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SOLID SAVINGS:

Builders learn to cut costs without cutting corners.

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EDITOR'S NOTE: The Kansas City Business Journal is redirecting the Growth Strategies section to help companies and entrepreneurs navigate the toughest economy. Survival Strategies will explore how businesses approach the downturn, from simply holding steady to capitalizing on weakened competition to positioning themselves for better days ahead.

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New framework

Builders adapt by cutting costs but not corners

BY ROB ROBERTS | STAFF WRITER

Businesses wanting to build during the recession must decide which is more prudent: holding off or taking advantage of reduced material and labor costs.

Kirk Horner, a vice president of Hollis + Miller Architects in Overland Park, said the cost of construction has come down 15 percent to 20 percent. And if that's not enough, companies can find plenty of ways to cut costs further without cutting corners, said local architects, engineers and general contractors.

They have shared a number of these cost-cutting methods in the hopes of talking would-be clients off the bubble.

But first, a cautionary note from Craig Walter, director of business development for Rothwell Construction in Blue Springs: Don't be fooled by low-ball bids.

Contractors will bid below cost, he said, and then trump up errors and omissions in the construction documents.

"Once they get started on the project, they begin hitting the architect or client with 'change orders' to make up lost ground," he said. "We believe, come fall of this year, you're going to see many of these contractors folding, leaving subcontractors unpaid and the bonding companies holding the bag."

VALUE ENGINEERING

Hoffman Cortes Contracting Co. in Kansas City takes the opposite approach, using "value engineering" to cut costs after it has secured jobs, said Scott Moffitt, a senior vice president.

"Value engineering means reviewing a project for potential savings without cutting back on aesthetics or quality," he said. "Lots of times, and especially right now, it can mean the

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DAVE KALP | KCBJ

Scott Moffitt, a senior vice president and director of operations at Hoffman Cortes Contracting Co., says the company followed a "more with less" philosophy when renovating the century-old, five-story warehouse at 1009 W. Eighth St. in the West Bottoms for Faultless Starch/Bon Ami Co.'s headquarters. The company used 26 smaller HVAC units instead of two huge units on the suggestion of a subcontractor.



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BUILDERS: Ideas can keep jobs alive

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difference between a job that moves forward or is dead in the water."

Take the century-old, five-story warehouse at 1009 W. Eighth St. in the West Bottoms that Hoffman Cortes was hired to transform into Faultless Starch/Bon Ami Co.'s corporate headquarters last year.

Hoffman Cortes was the initial low bidder last year at just more than \$5 million. But Faultless officials said they couldn't make that work, Moffitt said, so Hoffman Cortes led a value-engineering effort that carved out more than \$400,000.

The project's status as a historic preservation limited areas for achieving significant savings. But the contractor zeroed in on the mechanical and electrical systems and invited a number of subcontractors in those trades to offer ideas.

Most of the savings came from a mechanical subcontractor's idea to change a design that called for two large rooftop HVAC units. Instead, Hoffman Cortes went with the subcontractor's idea of using 26 smaller units.

"We did an energy study, and it proved to be just as energy-efficient as the large-unit system," Moffitt said, "and Faultless' maintenance staff was more comfortable with the smaller, more standard units because they'd dealt with those in the past."

In addition, the smaller units, spread over the rooftops of the five-story building and two smaller buildings flanking it, will require less structural support, thus reducing steel costs.

EARLY CONTRACTOR INVOLVEMENT

Because contractors have more firsthand contact with construction materials and methods than designers, Moffitt said, involving the contractor during the design phase also can cut costs.

McCownGordon Construction LLC advocates this approach, said Ramin Cherfat, vice president of operations.

Letting contractors help select materials early in the project can make the biggest dent in the budget, he said.

Due to current steel prices, for example, contractors are advising that, with a few exceptions, steel-frame construction "is almost a no-brainer" for large building jobs, Cherfat said.

Early contractor involvement also can mean savings on another valuable commodity: time.

Cherfat said the design-build team of McCownGordon and Kansas City architecture firm Gould Evans will be able to cut nearly a year out of the timeline for the new \$38 million student union at the University of Missouri-Kansas City. Their approach, which called for construction to start well before design was finished, has required extra effort by the architects, he said, but it will save about \$500,000.



Cherfat



Alexander

MATERIAL DIFFERENCES

Ed Alexander, a Hollis + Miller vice president who specializes in commercial design, said the process of bringing contractors, architects and engineers together early is reshaping the construction materi-

als industry.

"That's how the architectural precast industry got started," Alexander said.

Precast concrete exterior panels can be made to look like much more expensive surfaces, including brick or stone. Because they are made indoors, they can be produced and erected in the middle of the winter, which provides further time and cost savings, Alexander said.

Richard Clawson, an architect with ACT Boland, said that except during severe cold, even more time can be saved using tilt-up concrete panels incorporating brick, stone and other veneers.

"It's come worlds in the last five years in terms of quality," Clawson said, "and because the tilt-up panels are formed up and poured directly on the floor slab rather than having to be trucked to site, you can get the shell of the building up more quickly."

As another cost-cutting option, he said, contractors are employing new composite metal and composite plastic exterior panels that use recycled materials.

INNOVATIVE DESIGNS

One of the greatest things about the industry is that it evolves to meet challenges through innovation, Clawson said.

Jeff Patterson, a principal with Page McNaghten Associates Structural Engineering in Kansas City, said one of the latest cost-saving innovations is metal studs, similar to those used in interior walls, as load-bearing structural components in five- and six-story buildings.

Another innovation Page McNaghten is bringing to Kansas City, Patterson said, involves precast, hollow-core floor planks. The fortified materials allow spans of 60 feet to 65 feet, which can eliminate the need for an entire row of support columns through the middle of a building and allow shorter floor-to-floor heights.

Hollis + Miller's Horner said that savings also are being achieved through new ways of using space. "Hoteling," or the use of shared workspaces for mobile work forces and companies that have gone to shifting, can reduce the conventional 250-square-feet-per-employee ratio. In addition, savings can be achieved by use of "nonusable space," he said.

"We've got a new elementary school opening in North Kansas City where we've converted about 30 percent of the corridors into teaching space," Horner said.

WEAVING THE SMALL STUFF

In the current economy, clients want their contractors and design teams to look everywhere for savings, said Patterson, the structural engineer.

Ways to shave pennies without cutting corners, he said, include mixing waste materials such as fly ash with cement, not paying to have structural steel painted if it's not exposed and using microfibers rather than welded-wire fabric to prevent cracking in concrete slabs.

"If you can do four or five of those small things, you can tell the owner, 'Hey, we just shaved 85 cents a foot out of your building,'" Patterson said. "If the architect and the mechanical engineer can shave a little bit, too, and we can cut \$2 or \$3 a square foot, that might push the owner's button to move on."

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