Unit Cost	6.1% lower	4.5% lower
Construction Speed	12% faster	7% faster
Delivery Speed	33.5 % faster	23.5% faster
Cost Growth	5.2% less	12.6% less
Schedule Growth	11.4% less	2.2% less

Source: Construction Industry Institute (CII)/Penn State research comprising 351 projects ranging from 5K to 2.5M square feet. The study includes varied project types and sectors.



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## Which Way To Go



### Options

- Designer Led
- Joint Venture
- Contractor Led



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# What Risk?



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## XL Catlin's Design Professional Insurance



### Risk Drivers

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classifications of causes leading to a loss prevention file or a claim being made

- 1) **TECHNICAL**
- 2) **NON-TECHNICAL**

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# XL Catlin's Design Professional Insurance



## Proprietary Research

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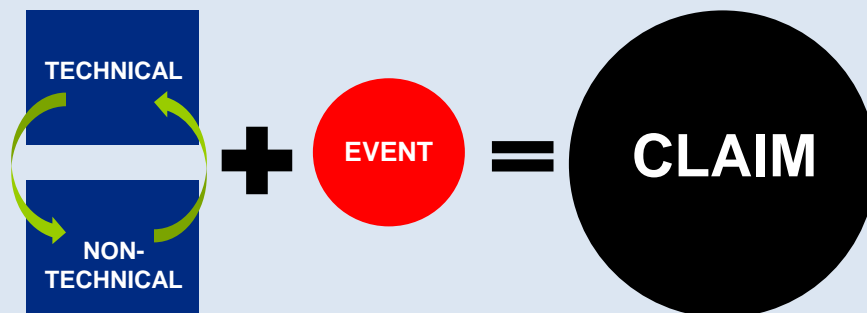
claims

have non-technical factors that contribute to technical errors

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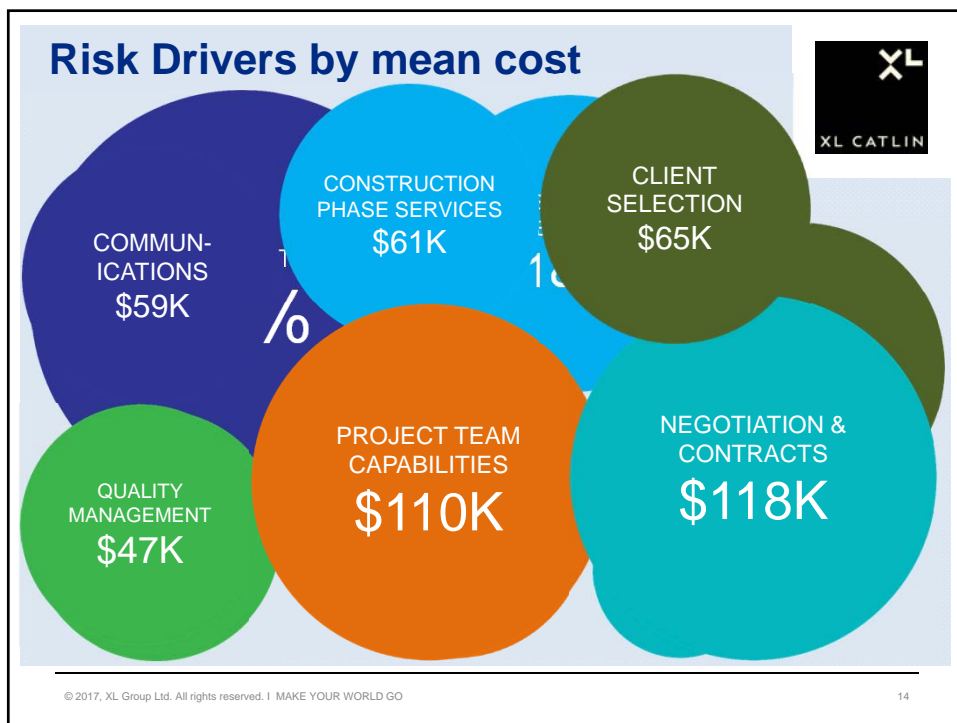
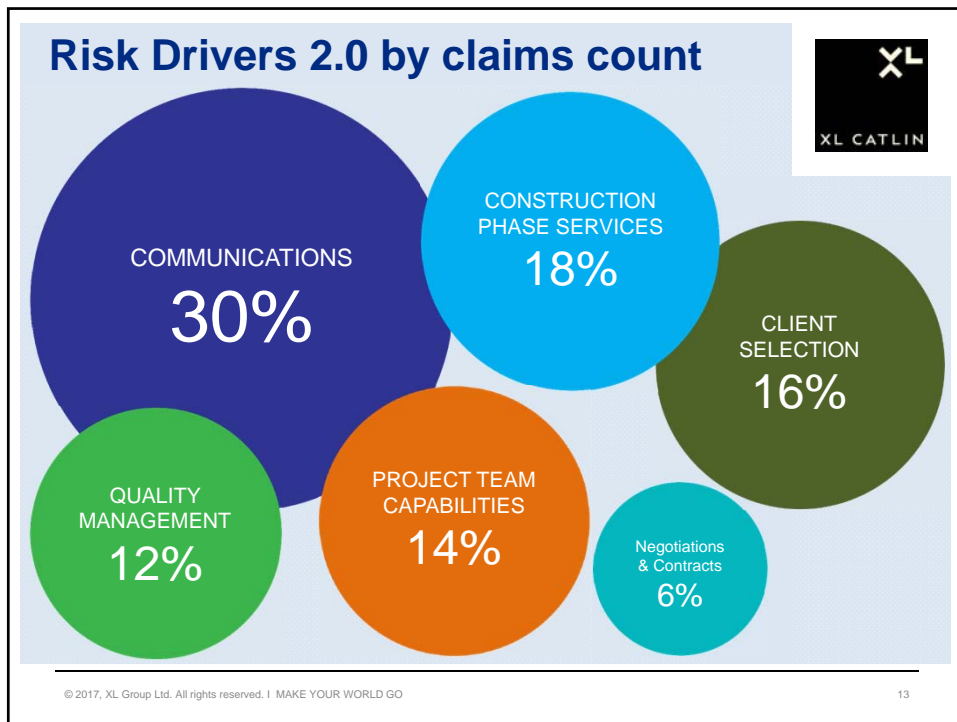
## Risk Driver Interrelationship



