

# A Better Way to Build:

## Why the System for Residential Construction is Broken and What We Can Do to Fix It

The predominant paradigm for residential construction today is based on intense competition and limited responsibilities among the parties involved in a home remodel or custom home construction project. This results in a lack of trust, greater conflict and a final product which is often compromised in design and quality. There is a new approach which I call “Collaborative Construction” which creates a more efficient design process, a cost effective construction project and a final product that is often superior to what was originally designed, while also creating quality relationships between all of the parties involved.

Under the traditional “Competitive Construction” approach, an architect designs what the client thinks they want, but not necessarily what they can afford. Once the architect has completed this design, they feel obligated to put it out to bid to three qualified contractors. However, the client is generally not willing to pay for enough detail in the plans to make them actually biddable which results in the architect presenting incomplete plans to the bidding contractors.

As a result, the contractors are forced to make their best guess on what it will actually cost to build the project. In this competitive bid process, the contractor knows that the client will probably choose the lowest bid so this encourages him to be overly optimistic in his pricing. The client then generally chooses the lowest priced, most optimistic and most unrealistic general contractor to build the project.

Often times, the cost of the project comes back higher than the client expected. This forces the client to give up part of their dream in order to build something they can actually afford. With this process, the client starts in a state of disappointment knowing they can't have what they really want. It's like test driving a Mercedes all day and then buying a Kia! They are never really going to be happy with the Kia because they didn't get what they actually wanted to experience in a car.

The original plans are now incomplete because the client did not want to pay the extra architectural fees to spec out every detail. This forces the building process to become a series of change orders and ongoing negotiations filled with conflict until the project is completed. Each party is defending their position in order to build the project while maintaining their own financial interests.

Under the traditional “Competitive Construction” approach, the project evolves amid this very stressful process that can damage the relationships between all of the parties involved. In most cases, the project also goes over budget and exceeds the schedule as well. This is a broken process and needs to be changed. All the parties involved can be great people with good intentions, but by the time they finish building a project using this process, they're stressed and exhausted, with relationships permanently damaged. There is a better way.

An approach which I call “Collaborative Construction” is used by many design build firms but is still not the industry standard in residential construction. This collaborative approach is based on trust instead of fear. Using this approach, the entire building team is chosen at the onset of the project. This team consists of the architect, the builder, the interior designer, the owner's representative and the client.

One key team member that is often overlooked is the Owners Representative. Even if the homeowner plans to be actively involved in the process, they usually lack the experience and ability to navigate a home

construction project. Often the other parties think the Owners Rep role is covered by the project managers for the architect and the builder, but this is not the case. The Owners Rep plays a critical role in advising the homeowner, guiding their decisions, managing their expectations and uniting the entire team in the Collaborative Construction process.

In this approach, the client states up front how much they want to spend on the project, enabling their budget to drive the design process. The Owners Representative is the team leader who manages project costs and with input from the builder, ensures that the architect does not design something that the client can't afford. The design is completed with every detail and real pricing for all materials, labor, supervision, profit and overhead. In other words, the project is completed before it started.

In this "Collaborative Construction" process, the team is committed to using their creativity, both individually and collectively, to ensure the client can get the very best product for the lowest possible cost. Projects following this process almost always come in on budget and on time, while maintaining positive relationships between all the parties involved.

The building industry is full of talented people with wonderful ideas and great intentions. The competitive process they are forced to use, because it is the industry standard, brings the worst out in everyone involved. I think it's time that we change the industry standard to something that simply makes more sense. I have used the "Collaborative Construction" process very effectively for over 15 years in the construction projects which I have been involved. I have many happy homeowners, builders and architects with solid, lasting relationships to show for it. I think it's time to make this process the industry standard.



**Ed Earl** is the principal of Priority 1 Projects, an Owners Representative and Construction Project Management firm based in San Diego. Ed has 25 years of construction experience and an MBA from Stanford University. He has represented owners on a wide variety of construction projects from a 27,000sf estate home to a safari camp rebuild in Africa. Ed is also a business coach working exclusively with contractors to help them increase both their profitability and enjoyment in their construction company. He promotes an approach to construction project management he terms "collaborative construction" which is based on open communication, trust and shared objectives. Ed has been nicknamed the 'Zen Builder' as a 20 year practitioner of Zen Buddhism and the project manager for the construction of a nunnery complex at Deer

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