

Pinnell/Busch Partners with Stenstrom Group for Primavera® Products

We are pleased to announce our joint venture marketing agreement with the Stenstrom Group, Inc. of Olympia, WA, the Primavera Authorized Representative (PAR) for the Northwestern states. The joint venture combines the expertise of both firms to support our Oregon clients' software needs.

For over 25 years, Pinnell/Busch has consulted for public works and facility managers, and the Contractors who build their projects. We have developed and marketed critical path scheduling software and services since 1979. We have created Capital Improvement Program (CIP) procedures and systems for the U.S. Army Corps of Engineers; Washington Department of Corrections; King County, WA; Alameda County, CA; City of Salem, OR; Tektronix; and others.

Need Help?

Learning and integrating software into your business or agency can be overwhelming. We can make it easier.

We have the expertise to assist with software implementation, and can provide certified Primavera Project Planner (P3), Primavera Enterprise (P3e & P3e/c), and Expedition trainers to enable optimal use of these tools. For details, contact Steve Pinnell at (503) 293-6280 or email Blake Marchand, our Lead Scheduler and Manager of Software Support Services, at blake@pinnellbusch.com.

Primavera® Users Group Meeting in Portland

If you would like to share tips and learn techniques, please join us at the Portland Primavera Users Group meeting on December 8th at 5:30 p.m. in the Pinnell/Busch offices: 6420 SW Macadam, Suite 330, Portland. Whatever your skill level, users of SureTrak, P3, Expedition or Enterprise Project Management are invited to attend. Pizza and refreshments will be provided. RSVP to Blake Marchand.

Welcome Back

Pinnell/Busch is resuming publication of *The Project Manager*, our popular newsletter for the design and construction industry. *The Project Manager* features news about Pinnell/Busch and in-depth articles on topics of interest to both Owners and Contractors.

Project News

Owner's Representative and CM Services: John Costello is providing Owner's Representative services to Schwabe, Williamson & Wyatt and Coos County on their 60-mile gas pipeline project. Sam Grubb is working with Oregon DEQ and Ecology & Environment, Inc. to complete an in-water sediment cap on the McCormick & Baxter superfund site. Greg Mockford is working on remediation of water damage to the Marriott Fairfield Inn in Portland, a three-story, 106-unit hotel.

Claims Preparation and Defense: Cases have included a \$70 million high school in California, loft condominiums in Portland's Pearl District, an aquatic center at a Revolutionary War site in New Jersey, a wind farm in Wyoming, a mausoleum, a \$100 million soup kitchen and a jail in New Mexico.

Schedule Preparation for Contractors and Schedule Review for Owners: Blake Marchand's recent projects include a multi-phase high school renovation, a wastewater treatment plant, an airport runway, a Navy pier, and a dam spillway retrofit.

Construction Defects: John Costello and Greg Mockford have completed over 100 construction defect cases in the past two years.

Partnering: Sam Grubb's recent partnering clients have included the City of Portland, the Oregon Department of Transportation, the U.S. Army Corps of Engineers, and their Contractor partners.

Arbitration: Steve Pinnell is serving as the panel chair with two attorneys on a \$20 million dispute in Nevada.

Training: Steve Pinnell, Greg Mockford and Sam Grubb have been teaching seminars and workshops in Oregon, Washington, California and Idaho.

Schedule Review

For Construction Project Owners

Tricks, Traps, and Ploys in Scheduling Claims

Project schedules often go awry. What begins with a realistic plan can quickly snowball into a major dispute. Below are a number of tips to minimize delays and scheduling claims.

Critical Path Schedule

Most project Owners require a CPM (critical path) schedule on large, complex or risky projects. The CPM schedule assures the Owner that the Contractor has a viable plan to complete the project on time. It enables you to track progress to quickly identify delays, provides a blueprint for recovery of lost time, and protects against unwarranted delay and impact claims.

