

Owner Representation Saves The Shelard Group Time and Money

By Lynne Wyffels, Portfolio Manager, The Shelard Group

There's a new trend in commercial construction – driven by the need to competently oversee complex construction projects while containing costs. Property owners and developers are discovering that Owner Representation services can solve the problems of spiraling construction costs and schedule delays.

Every construction project involves many details and multiple players – architects, engineers, general contractors, subcontractors, and city officials. Owner Representatives understand the process and players so they can provide educated recommendations and react intelligently to issues. Understanding and respecting the owner's objectives, viewing the project from a long-term perspective, and smooth project delivery without surprises are central to Owner Representation.

The Construction Management Association of America and FMI Corporation conduct an annual survey of a cross-section of property owners nationwide. Key problems noted in the 2002 survey¹ were:

- Need to spend more time on pre-design.
- Need to link business and project goals.
- Need for stronger coordination and collaboration among team members.
- Need for skilled review of design details and documents from architects and engineers.

Lack of strong project leadership is at the heart of these issues. A well-qualified Owner Representative can provide that leadership.

The Shelard Group, Inc., one of the Twin Cities premier real estate companies, has grown over the years through careful assessment of market trends and smart use of trends in construction. That includes the use of an Owner Representative.

In 2000, Shelard began development of the Lake Susan Apartments in Chanhassen, Minnesota. The three-building, 162-unit project had an aggressive timetable with the project slated for completion in July, 2001. While planning for the construction phase of the project, we identified

¹ "2002 Owners Survey Results..." Dennis Doran and Gretchen McComb, FMI Corporation, 2003

a need for an independent party to be our “eyes and ears” during the construction phase. Two of our principals had considerable construction experience. However, our other responsibilities, primarily our core business of managing finished properties, made it a challenge for us to be involved in day-to-day construction activity. Shelard hired an Owner Representative to act as our advocate and respond quickly to questions and issues.

Our Owner Representative began by thoroughly reviewing all design documentation. He identified potential problems and worked closely with us and the contractors to resolve them. Our Owner Representative kept us informed and made solid recommendations from both an immediate economic standpoint and long-term ownership perspective.

The Lake Susan project was completed within the tight schedule while maintaining quality, despite problems that could have caused delays. Our investment in an Owner Representative really paid off. The project began generating revenues on time, management stayed focused on our core business, and our Owner Representative made several cost-saving recommendations. (For example, the carpet grade originally specified for common areas would not have held up. By recommending a different grade, our Owner Representative saved us the expense of early carpet replacement and allowed us to maintain the high quality image we strive for.)

This experience led us to use an Owner Representative on construction of Northtown Crossings, a 48-unit townhouse development currently underway in Coon Rapids, Minnesota. We have learned it’s best to involve Owner Representatives during early planning stages so they can oversee the constructability reviews, review preliminary scheduling, and maximize savings.

Shelard has used Twin Cities-based Consulting Management Construction, Inc. (CMC) as Owner Representative on both projects. Paul Anderson, President of CMC, states, “The value we bring as an Owner Representative is our extensive field experience and strength in communication. Having hands-on experience in every phase of construction means we can provide solutions to problems as they arise at the design table or on the job site. We are effective project leaders because our clients trust our knowledge and integrity and know we have a genuine concern for their best interests”.

The Shelard Group highly recommends working with an Owner’s Representative, especially if a company does not have construction expertise or staff hours to devote to supervising the

complexities of a construction project. Hiring an Owner's Representative means paying a fee, but we have found that a skilled Owner Representative pays back that investment by proactively identifying issues before they become expensive problems.