

"No More Waivers" Lessons Learned

Awareness of the AISC Certification program helps maintain AISC Certification as a requirement in construction documents.

BY BRIAN RAFF

THE "NO MORE WAIVERS!" PROGRAM IS AN INITIATIVE IMPLEMENTED BY AISC TO RECLAIM ACCOUNTABILITY IN THE BIDDING PROCESS. It was created to help specifiers and Certified companies defend themselves against pressures from contractors or owners to waive quality requirements. Through the "No More Waivers!" program, AISC can get involved and support efforts to educate project decision-makers on the benefits of Certification. (Why is it important to include Certification in your specifications? Visit www.aisc.org/certification for a detailed explanation!)

History

Within the last 12 months, AISC has received over 50 "No More Waivers!" notifications on projects ranging from single-story schools to major exposition centers. Each time we receive a "No More Waivers!" form, we are able to use the project information provided (size, location, cost, project team member contacts, etc.) to help engineers or Certified companies defend themselves against the removal of quality requirements. Due in part to AISC's involvement or support, 41% of these projects were able to maintain the specification requirement for Certification through the "No More Waivers!" program.

Since its inception in 2004, the "No More Waivers!" program goal has been to quickly react to all waivers that are brought to our attention. We now rely largely on specifiers and our Certified firms to identify potential waiver cases and work with us to develop better means to defend Certification. Together, through timely action focused on key project decision makers and appropriate information about the value of Certification, we can truly reduce the number of waivers. Looking ahead, the long-term goal of the program is to eliminate waivers by making AISC Certification a pre-qualification to any bid list. In order for this to be achieved, Certified fabricators and erectors are increasingly preparing themselves to assume an active role, building cases to defend Certification requirements. They are also working to educate members of the building industry in their individual regions about the value of Certification.

Although we realize that creating nation-wide awareness and eliminating waivers will take time, it is an ongoing, steadily improving process, and the results we have seen so far lead us to be very optimistic. The requirement for Certified fabricators and erectors provides valuable assurance that quality will be achieved for any project using structural steel. Whether Certification requirements have already been waived on a project, or could potentially be waived in the future, AISC wants to know about it. For more information on the "No More Waivers!" program, or to download

CASE STUDY 1

HOW MUCH?

Project information: 23,000 ft², two stories, 65 tons, clubhouse/amphitheater in Indiana

Certification outcome: Certification was not waived

Timing: AISC was notified one day before bidding closed.

Pricing: Total project cost = \$13M

Certified bid: \$555,000

Low bid: \$521,000

Total difference in bid prices: \$34,000 (6 % difference in bids compared to total project cost)

Certification requirements for both fabricators and erectors were removed in addendum 3. After months of debating, the winning GC finally awarded the contract to the Certified fabricator even though they were not the low bidder.

Number of Certified fabricators in Indiana: 16

CASE STUDY 2

HOW LATE IS TOO LATE?

Project Information: 11,200 ft², 27 tons, strip mall in Texas

Certification outcome: Waived

Timing: AISC was contacted on the day contracts were awarded, but bids were open for a total of seven weeks.

Pricing: Total project cost = \$2.5M

Certified bid: \$111,000

Low bid: \$106,000

Total difference in bid prices: \$5,000 (4.5% difference in bids compared to total project cost)

AISC was contacted too late in the bid process. The architect was in favor of the AISC Certification program, and his situation was simply a matter of poor timing. If AISC had been contacted earlier in the bid process, things could have turned out differently

Number of Certified fabricators in Texas: 34

CASE STUDY 3

WHAT ARE THEY THINKING?

Project Information: Approx. 375,000 ft², one story, 3000 tons, exhibit hall renovation in Kentucky

Certification Outcome: Waived

Timing: AISC was contacted three weeks after bids closed

Pricing: Total project cost = approx. \$47M

2nd Low Bid: \$13.5M

Low Bid: \$10.5M

Total difference in bids: \$3M (6% difference in bids compared to total project cost)

The original contract required the use of an AISC Certified fabricator which was later removed in an addendum issued two weeks later. AISC was contacted three weeks after bids closed, and a contract had already been awarded.

Number of Certified fabricators in Kentucky: 3

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the form mentioned above, please visit www.aisc.org/nomorewaivers.

Timing

“Observe due measure, for right timing is in all things the most important factor.”

Hesiod, the ancient Greek poet, may not have been savvy to the structural steel industry, but I couldn't have said it any better myself. At AISC, we have been advising our clients from day one, “The earlier you can get us involved, the better chances we have of maintaining the Certification requirement.” But, how early is early enough? And when is it too late? The answer to the first question is simple. It is never too early to request support from AISC. The moment you receive information hinting to a potential waiver situation is the moment to initiate contact. The second question deserves a more detailed response. Based on all of the successful waivers from the past 12 months, AISC was often able to maintain the Certification requirements when contacted at least seven days prior to the date contracts were to be awarded. If potential waiver information is obtained earlier, such as prior to a project's pre-bid meeting, AISC can provide helpful information for all attendees, thus improving the chances of keeping those requirements in the specification. Here is an example of what AISC can contribute to a pre-bid meeting:

- **A list of Certified companies in the project's region along with their respective contact information**—This provides engineers, contractors and owners a sense of how many bids from Certified firms they might expect. A Certified fabricator or erector has proven that they have the personnel, organization, experience, procedures, knowledge, equipment, capability and commitment to produce quality work.
- **Certification program documentation**—This includes audit requirements, audit policies, fees, etc. This is the best way to get familiar with exactly what AISC requires from its Certified companies.
- **A summary list of key qualifications required for all Certified firms**—this list is helpful for quickly conveying to project decision-makers key credentials that Certified companies retain and that non-certified firms may be missing.