Specifications

Your first step is a well-written specification, which should require the following:

- ◆ Submittal of electronic schedule files
- ◆ Joint schedule review by the Owner's representative, and the Contractor's scheduler and superintendent
- ◆ Monthly schedule updates with narrative reports
- ◆ Daily field reports from the Contractor's superintendent and all subcontractors
- ◆ Recovery schedules if work falls behind
- ◆ Time impact analyses to justify time extension requests
- ◆ Partial withholding of progress payments for failure to comply

Software Tricks and Traps

By utilizing little-known features of Primavera P3 or Microsoft Project, Contractors can distort the schedule to hide delays or fabricate a claim. More often, CPM concepts or software features are not fully understood, inadvertently creating an inaccurate schedule. You need to know how to recognize these electronic ploys, or bring in professional assistance to find hidden traps.

Action if Delayed

Despite everyone's best efforts, projects can still experience unforeseen delays. If the delay is the responsibility of the Contractor, Owners should require a recovery schedule. If the Owner causes the delay, insist on a prompt, detailed, joint review of the problem. First, try to re-sequence operations to avoid a delay. If necessary, compare the acceleration cost to the delay cost and choose the optimum solution. Also, take special care when preparing global settlements.

Defense of Scheduling Claims

When a scheduling dispute arises, insist on a detailed time impact analysis, including a comparison of as-planned with as-built. For weather delays, require a comparison to NOAA records. Require submission of all supporting documents (daily reports, timecards, etc.), and a narrative that explains entitlement and how the events or actions by the Owner caused the delays and subsequent costs. To discourage fraud, require certification of all claims.

Through a proactive approach, you can maintain control of your project schedule and adapt to changes without excessive costs. Please contact our office for assistance in reviewing a Contractor's schedule or improving your own schedule tracking process.

Recordkeeping

Independent recordkeeping by the Owner is essential to minimize exposure to claims. Records should carefully detail daily work performance, crew size, impacts or delays, etc. Take photographs daily and document agreements.

Tips to Avoid Traps

Below are a few tips from our Schedule Review Checklist for project Owners:

- ◆ **Out-Of-Sequence Logic:** Use the 'Retained Logic' option instead of 'Progress Override' to avoid invalid progress and delays.
- ◆ **Excessive Lag:** Lags greater than one week need to be verified and possibly changed to a separate activity.
- ◆ **Incorrect Actual Dates:** Verify the actual dates. Wrong dates can be used to hide delays or set up for a claim.
- ◆ **Multiple Calendars:** When analyzing the critical path, unexplained variations in float may be due to multiple calendars.
- ◆ **Erroneous Constraints:** Check if constraints are invalid or used incorrectly. Constraints can unnecessarily delay the start of critical activities, falsely create another critical path, or cause negative float. Do not use Mandatory Start and Finish constraints, or the 'Zero Total Float' constraint.
- ◆ **Auto-Cost Rules:** Select the 'Link Remaining Duration and Schedule Percent Complete' option. If you don't, separate updating is required that could result in error if one is overlooked.
- ◆ **Scheduling Report:** Run P3's Scheduling Report to review constraints, open-ended activities, out-of-sequence logic, and statistics.
- ◆ **Check The Data Date:** Verify that the report Data Date is correct for the current status.

Bottom Line ManagementSM

Tips for Contractors

Case Study: A Strategic Claim Analysis

Pinnell/Busch was recently contacted by a 2nd tier subcontractor to help prepare a claim. They were experiencing significant delays and cost overruns on an out-of-state project and needed expert guidance to ensure a fair settlement.

What we discovered was typical of many disputes. The Contractor needed to receive payment for changes while preserving the business relationship. The key was improving communication and working relationships.

Improve Terminology

First, we suggested changing terminology. Rather than submitting a 'claim,' we recommended presenting it as a 'Change Order Request.' This would utilize the contract's 'Changes' instead of 'Disputes' clause, setting a more positive tone.

Give Timely Notice

Be certain to give notice within the time specified in the contract. Otherwise, you may be denied recovery in some states and will have more difficulty collecting in any case.

Know Your Contract

To protect their contract rights, subcontractors must obtain and review a copy of the prime contract. Detailed within the prime contract are the provisions for presenting claims to the Owner. Without a copy, subs are often unaware of the "flow down" provisions, and claims can be denied for untimely submittal.

Facilitate Communication

Next, we discussed the benefits of pro-actively communicating with the 1st tier sub and General Contractor. We recommended informal discussions about the pending request to ensure timely notice and clearly communicate the expectation of prompt, fair payment. A 'heads up'

would avoid the appearance of a surprise attack.

