



Market Research: Job Order Contracting as an Alternative Project Delivery Method

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Presenters



Dr. Andrea S. Patrucco

*Assistant Professor of Supply
Chain Management*

Florida International University



Dr. Ana-Maria Dimand

*Assistant Professor of Public Policy
and Administration*

Boise State University



Randy Horn, PMP, CPA, MBA

*Director, Business Development,
Western Region*

Gordian

Agenda

- Research Background
- Research Findings
- Practical Application
- Q&A

Research Background



Why Study Construction Procurement Methods?



**Public sector
procurement
procedures are
complicated and often
under-resourced.**



**Government agencies
have various project
delivery methods
available.**



**Differences between
project delivery
methods are not
widely understood.**

Why Job Order Contracting?

JOC is an under-researched topic in construction management, so the research aimed to answer two main questions:

1

Are solicitation, transaction and coordination efforts different when implementing Job Order Contracting compared to other delivery methods?

2

How do contractor relationships and contract governance differ when using Job Order Contracting compared to other delivery methods?

Poll

**How familiar are you with
Job Order Contracting?**

Job Order Contracting Definition

A unique, indefinite delivery, indefinite quantity (IDIQ) procurement process that helps owners complete many projects through a competitively awarded contract.

Part 1 Bidding the Umbrella Job Order Contract

Owner
Advertises
Job Order
Contract



Contractors
Submit
Bids



Owner
Awards
Umbrella
Job Order
Contracting
Contract

Part 2 Procuring Individual Projects From Owner

Owner
Project A

Subcontracting
Opportunities

Owner
Project B

Subcontracting
Opportunities

Owner
Project C

Subcontracting
Opportunities

Typical JOC Project Examples



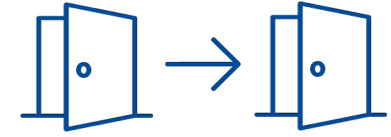
Straightforward
new construction



Repairs



Renovations



Replacement
in-kind



Maintenance



Emergency
Work



Time sensitive
projects



Alterations

Construction Project Delivery Method Comparison

	Suitability	Contract type	Role of the owner	Risk for the owner
Design-Bid-Build	New construction	One contract-one project	Pick a designer to design project specification; evaluate bids; supervise the work executed by the contractor	Medium (owner oversees the project)
Design build	Large projects with tight timeline	One contract-one project	Evaluate proposals	High (supplier oversees the project)
Construction manager at risk	Very technical projects	One contract-one project	Pick a designer to design project specification	Very low (CM oversees the project and covers > GMP)
Job Order Contracting	Routine, less-complex projects	One contract-multiple projects	Evaluate contract bids (upfront) Review/approve project proposals	Low

Survey Instrument

Joint market research project between Gordian and NIGP to understand the effort needed to procure construction projects through JOC and how it compares to traditional project delivery methods - DBB, DB or CMAR

Survey was designed based on transaction costs theory and supplier relationship governance.

355 total responses

59 shared their agency's experience with JOC

95 individuals only shared only descriptive information about the organization

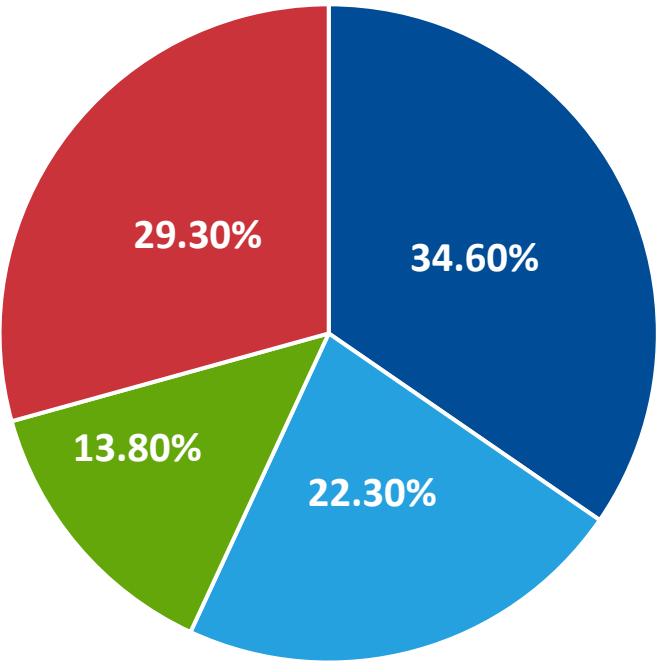
30 shared information about JOC and other project delivery methods.