**contributes to, or exacerbates a claim**

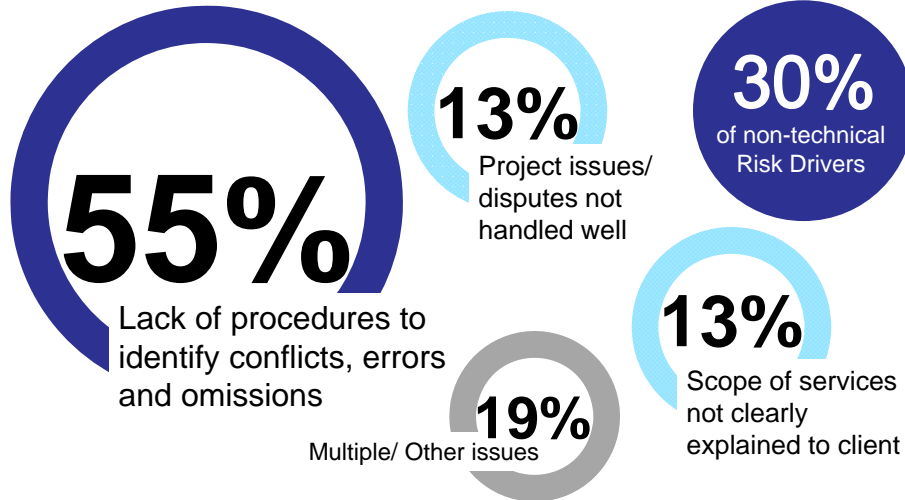
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Risk Drivers

