

specifications, yet that is exactly what he gets under the lump-sum contract. There can be no such thing as complete specifications. A lump-sum contract is a standing invitation to a builder to skimp the work just as far as he can get away with it.

Of course, a reliable contractor, jealous of his reputation, will not intentionally be unfair, and yet he is not able to look at a problem wholly from the standpoint of the owner if such an attitude jeopardizes his profit. Details not specifically covered in plans and specifications are frequently essential to the success of a building and the builder is not able, under a lump-sum contract, both to conserve his own interests and comply with the owner's wishes.

On the fixed-fee plan, however, his profit is determined when the contract is signed and from that date he is seeking to erect the building speedily so that he may release his organization to earn another fee; to erect it according to plans and specifications plus all later expressed wishes of architect and owner in order that the owner may again seek his service, and to erect it at the least cost compatible with the set standard of quality and speed in order that he may share in the savings. Naturally, the architect has an interest in these things. His work need be only that of interpreter and not of watch-dog.

#### TIME SAVED VALUABLE FEATURE.

Furthermore, the fixed-fee contract permits work to proceed on the day the contract is signed. Construction may go on coincidentally with the development of details. If speed is paramount, the fixed-fee plan permits saving weeks and often months which would otherwise be required for the completion of plans and specifications, quantity surveys, advertising for bids and final letting of contract. Under the lump-sum method, not one step can be taken until the contract is let, based on completed plans and specifications. Occasionally on the fixed-fee plan, a few dollars may be lost to an owner, due to the later detailed plans necessitating changes in the preliminary construction, but this seldom occurs.

An interesting comparison of results under the two methods has come to our attention. Two competing concerns decided at about the same time to enter a new territory and service could only start after new warehouses were erected. Two reputable general contractors were engaged, one upon the lump-sum and the other upon the fixed-fee basis. The lump-sum job, almost identical in size with the other, was started first but is not yet in service. The fixed-fee job was completed and in use in December. Owners of the latter advised architect and builder of the imperative need for speed and the successful outcome was the result, not of greater contracting ability, but of co-operation, trust and confidence on one job, and its lack on the

other; and the possibility under the fixed-fee contract of beginning work on the signing of the contract, of excavating while foundation plans were being prepared and keeping the work throughout only one step behind the design.

From the standpoint of the builder, what are the benefits except as we share the satisfaction of owner and architect? Do we not render a definite service for which we should be paid? Is it not well that we know with some certainty what a given operation is to net us? Is it not legitimate that we put our profession upon a service basis comparable to that of the architect and engineer? Building contracting firms are notoriously short-lived and the fault is not, we believe, in the lack of business ability, so much as in the system.

#### ELIMINATING THE DISHONEST BUILDER.

But a more fundamental reason exists than those previously mentioned. I believe that the reason that this association should go on record as favoring the fixed-fee contract is that it will eliminate from the field the dishonest builder. It will eliminate the organization which has not the ability to do successful work and that elimination will come about through the impossibility of that firm obtaining new business.

Its record in the past will stand against it. Reputation is vital to a builder on fixed-fee operations. It is built up only through years of painstaking effort. It can be wrecked by a single operation. Therefore, dishonesty or lack of ability will promptly place a builder in such a position that he will be unable to stand investigation and therefore be unable to operate. There should be no room in the building field for other than able, conscientious builders.

To-day's practice, with some builders operating under the fixed-fee plan, is to refuse to make preliminary estimates in competition. If owner and architect have not enough confidence and trust to make a contract subject to the builder's making of a satisfactory estimate of probable cost, then they prefer not to serve, believing that they can do their best where the fullest confidence is reposed in them.

I sincerely believe that in these times of high building costs we can, through the fixed-fee plan, turn out a building at the absolute minimum cost. Costs are high at best. Legitimate projects are being passed up daily, due to the difficulty of figuring a profit on the use of structures at to-day's costs. Co-operation, through identity of interest and early covering in rising markets permitted through the fixed-fee contract, will help toward cost reduction.

I can only submit as further proof that the fixed-fee plan is right, the fact that my concern's history of repeat business is a surprise even to ourselves, and adequate proof to us that such a basis is logical, fair and in harmony with the times.