

Comparison of General Contractor Selection Strategies

Low Bid	Negotiated Contract
Project Suitability	
Field Investigation	
The owner may hire a contractor to do field investigation and/or destructive testing on a fee for service basis. This will not be the contractor who builds the project.	The General Contractor, who will collaborate with the design team and will ultimately perform the work, will do the field investigation and/or destructive testing. Payment for this work is sometimes deferred until commencement of construction.
Construction Cost Estimating	
Construction cost estimating will be provided by the Architect and/or a consulting cost estimator on a fee for service basis. Additionally, one or more potential contractors may provide cost advice on an informal basis. This is not an in depth review the motivation is for these contractors to put an optimistic face on construction costs.	The General Contractor will provide construction cost estimating using their experience with current costs and the advice of select subcontractors. Payment for preconstruction services are often deferred until the start of construction with the understanding that direct costs are reimbursed if the project is abandoned.
Schedule Management	
The Owner must rely on the A&E team and the Project Manager to evaluate construction schedule, logistics and phasing.	The General Contractor is engaged in the project from the earliest stages to evaluate and advise on construction schedule, site logistics and phasing.
Construction Phase	
The General Contractor is entitled to change orders that increase the value of their contract for work that is not included or not clearly defined in the construction documents, whether this results from unforeseen conditions, inadequacy of documents or changes in the project on the part of the owner.	The General Contractor is entitled to change orders that increase the GMP for work that is not included or not clearly defined in the construction documents, whether this results from unforeseen conditions, inadequacy of documents or changes in the project on the part of the owner.
The General Contractor is motivated to seek the maximum change orders for changes to the work or schedule. They are paid this additional amount regardless of whether there are cost savings in the base contract.	While the General Contractor may seek change orders for work not included in the construction documents, in the end, they are only paid for the cost of the work plus their agreed Overhead & Profit
Overall Experience	
While this project delivery approach may result in an apparent lowest cost at time of award, our experience is that there is a high likelihood of exposure to construction change orders and delay.	This project delivery strategy has consistently resulted in effective design solutions, lowest final construction cost and fastest and most reliable schedule. Historically, construction change orders and project delay have been significantly lower with this strategy.