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# Job Order Contracting = Efficient Construction Delivery

## A Center For JOC Excellence White Paper

### It's Time for Efficient Construction Project Delivery

JOC, Job Order Contracting provides higher levels of owner and contractor satisfaction versus design-bid-build, design-build, or CM-at-risk. JOC is the most utilized collaborative and transparent Alternative Project Delivery Method in America.

#### Job Order Contracting:

- 1.) Equally addresses the needs of the owner and contractor to get work done on-time and on-budget,
- 2.) Fosters trust and mutual respect,
- 3.) Can be easily deployed,
- 4.) Provides better cost transparency and visibility,
- 5.) Delivers more predictable outcomes.

#### What's Wrong with Design Bid Build?

Traditional design-bid-build, DBB, is costly and simply inefficient. DBB is exclusively responsible for the construction sectors poor productivity versus all other business sectors. Despite the fact that collaborative construction delivery methods such as job order contracting and integrated project delivery (IPD) have been proven to be superior in enabling more projects to be complete on-time and on-budget per Owner requirements, they are only recently beginning to be deployed on a larger scale.

#### The History of JOC

Job Order Contracting is an integrated, collaborative construction project delivery method with a 20 year+ track record. Supporting technology has been available for almost as long, as have "open", "industry standard" cost databases. The first non Department of Defense JOC in the United States was deployed by West Point. West Point continues to use JOC to this day, however now, some twenty years later, is taking advantage of the latest cloud computing technology and advanced business processes.

Today, Federal Government (DOD and non-DOD), State and Local Governments, Public Schools, Universities, Transportation Agencies, Healthcare Institutions, and many other facility and infrastructure environments are benefiting from Job Order Contracting programs all across the United States.

JOC is coming to the forefront due to environmental and economic demands. Quite simply, all organizations need to "do more with less", and provide transparency and better cost controls. Furthermore, facilities and infrastructure continue to age and require greater funds to maintain. Renovation, repair, and maintenance represent the bulk of facility management related costs, exceeding that of new construction for many/most. Environmentally, facilities leave a high carbon footprint and the need for improvement has never been greater.

#### What is JOC?

Job Order Contracting is a construction delivery method and a long-term IDIQ contract for construction services delivered on an on-call basis through firm, fixed price delivery orders based on pre-established unit prices (via a unit price book or construction catalog).



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### JOC Fundamentals

1. A Job Order Contracting (JOC) system is based on a competitively bid indefinite delivery-indefinite quantity (IDIQ) contract between a facility owner and a construction contractor.
2. The contract typically has a base year with two or four additional option year renewals.
3. The contract sets parameters such as the types of work that can be done, location of the work, design criteria and maximum amount of work to be awarded.
4. The contract also has a unit-price book (construction catalog) that establishes a unit price to be paid for each of a multitude of construction line items. A typical UPB has over 40,000 line items and customized books can cover almost every construction task. Items that are not in the UPB can be negotiated, priced, and added to the book/catalog at any time.
5. Performance-based
6. Shared Risk-Reward
7. Collaboration
8. JOC technology - Several software programs are available and designed for use with job order contracts to provide ease of audit and accurate reporting.

Ideally, contractors compete for JOC contracts on the basis of performance as well as price. The contracts price is bid in terms of a coefficient, which is a multiplier that covers the contractor's overhead and profit. Once awarded a contract, the JOC contractor normally establishes a permanent office in close proximity to the facility management staff. The contractor's project manager becomes part of the owner's facilities management team. The facility owner or manager decides how much work is performed by the JOC contractor based on the need and the performance of the contractor. The contractor is motivated to provide the facility owners with outstanding service and quality by the potential of additional work.

A simple description of work to start the process, followed by a site visit and a simple design as required. Once the design/work approach is approved, the contractor and the owner prepare cost estimates by compiling the appropriate quantities of necessary line items. As noted earlier, the UPB data is usually accessed with a JOC unit price estimating software system. The estimating process therefore is very fast and efficient.

