

Definition of Construction Management at-Risk:

CM at-risk (CMAR) is a delivery method which entails a commitment by the construction manager to deliver the project within a Guaranteed Maximum Price (GMP), in most cases. The construction manager acts as consultant to the owner in the development and design phases, (often referred to as "Preconstruction Services"), but as the equivalent of a general contractor during the construction phase. When a construction manager is bound to a GMP, the most fundamental character of the relationship is changed. In addition to acting in the owner's interest, the construction manager must manage and control construction costs to not exceed the GMP, which would be a financial hit to the CM Company.

Before design of a project is completed (6 months to 1½ years of coordination between Designer and Owner), the CM is involved with estimating the cost of constructing a project based on the goals of the Designer and Owner (design concept) and the overall scope of the project. In balancing the costs, schedule, quality and scope of the project, decisions can be made to modify the design concept instead of having to spend a considerable amount of time, effort and money re-designing and/or modifying completed construction documents

The Construction management at-risk (CMAR) delivery method is an alternative procurement process similar to long-standing private sector construction contracting. CM at-risk is a cost effective and time conscious alternative to the traditional design-bid-build process.

Advantages of Construction Management at-Risk:

Construction management at-risk is a process that allows the client of a project to choose the CM before the design stage is complete. The CM is chosen based on qualifications, and then the entire operation is centralized under a single contract. The architect and CM work together in order to cultivate and assay the design. Then, the CM gives the client a guaranteed maximum price, and coordinates all subcontract work. The A/E is hired separately from the CM at-risk and the traditional client – A/E relationship is maintained. However, A/E's can generally perform the CM role, with various restrictions imposed based on state. Proponents have cited many advantages to construction management at-risk over traditional methods of procurement. These advantages are:

- Increases the speed of the project and can also strengthen coordination between the architect/engineer and the construction manager.
- The client hires the construction manager based on qualifications, thus better ensuring a construction manager with a strong allegiance to the client, because their business relies on references and repeat work.
- Construction managers, architects/engineers, and the client all collaborate. This creates enhanced synergies throughout the process.
- Transparency is enhanced, because all costs and fees are in the open, which diminishes adversarial relationships between components working on the project, while at the same time eliminating bid shopping.