

2010 ASC Open Determining Project Risk Problem

Sponsored by

DPR Construction, Inc.

Pre-Problem Statement

1. Intro

a. Thank You!

Thank you for competing. DPR is excited to sponsor the Open Category Determining Project Risk problem at the 2010 ASC Student Completion. As leaders of your student groups today, you have set your paths to be the Construction Industry's leaders of tomorrow. We hope to challenge your team's ability to leverage academic knowledge, intuition, problem-solving skills, and ability to have fun in a pressure environment.

b. DPR's Culture and Project Approach

DPR Construction was founded in 1990 by Doug Woods, Peter Nosler and Ron Davidowski, the D, the P and the R, who set out to develop a company that cultivates an entrepreneurial, open-office environment based on a well-defined purpose, "We Exist to Build Great Things", great relationships, great teams, great buildings, and great people.

i. DPR Culture – Our Core Values

INTEGRITY. We conduct all business with the highest standards of honesty and fairness; we can be trusted.

ENJOYMENT. We believe work should be fun and intrinsically satisfying; if we are not enjoying ourselves, we are doing something wrong.

UNIQUENESS. We must be different from and more progressive than all other construction companies; we stand for something.

EVER FORWARD. We believe in continual self-initiated change, improvement, learning and the advancement of standards for their own sake.

ii. Negotiated Contracts

DPR takes a collaborative approach to our projects. As a member of our project team, you must be able to work collectively with our Clients, Architects and Subcontractors in order to succeed. This has a significant impact on the way we view risk. In a "hard-bid" market, the difference between winning and losing is the bottom line. The result is that the Contractor has to exclude as much risk as possible or push it onto other team members. In our "negotiated" market, we aim to predict and protect risk for all of the teams' players. This requires us to build strategies for each issue and place the risk with the team member that has the greatest control and capability to mitigate the risk.



c. Determining Project Risk Problem Introduction and Intent

i. Team

Your team will act as members of DPR Construction; creating a deal for a specific project and managing that deal. You are empowered to make key business and contractual decisions based on incomplete information and assumptions. These decisions will have significant consequences that impact the success of a project. The deal that you negotiate will map the road ahead but also expose you to possible roadblocks. You are expected to adapt to situations, engineer solutions, demonstrate DPR's Core Values, and deliver a successful project while creating Raving Fans.

ii. Preparation

Teams should be prepared to complete the problem utilizing the following skills:

1. Business Ethics and Integrity
2. Understanding Fee and General Condition commitments
3. Contract Evaluation and Negotiation
 - a. Project Risk Assessment
 - b. Design Responsibilities
 - c. Unforeseen Condition Liabilities
 - d. Scope of Work Qualifications
 - e. Schedule Impacts and Delays
 - f. Contingencies and Allowances
 - g. Payment Terms
 - h. Change Order Process
 - i. Damages and Disputes
4. Subcontractor Bid Review
 - a. Scope of Work Comparisons
 - b. Company Qualifications and Evaluations
5. Managing Schedule and Budget Risks while maintaining satisfied client and subcontractors.
6. Creative Thinking and Problem Solving
7. Drawing and Specification Review
8. Schedule Updating
9. Budget Updating
10. Submittal and RFI Development / Review
11. Material procurement and coordination
12. Communication Team Work / Team Building

iii. Project Description

DPR submitted a Fee and General Conditions proposal and has been selected by the client for the project. DPR has an existing relationship with the client and considers them to be a Raving Fan. Since the client's selection was made based only on the proposal submitted, we are not under contract for the project and the possibility exists that we will not build the project unless your team meets the client's contract, schedule and budget requirements while maintaining a great relationship.



2. Problem Description

All projects have critical requirements that must be met. Budget and schedule objectives are obvious; however other criteria may include quality, sustainability, safety, reputation etc. To win a project, we not only need to meet these requirements, but we have to prove that we can exceed these goals further than our competitors. Generally, the more aggressively we pursue a project, the more risk we assume.

In this problem you will be challenged to create and negotiate a “winning” deal that recognizes the accepted risk, and creates a strategy to contain that risk while maintaining a satisfied client. Once you set the deal, you will get a chance to live with the terms of that deal.

Outline of Events:

a. Pre-competition activities

With the Pre-Problem Statement your team will receive a draft copy of the owner’s proposed contract for the project. Your first task during the competition will be to evaluate and negotiate the contract terms. However, the client’s stance on what terms are not negotiable will not be known until the competition.

b. Competition Activities

When the problem commences you will be given the following primary contract documents (all documents will be distributed in electronic format):

- Contract Assessment Form
- Project Schedule
- Reports (i.e. Hazardous Materials, Geotechnical)
- LEED Scorecard
- Drawings & Specifications

After reviewing these documents, you will be allowed to negotiate some of the terms and conditions of the contract in an effort to create your “winning” deal.

Once the deal is set, you will be given a number of scenarios that you will need to resolve according to the terms of your deal. Decisions made early in the process will affect the range of solutions and the level of difficulty of dealing with issues that may arise later in the process.

During the course of the problem, the teams will manage scenarios that may affect budget, schedule or reputation, for example:

- Scope Buy-out process: Review & Select Subcontractors.
- Project Logistics: Setting up the project
- Submittals and Requests for Information
- Change Orders: Originated by Owner, Architect, Subs and/or City.
- Project Conditions: Rain delay, Safety incident, City Inspections.

Your team’s performance will be measured on the following scales: Budget, Schedule and Reputation. These scales will be updated continually based on the decisions made.

Upon completion of the project you will be presenting a final schedule and budget. Presentations will be in a debriefing format where we will be discussing the rationale behind the decisions made and your ideas for what could have done differently to return a more favorable result. We will also be reviewing the post-construction customer satisfaction survey with the team.



3. Logistics

- a. Internet access is not only acceptable it is required.
- b. During the competition information can be directed to your team in numerous ways, however email will be utilized for the majority our correspondence. Further details regarding email coordination will be provided prior to the competition.

During the competition please reference the subject of your email correspondence in the subject line in an effort to maintain clarity. With the exception of the scheduled meeting times, information from your team to the problem sponsor's team should be transmitted via email.

- c. Physical copies will only be provided for a limited number of the project documents. Majority of the documents will be provided in electronic format.

4. Scoring

You will be graded on your ability to execute a plan that is not only profitable but makes your client a raving fan. It will also require you to balance competing goals like cost, schedule, quality, safety, sustainability, etc.

The final team score will be a composite of the following:

- a. Contract Negotiations – 20%
- b. Final Cost / Return to Client – 20%
- c. Schedule Duration – 20%
- d. Reputation – 20%
- e. Presentation – Post Project Download – 20%

Attachments

Sample contract documents will be distributed to registered teams separately.