171 shared their experience with other project delivery methods

260 final usable sample responses

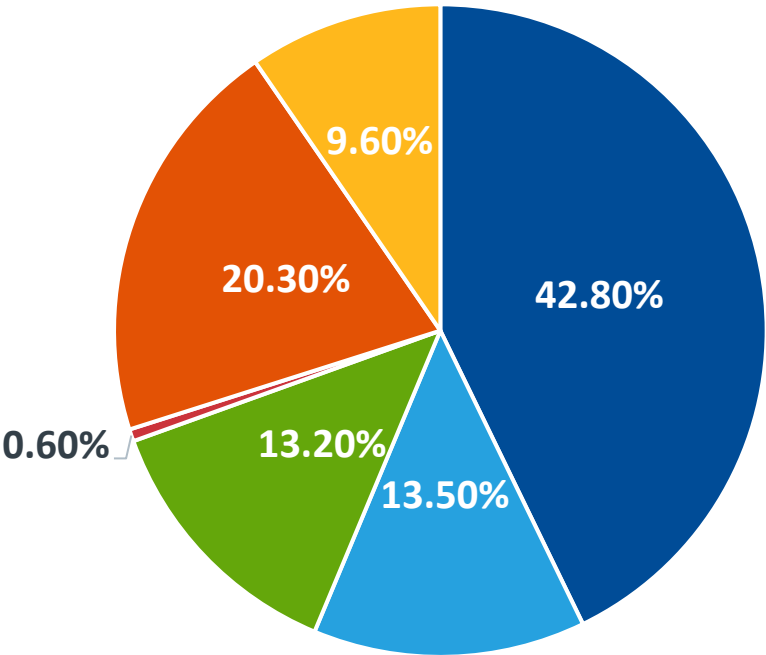
Respondent Descriptive Statistics

Years of Experience



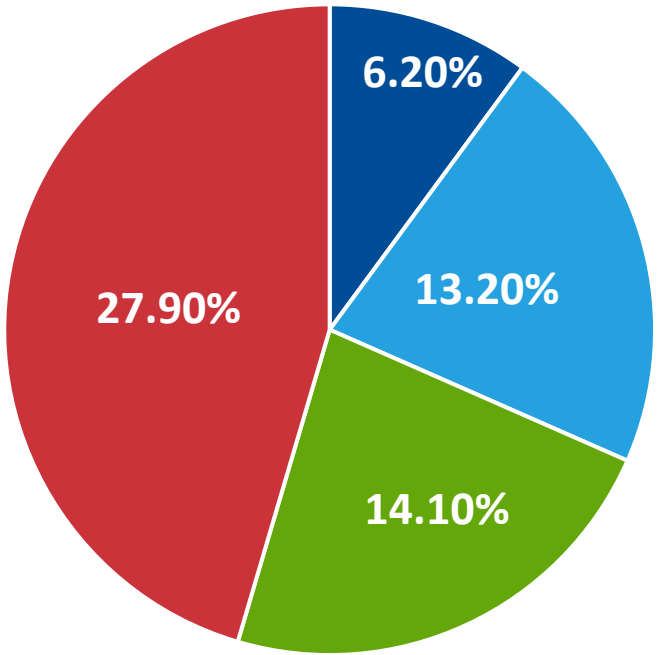
■ 1-5 years ■ 6-10 years
■ 11-15 years ■ > 15 years

Type of Organization



■ Local governments ■ State agency/governments
■ County governments ■ Education institutions
■ Healthcare providers ■ Others

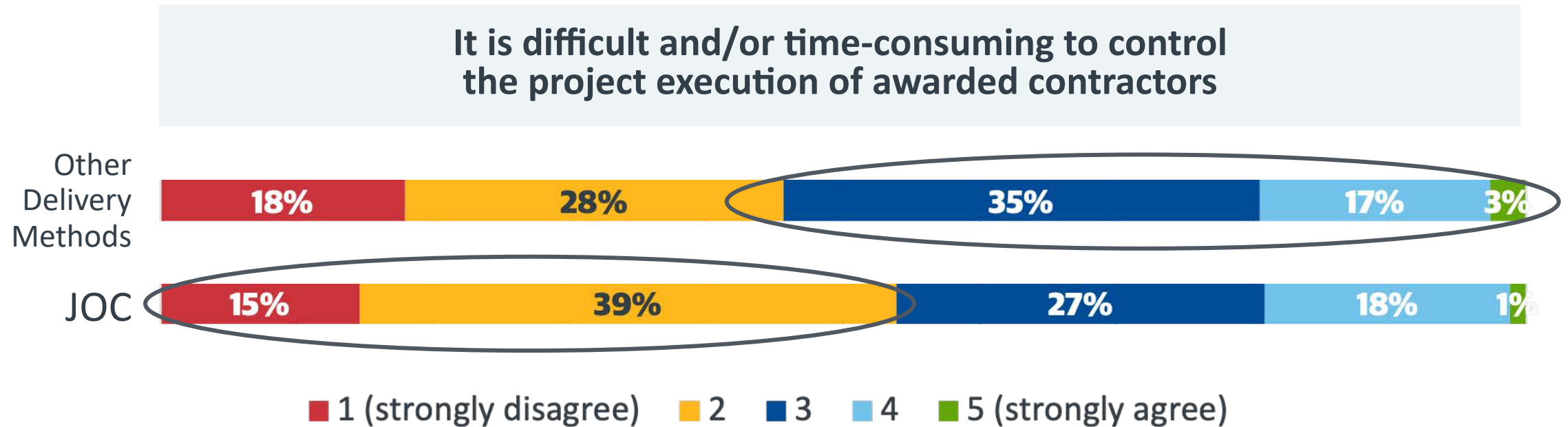
Construction Volume (Spend)