After the cost estimates are completed, the contractor and user negotiate to resolve differences in line items and/or quantities in their respective estimates. In Government JOC applications, the owner MUST complete an Internal Government Estimate (IGE) for any JOC work order over a certain value (typically \$100,000-\$150,000) per FAR, DFARS, or similar regulation. In other sectors, the JOC contract will stipulate any such requirements. Once a price is agreed upon, a job order is issued to the contractor and construction begins. The entire process usually takes anywhere from a day to 20 to 30 days from the time the work was first identified to job start. This represents a dramatic time and cost savings to all parties when compared to the traditional design-bid-build process. See below graphic.



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### The Benefits of JOC

The benefits of a properly structured and implemented JOC Program include:

- Responsive Support
- Reduced Project and/or Deferred Maintenance Backlog
- More Funds Applied To Construction vs. Procurement
- Dependable, Long Term Owner-Contractor Relationships
- Reduced or Eliminated Claims
- Reduced or Eliminated Change Orders
- Greater Cost Visualization and Control
- Easier Project Deployment / Management

### Job Order Contracts Deliver:

1. **Excellent Quality:** Partnering and performance incentives produce high quality construction and service. JOC contractors also can pre-qualify and use only the finest subcontractors. These subcontractors are held to strict quality standards and periodic evaluations.
2. **Fast and Responsive Construction:** Takes a day to 20 to 30 days from request to start of construction. This is possible because projects do not require traditional and repetitive bidding and contract acquisition inefficiencies, detailed plans and specifications, and associated long approval process. On-site contractor location contributes to speed, responsiveness, local site conditions, and specific owner requirements. Years of research by Center for Job Order Contracting Excellence (CJE), Arizona State University, and the DOD have identified the quick turnaround and delivery time of facility systems as the greatest advantage of the JOC.



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1. **Dependability:** Long-term relationships, fixed pricing and simplified paperwork all help in meeting customer expectations for performance and price. The contractor is motivated to impress the facility owner with fast, dependable, quality service in order to receive the maximum possible amount of work from referrals and call backs.
2. **Simplicity:** The simplified design documents and acquisition process eliminates the need for complicated and repetitive contract documentation, and associate miscommunication. Job orders are negotiated on a line-by-line basis under the guidelines and specifications of the JOC contract.
3. **Time and Cost Savings:** Years of research has shown that both rapid and quality construction are the major advantages of JOC. Reduction in administration, design, and construction management cost is substantial.
4. **Risk Mitigation:** The JOC process has been proven to work very well at hundreds of locations nationwide and across multiple market sectors. Legal disputes are virtually eliminated and changed orders are significantly reduced. JOC contractors can be terminated due to a lack of performance as defined in the contract.

### Research Results

Arizona State University is currently conducting a nationwide study of job order contracting. Prior studies have noted the following:

1. The primary reasons for using JOC: The need to complete the work in a timely manner, simplicity of use, familiarity with the contractor, and predictability of the process.
2. JOC provides more owners and contractor satisfaction vs. more satisfaction than design-bid-build, design-build or CM at risk.
3. JOC requires less time to start a project than design-bid-build, or design-build or CM at risk.
4. JOC requires less design time than design-bid-build, design-build or CM at risk.
5. JOC requires less time to close out a project than design-bid-build, or design-build or CM at risk.
6. JOC is easier to use than design-bid-build, or design-build or CM at risk.

### When is JOC not a JOC?

The following should NOT be allowed with any JOB ORDER CONTRACT:

1. Programs that award to lowest bidder vs. lowest qualified bidder or best value selection
2. Programs without a Unit Price Book or Construction Task Catalog
3. Programs without well thought out implementation plans, metrics, supporting software, ongoing training, and continuous improvement

### The Future

JOC continues to evolve as the needs and desired results of facility owners, contractors, subcontractors, AE's, and oversight groups expand and change. The long-term viability of JOC appears a given as collaborative construction delivery methods become the 'status quo' out of economic and environmental necessity.

Overall enhanced performance associated with facility and infrastructure repair, renovation, maintenance, sustainability, and construction is our mutual responsibility.