



## General Contractor vs Construction Management

*Every investor aiming to execute a construction project successfully and effectively has a long list of decisions to make; one of which is the choice between a general contractor and construction management, which determines the method used to complete the project.*

**T** In a general contractor contract there is one main contractor (or a consortium) who is obliged to perform all construction work necessary to complete the project. In construction management the work is divided into parcels (for example regarding design, foundations, construction, electrical installation, finishing works etc.) and they are assigned to different contractors. We can observe that investors are increasingly turning to contract management as an alternative to the general contractor model for construction projects.

The important issue regarding these two different methods of investing mostly concerns the responsibility for the procurement and coordination of all work. With a general contractor, the contractor is obliged to procure and coordinate the

work performed by him and his subcontractors and is liable toward the investor. In construction management, the person responsible for the procurement and coordination of all work is the investor itself.

Accordingly, in construction management the investor is obliged to put more time and effort into the development of the project and to secure appropriate human resources, adequate to the given investment. The investor must be ready to design and schedule the entire investment process, and coordinate and manage all problems related to the cooperation between different entities on the construction site, concerning, for example, the division of work or the responsibility for any damage. Another problem can occur if the contractor is delayed and it affects the work of other entities. These risks can, however, be minimized at least to some extent through well-prepared contractual documentation and risk management. It is also worth emphasizing that the investor can profit from the services of project supervision performed by a professional third party who manages the work and provides protection from excessive costs and delays.

During a construction boom it is also faster to find an available contractor at short notice to perform part of the work than to find a new general contractor. In construction management the work related to the design and construction can to some extent be undertaken simultaneously, which can shorten the total construction schedule. An investor who negotiates contracts personally, without the intermediary of the general contractor, can also usually get better prices for the same services and is able to react faster once there are some obstacles during the performance of the work.

As a project is divided into the parcels under construction management, separate procedures to grant a contract are necessary for each part of the work. For entities obliged to apply Public Procurement Law, this is a significant point (conducting several procurement procedures instead of just one is more costly and time-consuming).

To sum up, there are a lot of issues to consider when making this choice and the particularities of the individual project must be taken into account, but in our opinion both models are worth considering. ●



**Anna Flaga-Martynek**  
*Legal counsel, partner, Co-head of the Infrastructure & PPP practice, WKB Wierciński, Kwieciński, Baehr*



**Aneta Citko**  
*Lawyer, Infrastructure & PPP practice, WKB Wierciński, Kwieciński, Baehr*