



# CJE NEWS



*The National Resource Center for Job Order Contracting*

## A Message from the CJE Industry Chair

Stuart Verdon, CJE Industry Chair



I would like to thank all that have taught, been patient, and helped me understand the value of Job Order Contracting over the past 20 years. In 1995, as a school district procurement officer in a fast growing school district, Job Order Contracting (JOC) would have solved a lot of the problems that we had getting projects completed in a timely and efficient manner. We just did not know and trust in JOC at that time.

As the 2015 Industry Chairman for the Center for Job Order Contracting Excellence (CJE), I join with contractors, owners, and other related and interested parties in the education and promotion of this delivery method for construction.

In our annual meeting, we reviewed the direction in which our organization needs to move. The CJE Board had a work session after the last general meeting. In this work session we explored as a composite group several pages of white board notes that boiled down to three action items.

Develop the following statements in answer to the Guiding Questions

- Develop a Statement of Principle that aligns with the Goals and Objectives
- Develop a Benefit Statement that summarizes our 14 points
- Develop a Code of Conduct Statement that is representative of the existing Code of Conduct for Board members.

These are still discussion items but I am sure everyone is energized about our direction. We will continue our dialog and discussions on where the Center for Job Order Excellence is going and how we get there quickly and effectively.

We will be looking to bring additional new members into the organization as we focus our efforts. We continue to support research that provides open statistical evidence of the use of JOC. Most recently, CJE voted to help fund a study led by Dr. Dean Kashiwagi, through Arizona State University. Rick Farrag, our past Industry Chair, has been selected to be the lead communicator for CJE in this new study led by industry members. We look forward to hearing from Rick what the questions are and how we can support the effort led by Dr. Kashiwagi. We especially look forward to the outcomes of the final study due to his commitment to an unbiased study that can be of benefit to everyone.

You may recall from the movie Armageddon that all the parts for that particular spaceship were procured through a low bid calculation. That movie had Bruce Willis in it doing satire but the low bid mentality is real. (con't on page 2)

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As a procurement person, I will take the privilege of stating that we do not want a low bid outcome for our spaceships and I think most of us agree that we do not want that low bid outcome to occur for our buildings. I have lived that low bid drive in a school district. I have been a part and often witnessed the outcomes in getting multiple quotes and bids and then determining the decision based on the lowest price. I detest admitting that I was part of that kind of thinking but I am also happy to report that I have learned that best value procurement is paramount for successful result. I want to stress that the Center for Job Order Contracting Excellence is all about JOC and the value it brings. We at CJE are focused on the education of users, contractors and other related service providers.

Please join us and let's see where we can continue to share the use of JOC across the nation. We all have our agendas and charges from our own companies and organizations but we all agree that the delivery method JOB ORDER CONTRACTING is a fundamental on which we can all agree each and every day.

Again, thank you to everyone and I look forward to serving CJE. Working together we can make a difference.

## Is This Really JOC?

Rick Farrag, CJE Past Industry Chair



Around 30 years ago, the first JOC contract was awarded by the US DOD. The contract explained JOC as an Indefinite Delivery. Indefinite Quantity (IDIQ), single-award, firm fixed-price contract based on fixed prices in a selected Unit Price Book. The contract period was a one-year base plus four option years. The concept behind the utilization of the JOC delivery method was to establish an expeditious delivery method for small- to medium-sized construction projects that, in most cases, did not require the extensive bid documents a traditional hard dollar bid required.

One can easily list the many advantages of JOC, but this is not the intent of this article. It created a performance-based delivery method where the contractor has an incentive to consistently perform well so the client will continue to utilize the JOC contract. It also created a partnership between the client and the contractor through direct and long-term relationship over the typical five-year contract term. Accordingly, DOD has consistently utilized, and continues to utilize, the single-award, best-value evaluation method to select the successful JOC contractor. To this day, this concept holds true in DOD whether it is a JOC, SABER, or TOC contract.

**LOW BID?** As in any other industry, it does not take long before a good thing is duplicated and/or altered. The JOC delivery method made its way in the non-federal market. However, the pure concept of JOC as used in the DOD suffered a few modifications and variations with the good intentions of improving on the original. One change is the low bid selection process. **Unlike the federal owners, non-federal owners have been using a low-bid evaluation method for a long time and some of the local laws do not allow for a best value selection.** As a result, sometimes the low bidder with little no history of successfully performing JOC-type contracts ends up with the contract. Needless to say, this resulted in failed implementation of a JOC program and owners ended their relationship with JOC-type contracts. Some owners worked around this via a two-step process, but still had to select the low bid in step two. This low bid environment somewhat transformed JOC into a commodity-like product instead of a service. A true JOC program is a service and it should be based on qualifications and past performance rather than on price alone. CJE offers many resources to help owners implement success programs. Please share best practices with clients to help them succeed.

