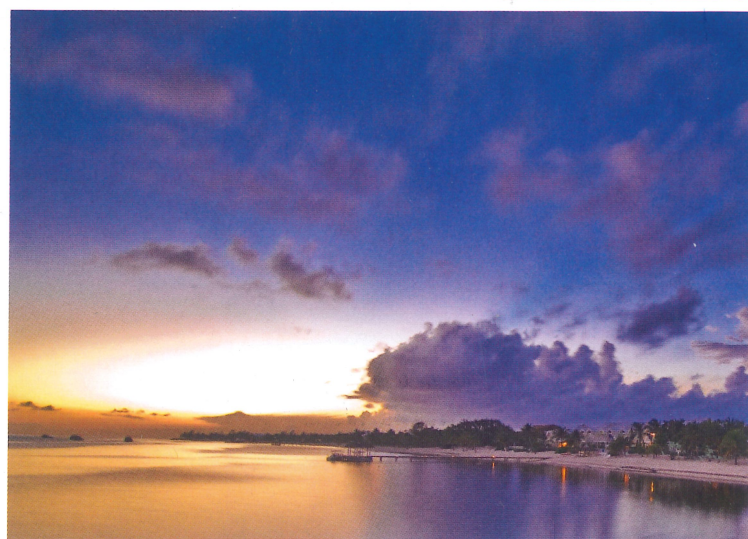


CAYMAN

# RESIDENT



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There are several general models of how construction contracts are structured and there are good reasons to recommend one over another in particular situations.

### Design/Build

A general contractor with in-house or subcontracted design expertise (design-builder) can often offer a streamlined package which is attractive to busy people not wanting hands-on involvement in the process beyond initial design and material selection. This 'one-stop' approach to a contract is typically a fixed price attached to a material specification and set of design documents. The main advantages of this approach are: (1) convenience (2) guarantee of final cost and (3) minimum risk for the owner. Some disadvantages may be: (1) loss of some flexibility during the process (2) the added cost of the convenience factor and (3) no independent control of quality.

### Construction Management

In this scenario a 'construction manager' (typically a quantity surveyor) will offer a fixed cost to manage the entire process either from the outset or based on a set of construction documents and specifications (prepared independently). The construction manager is functioning in the role of general contractor yet employed by the owner. The advantages of this form of contract are typically: (1) flexibility during construction (2) market competition in sub-trade contracts and (3) cost control flexibility. Some disadvantages of this approach are: (1) risk for sub-trades is assumed by the owner (rather than the construction manager) and (2) loss of market competition in contractor cost (fixed fee for supervision). This is typically an excellent strategy where a project needs to be rushed (or fast-tracked in industry jargon) and there is insufficient time to prepare detailed, coordinated documents for bid. Another good reason might be if there is likely to be a lot of changes during the design-construction process. Since the construction manager

works for the owner on a fixed management fee, they are typically not profiting from changes in the work or work sequence.

### Design/Bid/Build

This is the traditional method of procurement where an owner works with an architectural designer and related professionals to produce detailed drawings and specifications (often with cost reports). General contractors are invited to offer competitive tenders based on a detailed estimate of the documents within a fixed tender period. This approach has the primary advantage of cost competitiveness and a detailed set of documents will be the best guarantee of maintaining cost control during the process. Some disadvantages of this approach may be: (1) significant time is required for detailed document preparation and the tender period and (2) document errors or revisions to the contract may result in some loss of cost control since changes could be costly.

The Design-Build project has the

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