## Communications

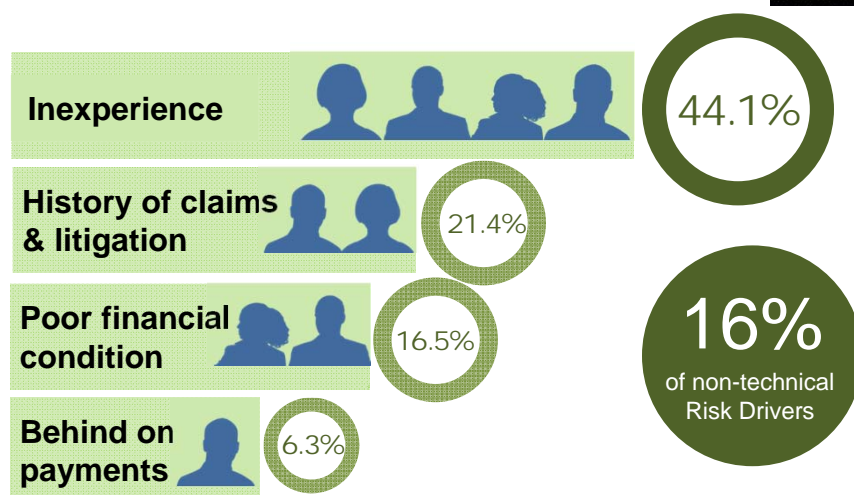


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Risk Drivers

## Client Selection



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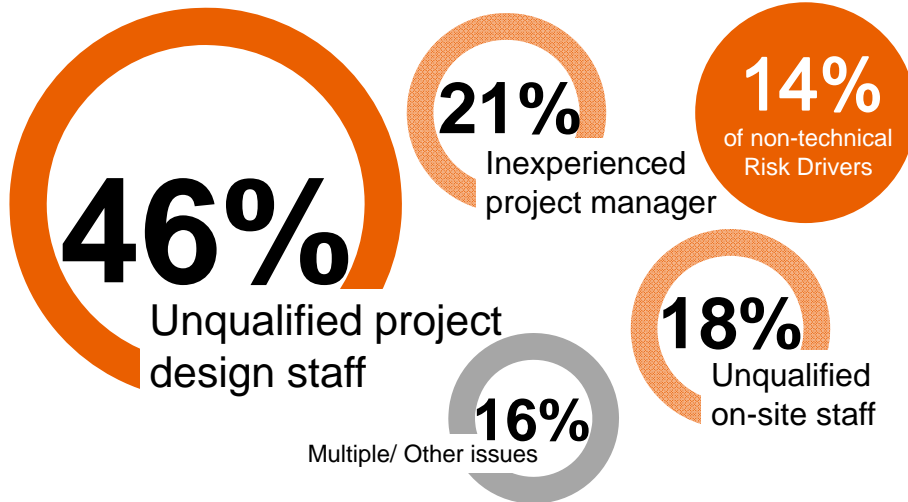
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Risk Drivers



## Project Team Capabilities



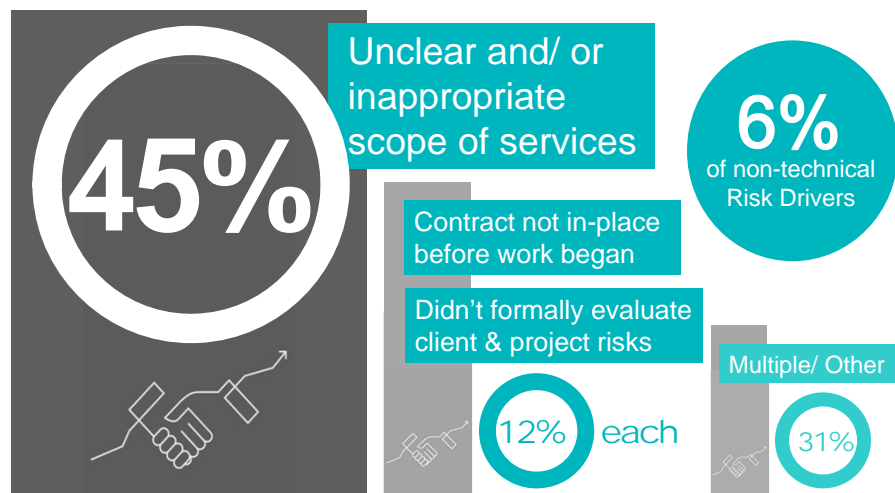
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Risk Drivers

