LISTENING TO:

by Andrea Oppenheimer Dean

The tension—some would say friction—between architects and contractors probably began around 2630 BC, the date ascribed to the first documented pyramid and first structure credited to an architect; it was the burial place of King Zoser near Saqqara, Egypt. Yet at the conclusion of a panel discussion among five contractors, which ARCHITECTURAL RECORD convened in New York City last fall to learn about the industry’s concerns as they affect architects, J. Glenn Little, an executive vice president of Turner Construction Company, said, "If you took a group of architects from small, medium, and large firms, I bet they’d agree with everything we said." Throughout the discussion, moderated by Robert Ivy, FAIA, RECORD’s editor in chief, the ambient goodwill toward architects was as palpable as it was unexpected. Areas of disagreement revealed themselves more fully in the panel members’ responses to questions I asked them in follow-up telephone calls.

The fact that the construction industry is thriving—it’s seeing its best period since 1984–85, according to Little—probably contributed to the contractors’ benevolent attitude. Turner, the nation’s largest construction company, projected that its 1997 sales would exceed those of 1996 by more than 10 percent, while F. W. Dodge’s market forecast anticipates a 6 to 8 percent increase in 1998 construction over 1997. Such figures concur with the
GOODWILL ABounds AS CONTRACTORS DISCUSS THEIR WORKING RELATIONSHIP WITH ARCHITECTS.

TRACTORS

overall assessments and expectations of all five panelists. Richard Wolf is a principal of Alexander Wolf & Son, a New York City family-run business with an annual volume of $10 to $20 million, which specializes in renovations and other interior work. Desmond D. Emanuel is president of Sante Fe Construction, a minority-owned, privately held, unionized New York City company with an annual volume of about $100 million and a staff of 46 that "builds anything humans can function in," says Emanuel. George M. Grant is a vice president of Halmar Builders of New York, a Mount Vernon–based firm that earned $100 million last year building mainly highways, airports, and commercial buildings. Joseph M. Stella is an officer of P. J. Stella Construction, which is beginning its third generation of existence as a Wakefield, Massachusetts–based, family-owned, nonunion general contractor with an annual volume of $15 to $18 million. Although all the panelists are based in the New York and Boston areas, they believe that their opinions are representative of those of contractors nationwide. They also agree that all members of their industry grapple with the same issues, whether their companies are big or small, regional or international, unionized or not, privately owned or publicly held.

There was, similarly, a general nodding of heads when Stella said that although there is more work than ever, there is also "far more competition than there needs to be. Sometimes it seems that a couple of firms are always keeping the margins down for everybody else. You have one or two lowbids, and they'll get the job. You see what the final pricing is, and you walk away scratching your head. Egos are involved. The question you ask another contractor is not 'How much money did you make?' but 'How much work are you doing?'" In fact, contractors are close-mouthed when it comes to their margins; that is why, when I inquired in follow-up conversations, most of the panelists treated the annual profits as classified information.

(According to the Construction Financial Management Association's 1997 Construction Industry Annual Financial Survey, the overall net profit for all types of contractors nationwide was 2.1 percent. It was 1.6 percent for "industrial/residential" construction, 3.2 percent for "heavy and highway work," and 2.8 percent for "specialty trades.")

Architects should raise fees

Perhaps most unexpected, the five participants agreed that the solution for many of their problems is to raise architects' fees. These are depressed, they concurred, by owners' attempts to achieve the lowest possible costs and shortest possible schedules. But there's something else: "A lot of owners view architects as necessary evils; they don't see them as adding value to the project," said Wolf. He was not the only one to point out that the biggest losers from this drive to cut costs and increase speed are the owners themselves. "You end up with disappointed owners of poorly designed and constructed buildings," explained Wolf, a past president of the General Building Contractors of New York State, which, he says, has taken the position that the architect should receive a reasonable fee.

