



# CONSTRUCTION MANAGER AT RISK

Construction Manager at Risk or CMAR is a delivery method in which the Construction Manager guarantees to deliver a completed project within a Guaranteed Maximum Price (GMP) based on construction documents and specifications at the time of the project.

During the construction process, the CMAR acts as a consultant to the owner throughout all phases of the project—design, development, and construction. The CMAR may also provide some actual construction services, depending on the availability of the contractors involved. Any construction costs that exceed the GMP of the project become the financial liability of the CMAR, so he acts in both his and the owner's best interest by controlling construction costs.

## **Benefits of CMAR:**

The CMAR method has several benefits to the owner, including decreased cost, decreased risk and having a project manager working in your interest.

The cost of the project is controlled from the start. Because the project begins with the hiring of a CMAR, the budget is established in the beginning. The risk then falls on the CMAR due to allowances and contingencies being built into the GMP. The CMAR then works as the owner's advocate during the entire process to keep the project on schedule and within budget, so there is no burden on the owner. Another benefit is that the CMAR gives the GMP prior to the bid, he does not have to select the low bid, which can lead to a higher quality process and lower long term costs.

## **Potential Issues:**

Many of the same issues that arise in the design-bid-build method ([link to previous blog post](#)) can arise in the CMAR process if a negative relationship between the CMAR and the architect exists. By hiring the CMAR in the beginning and allowing them to help select the architect, that risk is minimized.

In the Construction Manager at Risk delivery method, just as in any other delivery method, there could be change orders. One misunderstanding is that the GMP will not be exceeded due to change orders that arise from inaccurate construction drawings. The GMP is based on the specifications at the time of the GMP. Any major changes that are in scope will result in a change order, which increased the GMP. In order to minimize this risk, the documents should be required to be 100% complete prior to receiving the GMP.

If you have a large project with many phases and technical complexity, the Construction Manager at Risk may be an efficient delivery method.

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