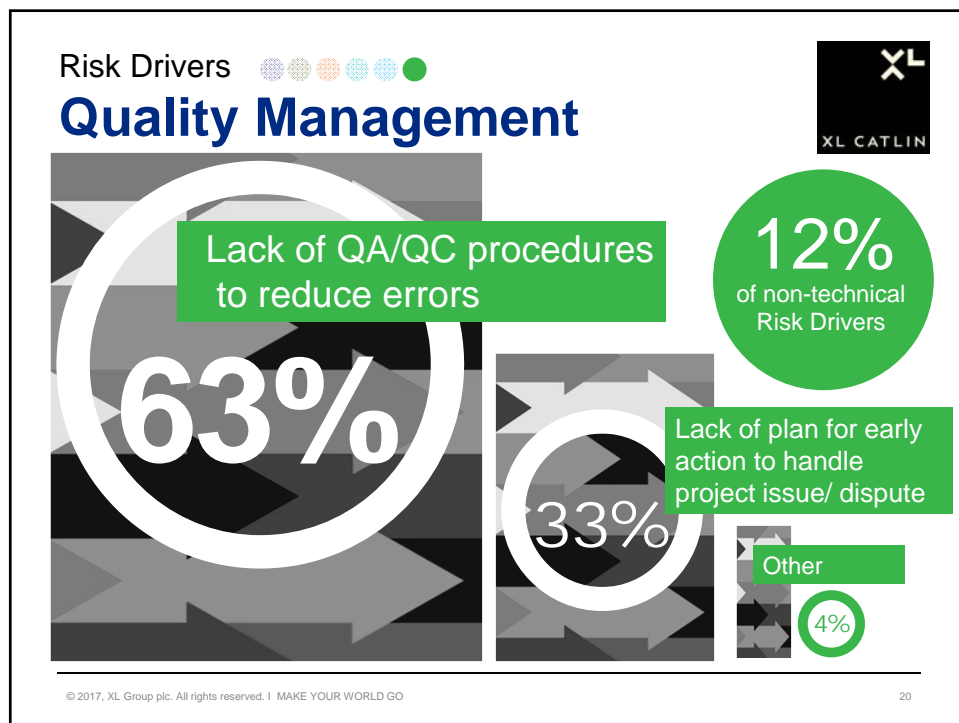
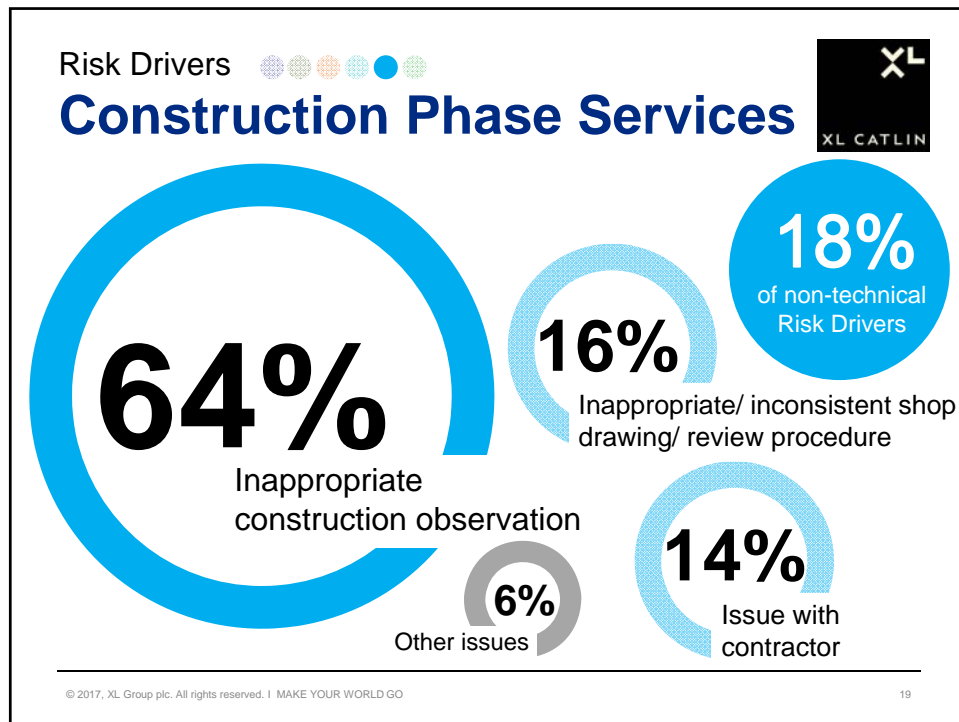


## Negotiations & Contracts



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## What About Design Build Claims?

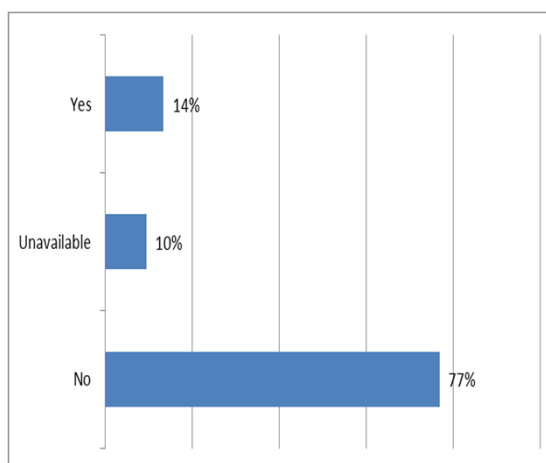


- 60 different project types
- 450 Design/Build claims, 17 DBOT
- Total claim costs \$34MM



