

# Development

## Key considerations for hiring the right commercial developer and design/builder

By RYAN REGINA



In today's turbulent economy, any organization looking to start a new construction project faces certain challenges. Choosing the right commercial developer and design/builder using criteria based on individualized, industry-specific needs can make the difference between a successful project and a bona fide disaster.

With the glut of service providers floundering in this space and willing to cut deals, it's imperative to take even a few fundamental considerations into account before signing on the dotted line.

A commercial construction project usually involves one overriding factor above all others: the bottom line. While certainly a critical factor in the decision-making process, budget shouldn't be the only one. When cost alone is the primary focus of a project, serious repercussions are likely to follow: poor service, time delays, hidden costs, change orders and non-existent follow-up, to name just a few.

When vetting commercial developers and design/builders, it's important to consider each and every aspect of the project "life cycle," from the company's own vision to the post-project completion period. Here are a few key life cycle-based hiring considerations:

### Budget:

Understanding precisely how financial limitations will impact the related financing process at large is far easier when partnering with an organization knowledgeable about commercial construction finance that can walk the customer through each and every step. While most developers and design/builders will simply refer their customers to a bank or other lenders for financial advice, it's best to seek a higher-caliber, full-service firm that provides in-house financial planning consultation.

### Service scope:

The commercial developer and design/builder industry is fragmented, and there is little service standardization. The majority of companies offer only a portion of services required in the entire project life cycle and don't provide the comprehensive oversight that allows clients to disengage from the construction project and maintain focus on their other business development and growth initiatives. It's optimal to retain a commercial developer and design/builder with a full solution, end-to-end project management approach, which offers the benefit of single contact-point project control and accountability.

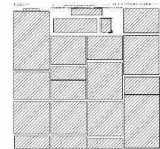
### Image:

If the proposed project is out of reach due to image reasons, a reputable developer and design/build organization should be willing and able to help resolve. This may involve the need to table the project for as long as necessary and assist the organization in corrective measures, such as an image change. Presenting lenders with the right image as a borrower can be facilitated by an experienced developer and design/builder that provides financing procurement as a service.

Additionally, appearance is everything with local and regional authorities that can also impact a project. To best ensure necessary municipal approvals are granted, hire a developer and design/builder that can position and project your image in a way that's accurate and a benefit to the community.

### Industry experience:

Whether a medical office, a church, an office park or any type of commercial property, each type of business has specific needs that not all developers and design/builders are prepared to meet. It is



essential to hire a company with the ability, experience and expertise necessary to plan and execute the project so that it meets both the vision of the client and realistic financial restraints. Companies that are suited for a given project will not only have the technical expertise to build a new facility to the desired specifications, but will also have the client's best interests in mind throughout the entire process.

### **Development:**

Many times, organizations attempt to serve as project developer, only to learn it takes a specialized skill set and years of developer experience to do the job effectively. While development is viewed as exciting and challenging, it's usually underestimated from a time and experience perspective. When developing in the commercial realm, it's important to hire a firm that has a demonstrated track record of working in partnership with high-caliber architects, engineers and subcontractors with synergistic philosophies to deliver a high-quality product.

### **Land/property acquisition:**

The most critical step to a successful land acquisition is a properly structured agreement. While this may sound elementary, all too often organizations forego consultation and enter into a land agreement that doesn't provide them the protection they need when faced with unforeseen circumstances. This can include land that ultimately doesn't meet their needs; more time is required to complete governing approvals; or, worse, the project fails altogether. Ensure the developer and design/build firm you hire has direct experience formulating land agreement documentation, and be sure to cover a variety of "what if" scenarios as the paperwork is being prepared.

### **Architecture:**

The architecture aspect of a project can make or break the budget if clarity isn't achieved in the organizational phase. Problems arise when organizations circumvent organizational and financial assessments and go right to the architect, which can lead to multiple plan changes throughout the design phase or a floor plan that doesn't meet organizational needs.

A qualified developer and design/builder will work very closely with the architect, along with professional subcontractors who will be performing the work, to ensure project parameters are crystal clear and maximize the chance of the project being completed to spec, on time and on budget.

### **Engineering:**

A veteran developer and design/builder will partner with an engineering firm based on three criteria. The first is an exceptional relationship with town, borough or city personnel to better ensure required township approvals are secured. The second is firm size. Usually, the bigger the firm, the higher the cost and longer the work turnaround time. While this isn't true with all large firms, it does happen more often than not. Third, an engineering firm must have an in-depth understanding of state, county and local agency requirements. A well-rounded engineer understands the black, the white and the grey of a project's interpretation.

### **Legal:**

Hiring legal help is very similar to engineering with respect to relationships and understanding requirements of state, county and local agencies, including laws and ordinances. Legal counsel that knows the players within a particular township can make a project much less turbulent. It's also important that legal representatives have adequate experience in land-use law, as the right counsel will know when a governing body is operating outside its jurisdiction. As a course of business, a full-service commercial developer and design/builder will identify and manage such legal aspects of a project to readily work through the red tape.

### **Construction:**

Once the design, development and other front-end aspects of a project are approved, it's time to build. Having a developer and design/builder on board from the vision stage through project completion means you don't have to go through the bid process yet again when it's time to break ground. As goes without saying, the development and design/build firm you hire should have extensive experience serving as project manager and general contractor for commercial construction projects of similar size, scale, scope and complexity – optically in the same industry. Be sure to take on-site tours of buildings – both old and new – the company has helped design, develop and build, as you'll want to ensure the buildings stand the test of time.

### **Client service:**

Development and design/build companies, like any other organization, operate for profit. The most desirable of these, however, are aware that their own success hinges upon that of their clients. Be sure to assess a firm beyond photographs in a project portfolio. Look for a company that has

verifiable examples of how it provided solutions when unexpected problems arose. Experienced firms will have a well-honed protocol to minimize surprises and to keep a client duly informed.

Much is also said about providing outstanding client service throughout the course of a project, but what about after final payment has been rendered and a project is complete? Will the level of service change? It's important to thoroughly interview past clients of the development and design/build firm under consideration, and to specifically ask about post-project interactions. Stellar referrals in this regard will speak volumes about a company's integrity and character.

Use this project life cycle-based checklist when hiring a commercial developer and design/build, and you'll be well on your way to a successful outcome that not only meets, but may very well exceed, expectations.

*Ryan Regina is the co-founder and owner of BIG SKY Enterprises, a commercial real estate developer, design/build and finance firm in Voorhees, NJ. ❖*