Calculate Lost Productivity

Quantifying the amount of the change order request was the final task. Computing delay damages was straightforward. Calculating loss of productivity (inefficiency), however, was difficult, as productivity cannot be recorded separately from bid work.

Use The Measured Mile

The most common method, a 'Modified Total Cost Claim,' is often contested and acceptable only if no other way to prove the loss is possible. We recommended a better approach – the 'Measured Mile.' The Contractor would measure the productivity under both impacted and un-impacted conditions, then claim the difference.

Measure Weekly Production

The Measured Mile requires Contractors to record weekly production rates, which few Contractors record. To use it: (1) estimate hours by cost code; (2) record labor hours against cost codes with enough detail to differentiate between impacted and un-impacted work (by floor number, sector, or when impacted); and (3) record quantities of work completed each week.

Control Costs

The importance of ongoing cost control was also discussed. Even without the need to prove lost productivity, Contractors should determine their productivity weekly in order to take corrective action if over budget. This is the only effective way to control costs; otherwise a Contractor will not know where they are cost-wise until work items are complete. This had been a factor in untimely notice of change and losses on previous projects.

In the above consultation, a request for help preparing a claim led to some ideas for far-reaching improvements to the Contractor's processes. Applying these lessons to your business could aid in improving your bottom line.

Bottom Line ManagementSM For Long-Term Profitability

Although this case study reflects specific, separate tasks, we recommend that Contractors adopt our 'Bottom Line Management' approach. Instead of seeking higher volume or short-term savings, this approach focuses on satisfying the customer, investing in your people, and developing systems and procedures for long-term profitability.

Key features include:

- ♦ Knowing your market
- ♦ Knowing your competition
- ♦ Knowing your assets
- ♦ Determining your needs
- ♦ Prioritizing your needs
- ♦ Investing in the future

Profile in Excellence Award

Pinnell/Busch recently received a "Profile in Excellence" Award from the *Portland Daily Journal of Commerce*. The award recognizes local employers who excel at creating rewarding workplace environments.

The judges highlighted Pinnell/Busch's innovative incentive and development programs.



Employees receive generous compensation and annual profit sharing. Flexible work schedules and professional training supplement full health benefits. Management hosts seasonal events and after hours get-togethers, and provides access to a riverfront cottage in Bend, all cultivating camaraderie and lasting relationships among employees.

The results are obvious to Pinnell/Busch's clients. High caliber deliverables are provided and projects stay on budget. "Pinnell/Busch is talented and totally professional. It would be my pleasure to work with them anytime." – Jeanne Staton, President, Staton Companies and past President of AGC – Oregon.

Who We Are

Experience, knowledge, and expertise – the Pinnell/Busch team exhibits the highest level of excellence in the design and construction industry.

- Steve Pinnell – President
- John Costello – Vice President
- Sam Grubb – Senior Consultant
- Greg Mockford – Senior Project Manager
- Blake Marchand – Lead Scheduler/Manager of Software Support Services
- Terry Pinnell – Human Resources Consultant
- Jennifer Thorne – Office/Accounting Manager
- Cathy Hastie – Assistant Project Manager/Scheduler
- Patrick Melvin – Information Technology Specialist

Our sub-consultants are an integral part of our team and provide special expertise and additional resources to meet our client needs. A partial list includes Butch Henry, C.J. Hu, Gary Anderson, Ralph Hochendoner, Tom and Marsha Brascher, and Don DeGroot.

Help Wanted

Pinnell/Busch is seeking a Construction Scheduler with extensive experience in P3e or P3e/c, and a Construction Project Manager with claims experience. E-mail a cover letter and resume to Terry Pinnell at terry@pinnellbusch.com.

THE PROJECT MANAGER™

A Publication of **Pinnell♦Busch, Inc.**,
Project Management Consultants to the
Design & Construction Industry

HIGHLIGHTS: Our Joint Venture Agreement to Provide Primavera Products, Profile in Excellence Award, Scheduling Tricks and Traps for Project Owners, and a Strategic Approach to Dispute Resolution for Contractors

LET US KNOW: Call, write or fax this page to us if you're interested in more information on our services. And, tell us what subjects you would like to see or who else would like to receive a copy.

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