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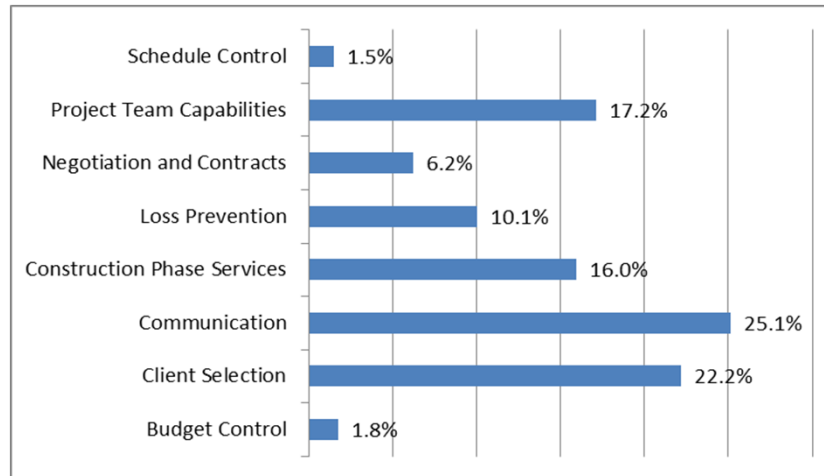
## Limitation of Liability



- Significantly different from the overall use of LoL on non-D/B projects

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## Primary Risk Driver® Categories for Design/Build Claims



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## Effective DB Risk Management



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# Communications



## TAKE AWAYS

1. Disciplined PM practices
  - PMP, Comm & RM plan
2. Access to the owner/stakeholder
3. Dispute escalation



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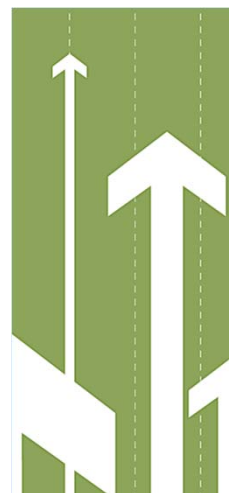
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# Client Selection



## TAKE AWAYS

1. Experience/financial
2. Approach to dispute resolution
3. Role of sub-consultants
4. Verify process/procedures
5. Have an exit strategy



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## Project Team Capabilities



### TAKE AWAYS

1. Bring the “A” team
2. Relentless adherence
3. Become the historian
4. If new to you start small



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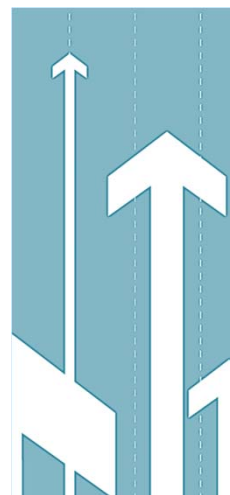
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## Negotiations & Contracts



### TAKE AWAYS

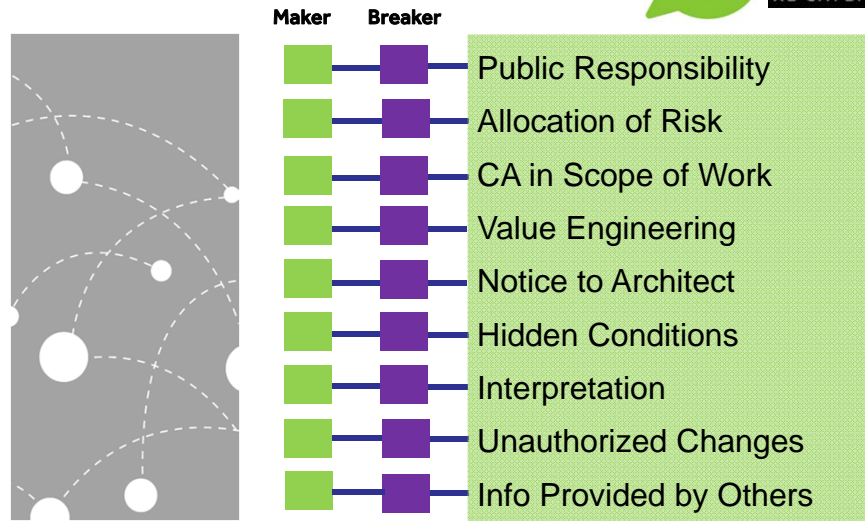
1. Identify your deal makers upfront
2. Scope credibility
3. Document concerns & assumptions
4. XL Catlin eGuide as reference (mobile)



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## Contract Provisions: Deal Makers or Deal Breakers?