■ < \$1 million ■ \$1-5 million
■ \$5-10 million ■ \$10-50 million

Transaction Costs

Any cost – human efforts and/or material and capital resources invested – involved in an economic transaction between a buyer and a supplier for the exchange of goods and services



Research Findings



Finding 1

JOC Requires Less People

		JOC		Other project delivery methods	
		Freq	%	Freq	%
Number of employees involved in the construction procurement process	1-2	26	29.2%	34	16.9%
	3-4	26	29.2%	69	34.3%
	5-7	19	21.3%	49	24.4%
	8-10	10	11.2%	27	13.4%
	> 10	8	9.0%	22	10.9%



<4 people involved
with Job Order Contracting



5+ people involved
with traditional delivery methods

Poll

**How long does it take you to
procure construction projects?**

Finding 2

JOC Takes Less Time Than Traditional Construction Procurement

		JOC		Other project delivery methods	
		Freq	%	Freq	%
Length of the construction procurement process	< 2 weeks	11	12.4%	5	2.5%
	2-4 weeks	24	27.0%	16	8.0%
	5-8 weeks	27	30.3%	32	15.9%
	9-12 weeks	19	21.3%	46	22.9%
	> 12 weeks	8	9.0%	102	50.7%



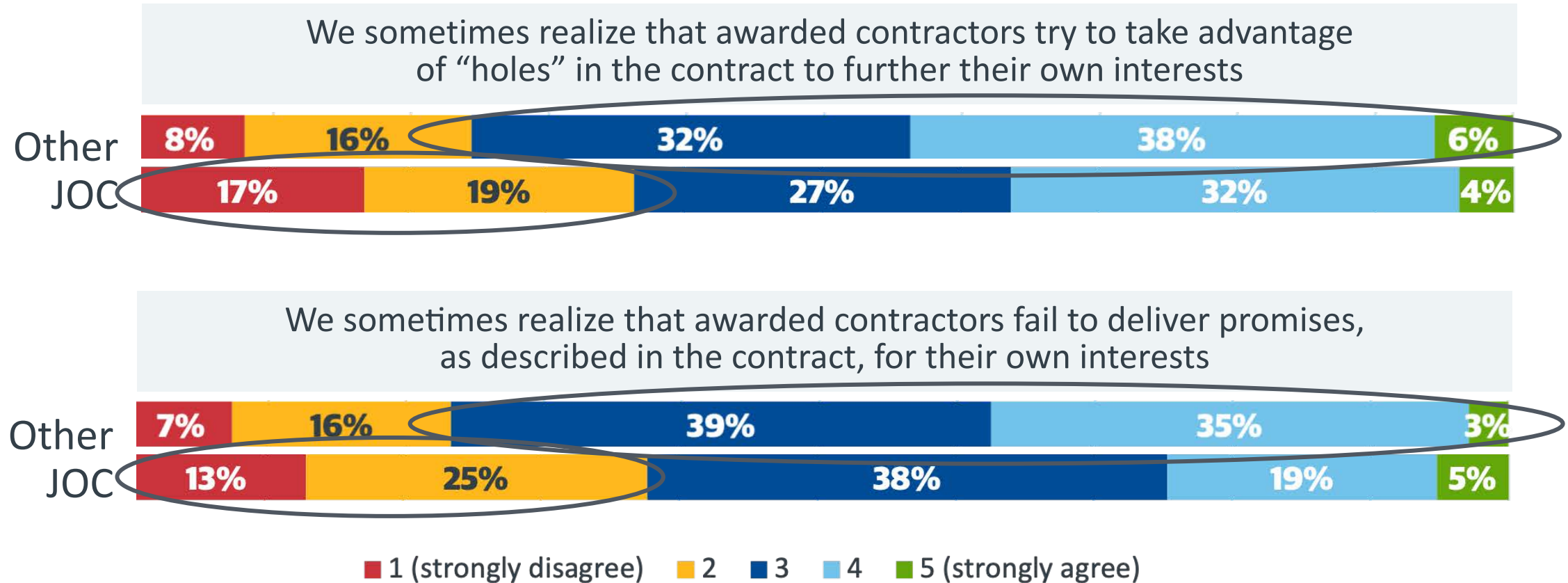
<12 weeks
with Job Order Contracting



12+ weeks
with traditional delivery methods

Finding 3

JOC Enables Greater Contract Governance for Owners and Better Relationships Between Owners and Contractors



Practical Application

Poll

What are your biggest construction procurement challenges?

Main Benefits of JOC



Requires less time and fewer people



Comparable transaction costs to traditional procurement



More effective governance of contractor relationship

Why Should the Public Sector Use JOC?



**Cumbersome
procurement
procedures**



**Better relationship
management w/
contractors**



**Innovation can help
more projects get done**

Getting Started with JOC

- ✓ Complement to other project delivery methods
- ✓ Proper project selection
- ✓ Partner with JOC consultant
- ✓ Design program to meet all applicable procurement laws
- ✓ Include both Trade and General Contractors
- ✓ Determine if custom or cooperative contract is right for your agency

Thank you!

Q&A

