



Peter Forella
Principal
Forella Group, LLC

Q: Would you talk to me about the Forella Group and what services you all provide in terms of project delivery?

A: “Forella Group uses highly developed project controls to add owner certainty. We provide program management and project control services from the pro-forma phases through design, construction and the move-in phases. We also provide asset and property management services on some of the projects we’ve developed on behalf of some owners.”

Q: What are you seeing owners interested in today in terms of delivery methods?

A: “Most of the owners we work for have concluded that they’ll yield the most from competitive bidding the primes in the current market. The windfall prices of late have been nothing short of historic. The RFI / change order rates do seem more intense on bid projects. Quality issues are also a greater concern, but these negatives are generally very manageable, especially if the owner has effective personnel in place. The consequences of ultra-low bid prices are, to be sure, a worry. The local construction capacity still evidently exceeds demand, so more contraction is probably needed to get to some form of equilibrium. If this is true, more closures

and bankruptcies are still necessary to balance capacity and demand. Given this, identifying and monitoring the financially weaker members of any construction team is suggested practice. Better that you see it coming and manage the transition than have someone go chapter 7 or 11 at an inopportune moment that hurts everyone downstream of him.”

Q: What is the root cause of inter-operability in the A/E/C industry?

A: “In the construction industry, we have numerous trade contractors, for example, that have limited technology and inter-operability skills. They may be excellent at what they do in the field, but these weak points result in gaps and inefficiencies along the supply chain. The construction industry weathers some very tough local and national economic peaks and troughs. It’s more difficult for the construction industry to deploy fully integrated, inter-operable processes as fast as some of the other advanced industries. Aerospace, automobile and ship building, for example, serve larger national and international markets. They have deeper pockets with which to develop, deploy and maintain inter-operable technologies. In order to fix the problems we need to identify the weak links and impedances and focus aggressively on resolving them. The hyper-competitive marketplace will also tend to self correct this kind of thing. If the less technologically adept frustrate their buyers enough, they will start to lose market share. The loss of market share tends to focus the mind.”

Q: What is your opinion on Integrated Project Delivery (IPD)?

A: “IPD definitely has a place. There has been a lot of buzz about it, but we don’t necessarily buy into all the hoopla. We’re not cheerleaders of any specific approach or process. We focus on the approaches and process that yield successful outcomes. You have to look at each delivery system for its strengths and weaknesses. IPD has unmistakable benefits, to be sure, but traditional project delivery approaches can sometimes do a better job meeting some owners’ expectations. I’m sure some IPD proponents will differ with me on

this. Making good business decisions requires some objective discipline.

Q: What do you think about the industry trending towards more integrated approaches to project delivery?

A: All of the project delivery approaches will become increasingly integrated and interoperable. That’s the obvious trajectory. The recent financial crisis will probably cause long lasting transitions to some kind of “new normal.” The “new normal” will be far more efficient. Waste and inefficiencies will continue to be wrung out of the system. Project delivery approaches that have the effect of reducing competitive pressures will need to demonstrate that they can compete and adjust to these new market realities.”

Q: Where do the problems with constructability originate?

A: “I think many of the constructability issues we see are rooted in the architectural and engineering academic programs. Construction issues are not covered very extensively. To be fair, a lot of constructability issues are tough to convey in a classroom setting. Graduates end up with a limited, cursory knowledge of customary trade practices, field operational and logistical concepts, and so mistakes are made early in their careers.”

Q: Is there a delivery method you find most effective?

A: “Each of the project delivery approaches are more effective at some things, weaker at others. Design-Build does well with predictable, repetitious building types, in my opinion, but gets into trouble when there are complex issues to resolve that are difficult to predict, scope and price at the procurement phase. Design-Bid-Build often yields better project costs and schedules but the owner needs stronger management and oversight personnel to make certain, for example, the design documents are thorough and complete and pre-emptively address critical operational issues. IPD is a good choice when the project is less tolerant of RFIs, change orders and related polemics.”