



# Design Build vs. Design-Bid-Build: Understanding the Difference

Are you thinking about starting a new home remodeling project? As a homeowner, you'll have many choices to make regarding your project and your construction partner. Before you begin, it's important to understand the differences between the two most common construction options.



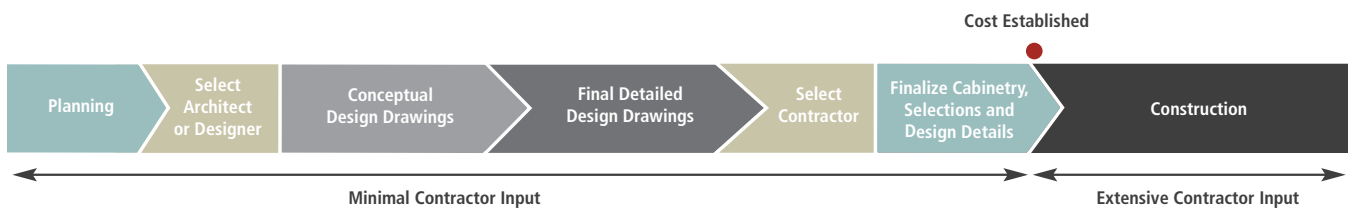
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— DESIGN BUILD —

# What's the Difference?

Understanding how design build vs. design-bid-build contracts work may help you better decide the type of remodeling contractor you need—and to find one whose approach suits both your comfort level and your pocket book. We invite you to sift through the details below to make a thoughtful and informed decision—one that is just right for you.

## Design-Bid-Build

Design-Bid-Build is a traditional process where the homeowner contracts separately with an architect or designer, and then with a remodeling contractor. Most of the remodeling project details are defined in the design phase first. With this approach, the owner makes decisions about almost every detail of the design and building process before soliciting bids. The owner will then solicit and compare fixed-price bids from multiple contractors. The owner usually selects one contractor who enters into an agreement to construct according to the project scope. Once the contract is signed, little input is expected from the owner and change orders are used to account for changes in the project scope.