Why should contractors care so much? According to Little of Turner Construction, "The bottom line is that architects are not paid enough money to practice their art and craft to the level they believe achieves excellence. Excellence doesn't mean wasting money; it means making a set of drawings that is full and complete." Here it is, our panelists' most pervasive complaint: The documents they receive from architects are neither clear nor comprehensive. "There isn't the attention to detail on either the exterior or interior of buildings, and many architects skimp on construction administration," said Grant.

During a follow-up conversation Wolf expressed his frustration in greater detail: "It's not unlike what Detroit was doing before the Japanese put the pressure on them. They would send out a car 98.5 percent complete and expect the dealer to tidy up the remaining 1.5 percent." He reported receiving documents in which architectural and engineering responsibilities remained uncoordinated. And, Grant said, he has had more than one brush with architects and their consultants limiting the amount of time they're willing to spend on the job site because they feel they're not getting adequate reimbursement. "A contractor," he pointed out, "can't go back to the owner and say, 'I'm sorry, I've exceeded my budget and can't put any more time into your project.'"

Detailing a few of the problems caused by incomplete documents, Stella explained that his company subcontracts a majority of its work and relies on bids by subcontractors when putting together a package. "When subcontractors are not looking at the best set of documents, they make their own assumptions of how they envision the product going together. They bid it to us on those assumptions, and often they're wrong. The architect doesn't want to appreciate the position that we're put in because of the business's competitive nature. We realize how dependent we are on one another; we architects and contractors, but bad documents can erode the relationship." Bad documents tend also to erode the quality of specifications writing, said Grant, because the details aren't there.

Paring down costs and schedules undermines quality

Underlying such complaints is a deeper and more pervasive grievance that by chopping away at costs and schedules, owners have undermined

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overall quality. Take, again, the matter of specifications writing. Emanuel, who began his career as an architect, recalled that when he was a young designer, one of the partners in the architectural firm where he worked was a spec writer. Not anymore. Today, he said, word processing allows junior architects to produce specs by collaging together fragments from previous designs. Many of these young architects, moreover, having started their careers at a time when construction work was scarce, have little experience as spec writers, as Emanuel pointed out.

Whatever the reason, said Grant, when specs are unclear, the contractor will “go back to the architect and say, ‘I’m going to build it this way,’ and often the architect tells him no. So the contractor comes back with, ‘This is not what I bid,’ and then both of them have to go back to the owner.” Paradoxically, the paring down of schedules and quality in an effort to achieve cost reductions often results in delays that inflate costs. It’s a vicious cycle, and the ultimate loser, said Grant, is the owner. Emanuel pointed out that the problem is likely to worsen in coming years, as real estate investment trusts increasingly consolidate and once again become major clients. “The directors of these trusts,” he said, tend to be “more bottom-line-driven than chairmen of major banks or businesses, so there’s going to be even more pressure on the profession to produce in a timely way with less cost to the owner.”

That led Emanuel to the thorniest subject of all for architect-contractor relations. Called design delegation in the jargon of the design and building industries, the concept, according to the panelists, has shaped recent revisions to AIA’s flagship contract document, the General Conditions of the Contract for Construction, now designated A201; it describes the architect’s role in administering construction and the rules for the industry. The revised A201 will carry new responsibilities for contractors for such subcomponents as HVAC systems and curtain walls. Little related the changes back to low architect fees. After doing work on a number of projects where the architect hasn’t made any money, Little said, “he decides not only to spend less time but to shift the responsibility across the table.” He added that the changes to A201 also represent a response by architects to threats by insurers to raise premiums or cancel coverage altogether as architects and owners increasingly sue for “errors and omissions.”

Speaking for the American Institute of Architects, Dale Ellickson, the institute’s counsel for the Contract Documents Program, said in a telephone conversation that rather than shifting design responsibility, the new A201 “clarifies things, makes things more explicit and gives two protections to contractors. One is that they don’t have to do anything that isn’t written in black and white. The other is that they don’t have to do anything against the law.” Nor do the 1997 revisions to A201 posit any changes in liability to the previous edition of 1987, according to Ellickson. He said the updated document is a response to the realities of a building industry in which an owner often saves money by relying on subcomponent specialists. That’s not how the contractors viewed the matter.