**MULTIPLE AWARD?** Another concept foreign to the original JOC idea is multiple-award JOC contracts and, in some cases, competing the JOC awarded contractors against each other on every task order. Some owners select three contractors and others award much higher numbers of contracts. Despite the perception that multiple awards promote competition for the benefit of the owner, the fact is this might increase the cost to the owner. This is because the capture rate on a single award JOC is much higher than it is on multiple award contract and most, if not all, of this added cost is passed on to the owner. Another disadvantage multiple awards brings is the loss of both the owner and the contractor having the opportunity

and desire to build a true partnership. A vacuum is created in the absence of a one-on-one, direct relationship between the owner and the contractor due to the competitive environment that is created by multiple awards. Not to mention the time the owner spends on coordinating the work among several contractors rather than a single point of contact. Also, the significantly reduced revenue created by multiple awards vs. the required proper staffing levels is another cause for increased costs to both the contractor and, in turn, to the owner.

These are just two examples of changes to the JOC concept that are transforming JOC into a commodity. Best-value and performance-based contracts are two casualties of the modified approach to JOC. Everyone suffers; owners, end-users, and JOC contractors. An overall win for all is to bring JOC back to its roots where an owner works hand-in-hand, directly with the JOC contractor for benefit of all stake holders.

## JOC Case Study – USACE Project Success!



**Overview** The United States Army Corps of Engineers (USACE) was approached to establish a Job Order Contracting (JOC) program to assist in the construction projects associated with ongoing Sustainment, Restoration, and Modernization (SRM) work. As a result, the Army Corps of Engineers developed and issued a JOC Solicitation, and then awarded the JOC to an 8a Contractor.

**Problem/Need** Fiscal year end was upon the USACE with approximately eighty (80) potential JOC projects identified, subsequently narrowed down to forty-two (42). This presented a clear problem: How could USACE estimate, negotiate, and award all of these projects, valued at approximately \$3.96 million in work, before the close out of the fiscal year?

**Solution** USACE procured JOC software and associated JOC line item cost estimating training and support services. In order to best support the USACE, JOC service providers agreed to fly to the USACE location. The service providers conducted site walks and assisted USACE with cost estimating, specifically the preparation of independent government estimates (IGEs) and associated Technical Evaluations, all within an eight (8) day time period.

Technology, a critical component to the consistent and productive deployment of JOC best practices, helped the USACE to integrate JOC in alignment with the USACE District's JOC requirements. Line item unit price cost estimating training greatly improved the efficiency of government personnel, both in engineering and contracting, and that of the supporting JOC construction contractors.

The USACE was able to successfully meet its end-of-year requirements and many valuable lessons learned.

## JOC Case Study – Using JOC for a Gym Renovation

### “No Sweat”



**Overview** This was a project with sustainable as well as historical facility aspects. The old Swinney Gymnasium at the University of Missouri - Kansas City campus had the original bleacher system which was installed in 1939.

**Problem/Need** This major gymnasium with its outdated bleachers and skylight structure required a major renovation. This project involved removing existing bleachers, maple gym floor, and all athletic equipment. Working with their JOC contractor for ideas, UMKC desired to salvage and reuse the wood seating planks instead of dumping them in a landfill. Lastly, the existing space included a large skylight assembly that was deemed unsafe and inefficient by the project team.

**Solution** Sustainable materials were rendered on this project as they were able to salvage half of the wood, which was donated to Habitat for Humanity in Kansas City, Missouri. The other half was used as wall covering for the new storage areas in the gymnasium and the wall finish behind the new bleachers. In total, the storage space utilized over 2,000 square feet of salvaged bleacher materials. The planks are approximately 10” wide and 5/8” thick. In order to salvage these planks, the bleachers were disassembled by hand. The hardware was also salvaged and reinstalled to give the look of a folded up set of bleachers.

While it was impractical to attempt to salvage the maple due to installation techniques and the deteriorating surface, the project team agreed to install a Grade 2 Maple floor, in lieu of Grade 1, which utilizes a greater portion of each maple tree harvested. The solution for the skylight was to remove the 1939 glazing and install a light- weight, energy-efficient polymer panel by Polygal. While the overall energy savings data is not yet available, patrons of the facility have given rave reviews on the reduction of glare and the fact that the space is better suited for athletic play. Bleachers were re-purposed for wall covering on the right side of the second picture.



