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JOC builds owner and builder relationship

by Kelvin King, director of market development, Centennial Contractors Enterprises, IFMA Industries Forum Presenter



There is a new movement in construction. And it's impacting every sector of the industry.

"Alternative" project delivery methods offer huge benefits for building owners and facility managers by reducing costs and eliminating headaches that stem from traditional delivery methods. That's because alternative methods don't focus on obtaining the lowest bid or generating conflict oriented environments, but on generating customer value, quality and cooperation in innovative solutions—the very things customers seek from any contractor in the long run.

One alternative delivery method that's growing every day in popularity throughout Georgia and around the country is Job Order Contracting (JOC). JOC provides the means to execute a multiplicity of indefinite delivery/indefinite quantity fixed price orders for renovation, rehabilitation and repair work for large facilities and infrastructures.

JOC contractors are selected based on qualifications and performance at best value, not lowest bid. JOC is all about reliability, dependability and quality. At the same time, it's about *results*—plus the ability to work within budget- and time-constraints.

In simplest terms, JOC contractors provide "on call" construction services from concept to closeout, becoming an extension of the facilities support team.

JOC's greatest advantage for owners lies in the fact that it provides a way to get commonly encountered construction projects done quickly and easily through multiyear contracts. JOC eliminates unnecessary levels of engineering, design and contract procurement time, and cuts construction-project procurement costs by awarding long-term contracts.

A recent survey conducted by the Center for JOC Excellence found that 86 percent of owners who employ JOC are either more or equally satisfied with its results over those of traditional delivery methods.

Why superior results?

One major reason JOC produces superior results can be traced to its reliance on a unit price book (UPB).

UPBs list costs for specific construction work and materials. In responding to an owner's request for proposal, JOC contractors submit their qualifications and a "price coefficient" (multiplier) for the items described by the owner. The price coefficient refers to the UPB cited in the RFP. Owners can cite either generic UPBs, such as those published by R.S. Means, or custom-published ones.

Gary Aller, director of the Alliance for Construction Excellence, believes that JOC really begins and ends with the RFP. Aller thinks the RFP is important, "because we're establishing a competitive price in a process of selecting a contractor, without quantities, known delivery schedules, or times specified. That's what makes JOC a delivery process."

Price, however, is not the major determining factor. *Performance* is.

A contractor responding to a JOC RFP submits a bid naming a price coefficient that factors in not only the contractor's overhead and profit, but also any adjustment that may be needed between the UPB prices and the actual prices being charged in the local market. But a JOC contract doesn't define actual, individual jobs. Instead, it awards a potential maximum amount of work over a year. For example, a contract may have an annual maximum of \$5 million, with a minimum amount for individual work orders, such as a total of \$35,000 per work order.

As a result, the JOC contractor is not guaranteed a specific amount of revenue—driving it to generate the best possible performance and building a long term relationship with the customer. Winning a JOC contract gives the contractor the strongest possible motivation to provide outstanding service and high-quality work. That's because the amount of work being assigned by the facility owner is based on the contractor's performance. The contractor really has to perform, if it wants to receive additional work orders. JOC contracts also foster better communication between the contractor and owner and enhances real partnership.

In a JOC contract the partnership is paramount, and that is why a professionally managed Job Order Contract seeks to benefit the local economy, community and area small businesses. The General JOC

Contractor utilizes local businesses, including small and minority-owned construction companies, local people, to deliver the job order projects. Whether through the local subcontractor, or local vendors or even the local staff of the JOC contractors, over 90 percent of the funds in a JOC program remain right there in the community. Some authorities are starting to realize that a well developed and run JOC program is in many ways a local small business incubator. It brings many more potential resources to the projects at hand, increasing competitiveness and local economic development.

Most frequent outcomes

JOC most commonly provides owners these important benefits:

- *Fast and responsive delivery.* The Center for JOC Excellence calls this the greatest advantage of JOC. Owners see an up-front time reduction of up to 75 percent over traditional design-bid-build methods.
- *Exceptional quality.* The way JOC contracts are structured gives incentive to the contractor to focus early on its relationship with the owner. If the contractor doesn't perform early during the contract period, the owner can choose not to award additional work.
- *Dependability.* Long-term relationships, fixed pricing and simplified paperwork combine to meet owners' expectations of performance and price. The contractor is motivated to impress the owner with dependable service, in order to receive the greatest amount of work from call-backs and referrals.
- *Simplicity.* The simplified design documents and acquisition process eliminate the need for complicated and repetitive contract documents. Individual orders are negotiated on a line-by-line basis under the guidelines and specifications of the overall contract.
- *Cost savings.* Reductions in administration, design and construction-management time reduce overall costs. Prices are driven down, while quality is maintained.

Metropolitan Atlanta Rapid Transit Authority

JOC captured public sector attention in the early 1980's when it was first implemented by the military at the Supreme Headquarters Allied Powers Europe (SHAPE) and tested at the SHAPE headquarters facilities at West Point.

Continued testing and expansion of the JOC contracting system throughout all levels of government resulted in JOC gaining a reputation in the 1990's as the most successful construction delivery process when dealing with repair, maintenance and renovation construction work.

Today, JOC deployment has grown well beyond just a federal government program. The JOC concept and principles have been further embraced in all areas of publicly funded state facilities, universities, housing authorities and transportation agencies. Not only public but also private sector facility owners are expanding the use and implementation of the JOC procurement system.

Since the mid-90's, the Metropolitan Atlanta Rapid Transit Authority (MARTA) has embraced JOC because of the quick turnaround time on projects, cost effectiveness and simplicity in getting complex project orders done efficiently.

Common projects on MARTA include track repair, station updates, instillation of new security devices and any other project that might regularly occur on the busy public transportation system.

An added benefit of JOC for MARTA has been that work can be done at times which impact the fewest number of riders and cause the fewest delays. Because of increased flexibility resulting from quicker procedures, JOC is ideally suited to address MARTA's scheduling issues – this scheduling flexibility is also why JOC is growing in popularity amongst school districts.

For institutions like MARTA, Fulton County and countless others in Georgia and around the country, JOC has become an invaluable tool in solving construction and maintenance issue. Users find the timeliness, cost effectiveness and overall quality far outranks all other methods, and with support like that its market presence will undoubtedly grow.

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