Emanuel was the most vocal. Saying that his objections echo those of the General Building Contractors of New York State, which opposes the revisions, he stated that “there’s no question in our minds that A201, as it is currently being published, will have an adverse impact on our relationship with architects.” In fact, Emanuel characterized the proposed revision as “the hottest topic ever debated within the AIA,” consuming hours of discussion time last September at the Associated General Contractors’ midyear meeting in Albuquerque. A draft was approved at that meeting, said Emanuel, not because the membership liked it, but rather “because an enormous amount of work had gone into trying to get the best document, because it seemed to be the best we could get, and because supporters felt that not endorsing it would further alienate us from the architectural community in the future.” Wolf objected to the way the AIA presented the changes to his industry: “We could nibble away at the draft but we were not part of the discussion process from the beginning.” He also said, “If agreements are actually between the owners and the contractors, and the architect is off on the side, we question why the architect should draft the document—and be allowed to put in these provisions that are really quite onerous.”

**Shifting risk management**

How onerous are they? “Here in New York State,” said Emanuel, “the architectural community has identified 22 separate items that they’re looking to design-delegate, including roofing.” Design delegation, he said, is spreading from such things as curtain-wall and steel construction to “roofing and heating and ventilation systems, to everything.”

In explaining what he believes will be the effect of the revised document, Little said that liability for errors and omissions made in the drawings—the risk management—is now completely shifted from the architect to the general contractor. Granted, he said, contractors will pass the risk down, for example, to the curtain-wall supplier, but because vendors tend to go in and out of business on a revolving-door basis, the real responsibility and risk will devolve to the contractor. Little also warned that if contractors are responsible for “the building standing up and doing what it’s supposed to do,” they will end up having to hire their own engineers and other professionals “who will be in competition with the architect.” The real question, he concluded, is to define and achieve the optimal roles and relationships of owners, contractors, and architects. The best hope for smooth and productive relationships among the three players, he said, is a return to “professional standards rather than economics. Then we will have established what we should be doing today.”

Not unexpectedly, architects’ tendencies to delegate risk and responsibility to builders have strengthened contractors’ and owners’ growing preference for design-build construction-delivery systems. For contractors its advantages over a traditional design-bid process are obvious, since it includes builders from the start, gives them ultimate authority, and “allows them to avoid cost overruns and delays and everything else that goes along with the bidding process,” said Wolf. For owners, he added, design-build provides one-stop shopping and “fits in
with their desire to lessen the role of the architect, who a lot of owners view as a necessary evil."

**A new twist**

An important twist recently has been added to design-build. Called design-build-complete, "it is where the industry's going to go," said Little. This is how it works: owners hire an architect to represent them throughout the process, but the architect actually carries out only the first 15 percent of the design. That puts designers in charge of those aspects of the process at which they excel, said Little, such as defining the program, figuring out space relations and adjacencies, configuring shapes, and outlining a seamless process. The owner then turns the process over to the contractor, while retaining the architect as an emissary.

"The idea," said Little, "is to get contractors in their role and architects in theirs, with each having the liabilities and responsibilities for their separate functions. Design-build-complete prevents the contractor from telling the architect, 'No, I'm sorry, we have to change this aspect of the design because we can't afford it.'" Some clients, Little asserted, are adopting Turner's preferred method in order to avoid court claims resulting from a newly popular, if dubious, practice among contractors. In describing it, Little said, "Contractors didn't use to look at a set of drawings and say, 'Well, there's a mistake here and here and here. I'll bid no fee, because I'm going to make twice my fee in claims for mistakes.' There are people who do that."