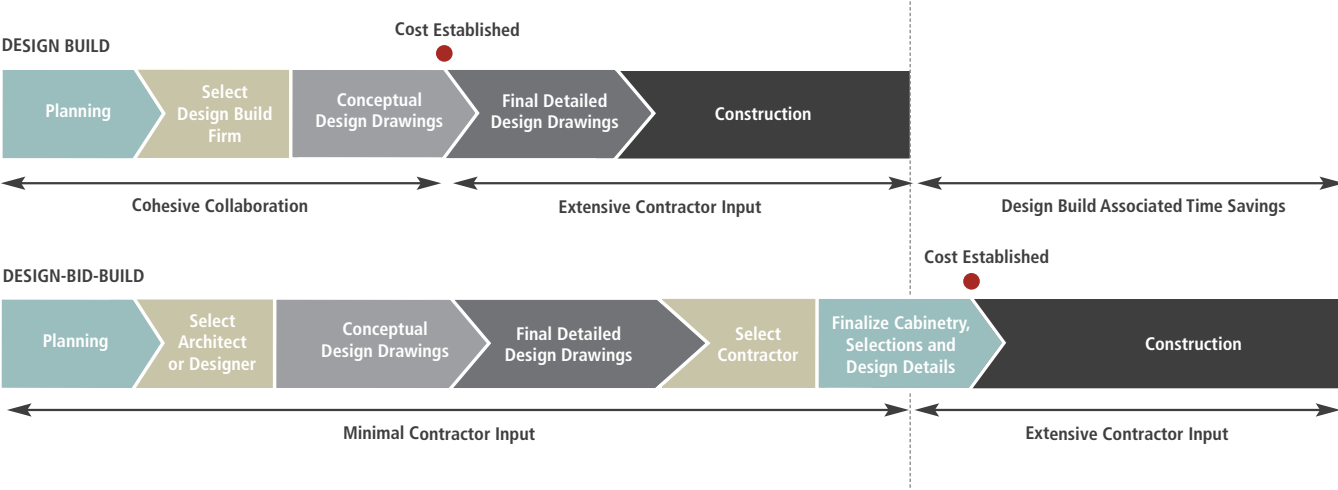




# Design Build

Design-Build is an agreement between the owner and a Design Build firm to perform both design and construction under a single source of accountability. It allows the architect/designer, contractor and homeowner to develop a cohesive project plan from the very beginning. Ideas are shared freely and evaluated in relation to the owner’s budget and timeline.

Rather than the budget being derived from the project’s design, the design is derived as a result of the owner’s budget. The process begins with an initial discovery meeting, where the owner’s needs and existing conditions are documented. A financial commitment, in the form of a Design Agreement, moves the process into a design phase where conceptual floor plan drawings are made, realistic material allowances are determined and a complete cost estimate is provided. It is also at this time that the homeowner has the freedom to explore multiple design options and their associated costs, without having to build architectural plans. Time is taken to go over various options in finishes, cabinetry, appliances, etc. that is worked and reworked until it all fits the homeowner’s budget. Once a final design is chosen, the homeowner enters a construction agreement and detailed construction drawings are developed. Then, a construction schedule is set and the project is managed from start to finish by the design build firm.



# The Fundamental Differences Between Each Approach

## 1

## To Bid or Not to Bid?

### DESIGN-BID-BUILD

The Design-Bid-Build process begins when a homeowner hires an architect and/or multiple designers to finalize details of the construction process without any input from a contractor. This can be a potential issue because a contractor's involvement early in the process helps to contain the project budget.

Once a contractor is chosen, he/she is responsible for building the remodeling project according to the design. Typically, at this time, costs for interior design selections have not been discussed or determined. As such, there is a higher risk of "scope creep," costly design revisions or delays.

### DESIGN BUILD

Design Build firms employ a designer or architect and general contractor in the same entity. So, instead of reviewing multiple bids, the homeowner leverages the expertise of a designer and builder early in the design process. The process begins with an analysis of the home's condition and a conceptual design, from which a pre-estimate determines the project's budget. During this time, the homeowner has the freedom to explore multiple design options and their associated costs without recourse. The homeowner is then presented with detailed design drawings that result in a comprehensive cost estimate of the proposed construction project.

This eliminates the time that would be spent soliciting and reviewing bids from multiple contractors. It also prevents you from selecting less qualified contractors to meet unrealistic budget constraints, if a project is "over designed."

#### Which do you prefer?

- Bid solicitations
- Carefully constructed project budget

# The Fundamental Differences Between Each Approach

## 2 One vs. Multiple Contracts

### DESIGN-BID-BUILD

In the traditional design-bid-build method, contracts between the interior designer, architect, kitchen designer, bathroom designer, engineer and remodeling contractor are all separate. So the owner has greater liability for anything that goes wrong and there is no clear definition of responsibility. This leaves open the possibility for finger-pointing and conflicts between designers and contractors. These disputes also have the potential to cost the homeowner a lot of time and money to resolve, not to mention the added stress.



### DESIGN BUILD

In the design-build process, there is one point of accountability with one entity (the design build firm). The firm is responsible for the entire project, from concept through completion. Therefore, they assume liability if any problems occur, eliminating owner risk for design and construction issues. In addition, design build firms combine the talents of both designers and contractors. They understand the material and labor costs that go into a remodel, and take these costs into consideration when they design a scope of work that fits within an agreed upon budget range. As a result, they can provide you with a comprehensive cost analysis of your project before construction begins.

