

Job Order Contracting (JOC) as an Alternative Project Delivery Method: Challenges and Opportunities

In 2021, Gordian and NIGP: The Institute for Public Procurement partnered to conduct market research on construction project delivery method challenges and opportunities. The scope of this research was to better understand construction procurement trends, solicitation activities and the differences between these project delivery methods, specifically the differences between Job Order Contracting (JOC) and traditional project delivery methods like Design-Bid-Build (DBB), Design-Build (DB) and Construction Manager at Risk (CMAR).

The research sought 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?

260 procurement professionals operating in different public organizations - government organizations, state agencies, county governments, healthcare organizations, education institutions and others - participated in the survey. 67% of respondents work in large organizations and spend more than \$10 million on construction projects annually.

Summary of Findings

JOC requires less time and fewer people than traditional project delivery methods

Traditional public sector construction procurement cycles are hampered by complicated, bureaucratic procedures. As a result, project delivery typically takes months to complete and requires a significant amount of administrative and technical resources. 48.7% of survey respondents indicated that more than five people are involved in the procurement of construction projects via traditional delivery methods, and 50.7% of respondents said the process lasts more than 12 weeks.



Job Order Contracting reduces this time significantly. Once a Job Order Contract is awarded, the owner can ask the contractor to perform a series of projects. There is no need to prepare, copy, advertise and distribute bid packages for each project. This time-consuming front-end process is completed one time, rather than repeated for each project, and the procurement process takes weeks instead of months. This assertion was borne out in our research: 91% of respondents indicated that project delivery with JOC takes fewer than 12 weeks, and almost 70% reported the process

takes fewer than nine weeks. Additionally, 58.4% of respondents said four or fewer people are involved in the JOC procurement process.

Transaction costs associated with issuing JOC contracts are comparable to other project delivery methods

Since JOC is not as widely used or understood as traditional project delivery methods, there is a misconception that implementing a JOC program requires more people, more time and more money. This perception is false. The transaction costs, defined as any human efforts and/or material and capital resources invested, associated with implementing a JOC contract are comparable to transaction costs of more traditional construction contracts. However, JOC transaction costs are lower than other project delivery methods over time. This is a result of the economies of scale. The more often owners procure with JOC, the more efficient they become at using it. This efficiency drives down transaction costs.



<4 people involved
with Job Order
Contracting

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Unlike traditional bidding where each project is identified, designed and then put out to bid, Job Order Contracting establishes competitively-bid prices up front and satisfies local bidding requirements with a single solicitation. Thus, JOC significantly lowers transaction costs because the **owner does not have to repeat the entire procurement cycle for each project.**

JOC creates more trust between owners and contractors

Successful construction projects require a collaborative environment where owners and contractors work together toward mutual interests. Hence, public organizations are constantly looking for strategies focused on relationship governance to build trust and increase collaboration between parties. Our research concludes that, compared to other project delivery methods, JOC can guarantee buyers more effective governance of contractor relationships. Improved relationship management results in better communication, enhanced trust and the prevention of opportunistic behaviors, ultimately providing a better project outcome.

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While a JOC contract is in place for multiple projects, the contractor must still satisfy the owner's standards for quality and timely construction to ensure future work. The owner is not obligated to give the contractor more projects but may if they are satisfied with the working relationship. The potential of a steady stream of work motivates the contractor to meet and exceed expectations with quality, on-time construction.

Research Conclusion

Despite its relatively low diffusion, the study concludes that JOC performs equally to or better than other delivery methods in terms of transaction costs, procurement team bandwidth, time to construction and contractor relationships. Public organizations should carefully consider this option when executing routine repairs, renovations or less complex construction projects.

Gordian has been implementing and overseeing JOC programs since 1990, and today, our 300+ clients use JOC to complete \$2.6 billion in construction work every year. [Visit our website](#) to discover how we can help you complete more projects in less time and using fewer resources.