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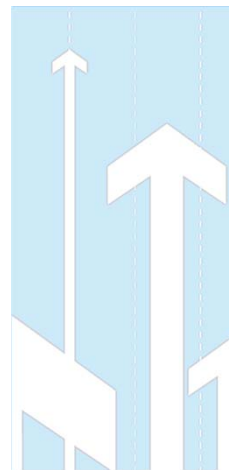
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## Construction Phase Services



### TAKE AWAYS

1. CA is a must
2. The right staff (stuff)
3. Manage RFIs
4. Realistic budget for C/A



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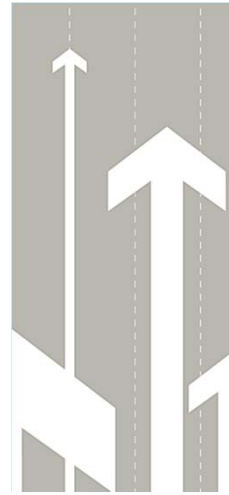
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# Quality Management



## TAKE AWAYS

1. Consider a “reset” button
2. Plan the work, work the plan
3. Maintain project awareness
4. Early communication with XL Catlin for pre-dispute support



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## Quality



## QUALITY MANAGEMENT

### Quality Assurance Process

- Defines expectations
- Plans project execution
- Supports active team collaboration
- Adherence to budget & schedule
- **Defines checklists, techniques, methods to assure quality**

### Quality Control Plan

- Design/Technical review
- Followed standards
- Drawings-to-Specs review
- Senior management review
- Constructability review
- **CHECKING**

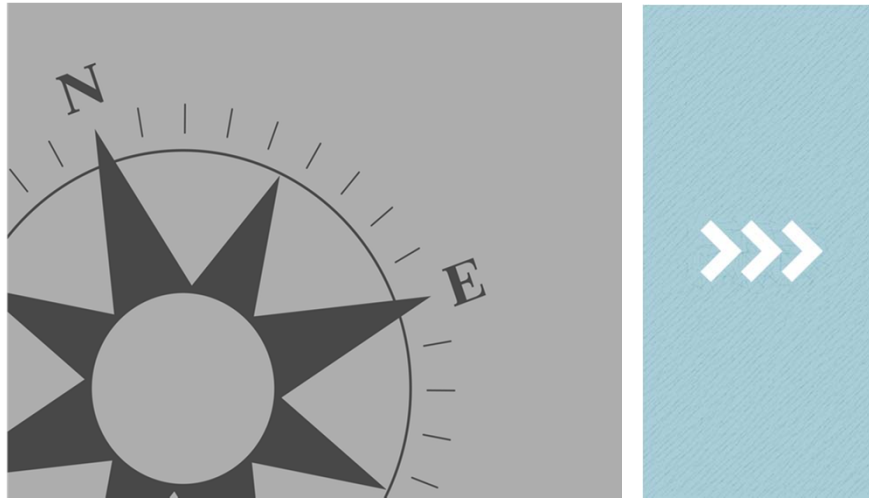


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## Wrap up



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## Risk Management Fundamentals

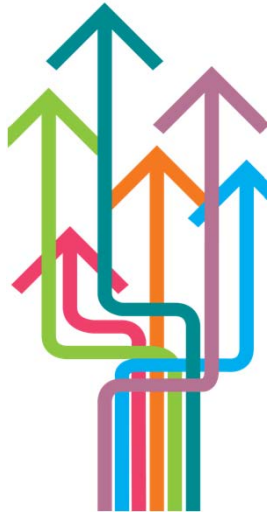


Avoid	Transfer	Assume	Control
<ul style="list-style-type: none"><li>• No-Go decision</li></ul>	<ul style="list-style-type: none"><li>• Insurance</li><li>• Contract</li></ul>	<ul style="list-style-type: none"><li>• Deductible</li><li>• Exposures outside of insurance coverage</li></ul>	<ul style="list-style-type: none"><li>• Risk management</li></ul>

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## What direction will your firm take?



- Identify practice management opportunities to mitigate your organization's risk
- Use the Risk Driver data
- Contact your XL Group broker and take advantage of our industry expertise

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Questions?

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***THANK YOU***  
***MAKE YOUR WORLD GO***

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