

The Go/No-Go Decision: From a Risk Management Perspective

Contributed by Victor O. Schinnerer & Company Inc.

Revised December 2006

The AIA collects and disseminates Best Practices as a service to AIA members without endorsement or recommendation. Appropriate use of the information provided is the responsibility of the reader.

SUMMARY

Wise clients conduct due diligence on a design firm before opting to partner with them. Likewise, savvy architecture firms closely evaluate the pros and cons of a proposed design-build project before accepting the job. An appraisal of a project's purpose, scope, reception by members of the public, and an understanding of a project's political and financial underpinnings are just a few details that can help identify whether or not a project is worth pursuing.

LOOK BEFORE YOU LEAP

The prospect of a new project is often occasion for excitement and enthusiasm. But not all projects turn out well, often for reasons beyond the architect's control. Interestingly, many of those reasons are apparent from the beginning. An objective, critical evaluation of each prospective project may help you increase the odds of choosing successful projects or improve the likelihood of success through advance discussion, negotiation, and agreement. The following questions, while not intended to be exhaustive, may help you develop a critical framework:

- Are the design and construction budgets realistic?
- Are the deadlines realistic? Are they flexible?
- Will the construction be fast-tracked?
- What is the condition of the local economy?
- Which laws, rules, and regulations could have an impact on the project?
- What is the attitude of the government and local community about this project?
- Is this a design-build project?
- Is it reasonable to expect a profit from this job?
- Is this project being competitively bid? (Projects that are bid lead to more litigation than negotiated contracts.)
- Is this a joint venture?

- Is this a school, hospital, or condominium project? (These project types generate more litigation than others.)
- If this is a public project, has funding been approved?
- Do you understand the necessary scope of services for the project?
- Do you have the time to do this project well?
- Do you have the design experience?
- Will there be unusual sub-consultants or services to coordinate?
- Will the compensation for your services be adequate?

Questions for evaluating a design-build project

- Did the client describe the project requirements, specify performance criteria, produce a detailed scope of work, and write terms of reference?
- Does the Request for Proposal (RFP) indicate a knowledgeable client? If not, is there an advocate consultant?
- Did the client pre-qualify a list of contractors?
- Does the contractor have a good track record on similar projects?
- Does the contractor have the financial capability for the project?
- For public projects, is strong political support and funding in place?
- For private projects, can the client afford to complete the project? Are there any environmental problems or political opposition?

SCHEDULING

A realistic schedule will take into account possible sources of delay, including delays caused by client approval or building code officials. A conservative approach is best.

Review client requirements carefully. If the client insists on project completion as soon as possible, do not shorten your normal schedule. The greater the pressure, the more prone you will be to errors and omissions.

Adapted with permission from Schinnerer's Practice Management Guide.

Establish a database of past jobs that records the scope of work, the actual number of hours to complete each phase, and the actual project schedule in calendar days. The information may help identify activities associated with typical delays and the parties responsible for delays.

RESOURCES

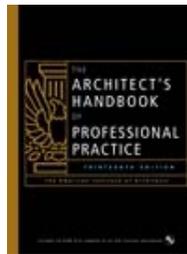
More Best Practices

The following AIA Best Practices provide additional information related to this topic

- 05.01.01 Evaluating Prospective Clients
- 05.02.08 Finding Leads
- 05.02.07 Marketing Intelligence

For More Information on This Topic

See "Seeking the Project" by Howard J. Wolff, *The Architect's Handbook of Professional Practice*, 13th edition, Chapter 7, page 155.



See also the 14th edition of the *Handbook*, which can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by email at bookstore@aia.org.



Feedback

The AIA welcomes member feedback on Best Practice articles. To provide feedback on this article, please contact: bestpractices@aia.org.

Keywords

- Practice
- Marketing



Two Wisconsin Circle
Chevy Chase, MD 20815-7022
(301) 951-9746
www.planetAEC.com

This Best Practice is a contribution of Victor O. Schinnerer & Company, program administrators of the AIA Commended Professional Liability Insurance Program.