## CJE Educational Opportunities: A Core Member Benefit

Mark Powell – CJE Educational Committee Chair



CJE has embarked on a strategic effort to support “the interests and concerns of its current and prospective members and to the JOC community as a whole.” As a national JOC resource, CJE’s educational and information sharing capabilities and programs are foundational elements to meeting member needs.

Last January, Stuart Verdon, the 2015 CJE Industry Chair and CJE Board Members laid out a plan and vision for CJE. The Board met in a special face-to-face session in Phoenix, Arizona last month to bring some of the action items into focus. Some items have already been or are currently being implemented.

Here are just a few items in progress or under consideration:

1. Restructured Committee functions to address specific action items like education, member benefits, and membership attraction/retention.

2. Update and improve the CJE website to make it a true member source, as well as build nationwide awareness.
3. Develop a JOC certification program for individuals that take advantage of currently available training, experience, new curriculum from CJE, and in partnership with leading educational and professional institutions.
4. Actively promote the creation and support of regional chapters.
5. Update the by-laws to reflect the new leadership structure, committees, dues and regional chapters.

## COAA Event Report

Mike Coberley, FMP, Past CJE Educational Committee Chair

CJE participated in the Construction Owners Association of America (COAA) Spring Owners Leadership Conference in Baltimore, MD. Attendance was up for this year's conference and facility managers from across the country visited the CJE booth for information, reference and resource materials.



There was significant interest in both the JOC process and the CJE association. Several attendees made a point of tracking me down during the joint meals and social activities to get more information. It was a very valuable session. Check the CJE website in early 2016 to see what events are planned. One of CJE's primary goals is to promote the understanding and use of Job Order Contracting.



## Visit our updated website! [www.jocexcellence.org](http://www.jocexcellence.org)

The new CJE website is now live. Please visit the resources and news to stay current. A new members' login page is coming soon and members will be able to login and participate in webinars and training. This is an exciting advancement in the value CJE is offering the industry. Surf around the site and discover some great articles. If you would like to submit resource or education information for the website, please email [info@jocexcellence.org](mailto:info@jocexcellence.org). All members will also receive login information when the site is complete and ready for login! Stay tuned...

## Visit us on Social Media!



Follow us on Twitter! View our videos on YouTube and check out our company profile on LinkedIn and Google+. You will find all of the latest information, news, training dates and testimonials. We are spreading the word about CJE and JOC.



# National Research Study on Job Order Contracting

## A Call for YOUR Participation

**ASU**® In January, CJE representatives joined industry leaders in Tempe, AZ for a strategy session held at Arizona State University (ASU). The session enable stakeholders to refine the fundamental elements of a 2015 National JOC Study.

Representatives from the following organizations were in attendance:

4Clicks Solutions, LLC	Banicki Construction
Centennial	Center for JOC Excellence (CJE)
Jokake Construction	KBR
Purdue University	SDB Contracting Services
The Cooperative Purchasing Network (TCPN)	The Gordian Group
The JOC Group	

The aim of the JOB ORDER CONTRACTING COST AND BENEFIT ANALYSIS RESEARCH STUDY, being performed by the Performance Based Studies Research Group (PBSRG) at Arizona State University, is to:

- Show the value of JOC over traditional construction delivery methods to Facility Owners and Contractors/AEs
- Identify savings associated with JOC in the areas of administrative & project management costs, reduced legal disputes, reduced change orders, project timeline, and increased flexibility to achieve organizational objectives.
- Identify lessons learned from past JOC projects.

**Data Collection:** The PBSRG out of ASU will be collecting and analyzing all JOC performance information. PBSRG will keep all data collected as confidential, unless given permission to share with other parties.

**Study Participation:** The JOC contractor and owner community is highly encouraged to participate in this study. Owner's that participate in this study will be kept abreast of developments and be offered education on the findings of the study. Contractors who participate will be able to use the performance information and the education that comes from this research. PBSRG has committed to an unbiased fact finding research.

[To learn more and to participate in the survey, please visit the ASU National JOC Survey web site.](http://pbsrg.com/joc-survey-effort/)  
(<http://pbsrg.com/joc-survey-effort/>)



## Job Order Contracting (JOC) Survey Effort

## Welcome New CJE Members!

CJE extends the warmest of welcomes to our recent new members:



Would you like to contribute to the CJE Newsletter? Do you have an interesting case study? Submit entries to [info@jocexcellence.org](mailto:info@jocexcellence.org) and the CJE editors will contact you.