#### Which do you prefer?

- Multiple Contracts
- Single Contract

# The Fundamental Differences Between Each Approach

## 3 Cost Control

### DESIGN-BID-BUILD

Often architects and designers do not have access to construction costs. They have to rely on contractors to provide this information after the project is designed. Consequently, changes to the design are often required to meet project budgets. Because the design and build process is finalized before construction costs are determined, project delays can occur if construction documents must be modified, or if new materials have to be specified.



### DESIGN BUILD

In the design-build process, the remodel project is developed around the budget from the beginning. Ideas are presented and evaluated in parallel with other work, taking into account all elements of the project, to help eliminate surprises during the build phase. Although this method does not make use of competitive bidding, it does offer an early understanding of project costs, creating more opportunity for the owner to make decisions at each stage. In addition, design-builders have access to most recent construction costs, so designs are value engineered with the most cost-effective materials and methods.

#### Which do you prefer?

- Budget derived as a result of design
- Design derived as a result of budget



# The Fundamental Differences Between Each Approach

## 4 On-Time Project Delivery

### DESIGN-BID-BUILD

Because design and construction processes are not integrated in the Design-Bid-Build process, project completion may take longer from start to finish. Each phase is implemented separately and cannot start until the previous phase has been completed, so one setback can easily create a domino effect that causes the project to fall behind schedule.



### DESIGN BUILD

Design build firms understand project timing and scheduling. They are familiar with permits, lead times and scheduling requirements. They also have relationships with suppliers and vendors that they factor into the design process. All of this adds up to better timing and budgeting for the remodeling project. In addition, the process is streamlined. Construction and design services overlap, instead of waiting for one phase to end before another begins. This results in a faster delivery while allowing the owner to make any last-minute changes before the design is finalized.

#### Which do you prefer?

- Internal processes that control timelines
- Separate processes that require careful coordination

# The Fundamental Differences Between Each Approach

## 5 Project Management

### DESIGN-BID-BUILD

With this method, the owner has to solicit services for design and construction separately. As a result, the designer/architect and remodeling contractor have no connection with each other until the work begins. The owner is responsible for serving as a project manager between phases, and also as a mediator for any design and construction issues that may occur. This allows the potential for finger pointing between those involved if something goes wrong or project details haven't been clearly defined.

### DESIGN BUILD

Throughout the design-build process, the homeowner has a single point of contact regarding changes, questions or concerns. A dedicated project manager is assigned to the homeowner who not only ensures consistency throughout the project, but acts as a mediator on the owner's behalf. This ensures design or construction issues are handled between the designer, contractor or subs and do not get in the way of meeting a scheduled completion date.



#### Which do you prefer?

- Issue Resolution Agent is Homeowner
- Issue Resolution Agent is Project Manager



# Select the Right Process for You

What Is Important to You?	Design-Bid-Build	Design Build
Competitive Bid Solicitation	X	
Single Source of Accountability		X
Budget Derived as a Result of Design	X	
Design Derived as a Result of Budget		X
Owner Controls Design & Construction / Assumes Risk	X	
Owner Risk Is Controlled		X
Controlled Timeline / Reliable Project Schedule		X
Unpredictable Timeline	X	
Input from Contractor Before Construction		X
Input from Contractor During Construction	X	
Importance Placed on On-Time Delivery		X
Importance Placed on Cost	X	
Construction Costs Established During Design		X
Construction Costs Are Fixed at Contract Award	X	
Issue Resolution Agent is Homeowner	X	
Issue Resolution Agent is Project Manager		X
Multiple Points of Contact	X	
One Point of Contact		X
Emphasis on Tight Quality Control		X
Emphasis on Low Bid Cost	X	

# What Did You Decide?

Now that you've had some time to decide what is important to you, we encourage you to use the checklist on the previous page to choose a process that is right for you.

Your next remodeling project doesn't have to be stressful or overwhelming. And you don't have to do it alone. Our hope is that, after tallying up your preferences, you came to the conclusion that working with a design build firm provides exactly the kind of remodeling experience you are looking for—Working with *one team with one goal, to design and build a home you'll love.*

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