Another advantage of design-build-complete, said Little, is that it eliminates a major problem of design-build, namely that it lacks the checks and balances of the conventional architect-contractor relationship. Wolf explained, "Everyone at this table, if they're honest with themselves, would admit they've been in a situation where without the architect on the other side of the table, they might have been able to get away with something. In the design-build situation, the architect and the contractor are working together in a business relationship and—let's be realistic—the architect is going to have a very hard time telling the contractor to put more money into the project. I think there's a very dark side for the architectural profession in design-build."

In design-build-complete, on the other hand, said Little, the architect has to approve the drawings before the contractor can build. "And he has to approve specifications before we can complete. The owner's standards and checks and balances are protected much better than in just design-build," Little finished by asking, "Is the process perfect?" and promptly answering, "No."

Asked whether he sees design-build-complete as a trend, Robert Peck, commissioner of the General Services Administration's Public Buildings Service, said that he wishes to reserve judgment until the GSA's first experiment with the new project-delivery method, the Las Vegas Courthouse, is completed in about 18 months. In the abstract, however, Peck said, he finds the approach, which the GSA calls bridging, attractive, in part because it could allow emerging design firms, with limited document-production capabilities, to compete for major projects. Ed Feiner, the GSA's chief architect, added, "The GSA really likes to experiment and test everything, but the jury is still out."

**THE CONTRACTORS' MOST PERSUASIVE COMPLAINT WAS THAT DOCUMENTS FROM ARCHITECTS ARE NEITHER CLEAR NOR COMPREHENSIVE**

handle on pricing, who has a consultant who can help guide the process. Stella said that in his part of the country design-build is not yet popu

"I think part of it is that architects want to keep the process to themselves. They're not realizing that they're being forced to give it up," Li added that an incentive for architects to accept design-build-complete that they usually earn a higher fee, at least when they work with his company. Emanuel noted, however, that many architects are market design-build as a way of expanding their services. "They see the trend, something they should lead, as a way to grab market share without re-examining what's involved. I think that's a disservice to the profession."

**New technologies are not up to speed**

New technologies are another source of change in the architect-contrac relationship. The electronic revolution has altered not only the way designers produce drawings but the manner in which they communicate with contractors. For a project in Singapore, for example, a San Francisco-based architect might have the documents produced in Mexico, the stone wall designed in Malaysia, and the steel detailed in England. "I problem," said Little, "is that the information usually comes to the architect's company uncoordinated, because the motivation of the business manager in each of the far-flung offices is not to produce the best quality. The question is, how can you get this wonderful technology, high productivity, and low-cost work to a quality level where we can accept it?"

"Computer-aided design has similar problems," explained Gra the CAD system has been wonderful for architects. But do they know how to build what they're drawing?" Amid much head shaking, answered, "Constructability is one of the biggest problems I find. I do know if they have the experience of doing construction or really know what they're putting on paper." The transmission of information improved, the panelists agreed, but the same cannot be said for its quality.

In Stella's experience, moreover, CAD allows architects to continue to repeat their mistakes. "Designers can pull out the same detail they had problems with before without modifying it. If only they would sit down and ask the contractor, 'Did this make sense?'" Compound the problem of architects not learning from their mistakes, Grant said, is the fact that many design firms assign inexperienced staff members to the job. Because greenhorn architects have no authority to make a decision in the field or modify a detail, they will take a problem back to the office and review it with a superior "who doesn't see the big picture of what's going on, what the status of the project is, what the scheduling requirements are," Stella said. Design-build can overcome some of these deficiencies, the panelists indicated. Because it provides designers with a better fee, insists Emanuel, they will spend sufficient time upfront working out details with the contractor, so that costly change orders and extras are avoided.

Ultimately, concluded the panelists, architects and contractors need to put their heads together and come up with ways to market the professional services in tandem to improve quality and streamline the construction process. "The best thing we could do is get architects more respect [among clients]; we need them. And the essence of it for us is that when an architect has the money to put together a good set of documents it's easier for us to build and make money," said Wolf. And how is this to be done? By educating owners, answered Grant: "It's the owners, after all, who ultimately pay. If they organize their team, pay a decent fee, get the correct design, and the job is built on time, they're the ones who benefit."