If contracts have already been awarded, it's usually too late to reverse the decision. But, that doesn't mean we don't want to hear about the decision. By informing AISC

about a waiver now, efforts can be made to work with decision-makers, reducing the chances of another waiver in the future.

In the case of the Indiana amphitheater project noted in Case Study 1, the requirement for Certification was removed in a tertiary addendum exactly one night before bids closed, so in this case, there was still enough time to help show the added value that Certified fabricators could bring to this project. The immediate notification to AISC of this change in the specification was a very significant contributor in maintaining the Certification requirement.

Case Study 2 tells a different story. On this public retail project, bids had been opened for a total of seven weeks before AISC was contacted, and it is unknown as to when the AISC Certification requirement was removed. Getting AISC involved early on might have been the tipping point based on the architect's positive view of the Certification program. The architect alone may not have had enough information to convince project decision makers of the added value of Certification. Calling on the “No More Waivers!” program would have been the best way to quickly get critical information into the project team's hands.

Case Study 3 is fairly clear with respect to timing. Contact with AISC came too late as we were notified about this waiver three weeks after bids closed, and a contract had already been awarded.

Pricing

As Lee Iacocca once said, “People want economy and they will pay any price to get it.” This often rings true when related to value engineering within the building industry. After speaking with many specifiers and contractors about cutting costs and the misconceptions that go along with it, many have unfortunately said the same thing: Certification is the first thing to go. It is extremely disconcerting that quality—and the project benefits it brings with respect to structural steel fabrication and erection—can be dismissed so easily.

If we take a look at Case Study 1 again, the general contractor had previously worked with one non-Certified bidder on a previous job, and had some problems with late delivery and poor-fitting pieces. The Certified company bidding on the project had always maintained a good professional relationship with the general contractor, and also had a very good reputation within their region for delivering pieces that fit in a timely manner. Although a significant

difference in bid prices (6% between bids) existed, the contractor was able to see the value this Certified company could provide despite the additional \$34,000. By subjecting their business to a rigorous third-party independent audit, the Certified company was able to prove to their prospective clients that they did exactly what they advertised while meeting all of the requirements of the AISC Quality Certification program. As in this case, fabricators and erectors can use the Certification program as a means to prove that they take quality seriously, and are capable of meeting the demands of any project.

Considering the difference in bid prices for Case Study 2, \$5000 is a small price to pay for the added value of AISC Certification. A Certified company has standardized procedures in place to manage quality into a project, not inspect for it after the fact. Once steel has been delivered to the job site, finding problems and fixing them can be costly and time-consuming. And, it's possible that the money spent fixing these non-conformances exceeds the additional cost of using the lowest Certified bid price.

Case Study 3 is very different from the two previous cases due to the large overall cost of the project. As a requirement to the *Standard*, Certified fabricators are required to review original contract documents, revised contract documents and changes received through clarification to assure that the fabricator understands the contract requirements. An advantage of requiring Certification for a large and complex project is the assurance that all of the employees of a Certified shop are receiving the most current drawing revisions and clarifications. In this case, the exhibit hall is comprised of long span steel joists and steel truss framing that would benefit from an outfit that employs a Certified quality management system. Proven experience dealing with such complexities through the use of standardized procedures is what sets Certified companies apart from the balance of the industry. With a bid difference of three million dollars, one must ask whether it is worth the risk of taking on a company that has not proven they are capable of such a high profile job.

Intuition suggests that when the difference in bid prices is small, it would lead to fewer waivers. But, we were able to save the requirement for a project with as high as a 17% difference in bid price. I have come to the conclusion that the most important contributor to maintaining Certification requirements is increasing awareness about

the program, and conveying the value Certification adds to a project. When project teams come to fully understand and appreciate the benefits of an effective quality management system supported by AISC Certification, the pressure to waive the requirement goes away.

Project Size

While waivers are requested on projects of all sizes, they are most common on smaller projects. In fact, during the past year 65% of all waivers received were for projects with less than 500 tons of structural steel and under 100,000 sq. ft. The Indiana amphitheater and Texas strip mall shown in Case Studies 1 and 2, respectively, are typical.

And the situation is self-propagating since certification is less often required on smaller projects and therefore there's a larger pool of non-certified fabricators competing on those jobs. As a result, on smaller projects it's not unusual for experienced fabricators to compete against either two guys with a welding machine in their garage and a new name for their company or a good miscellaneous fabricator who has been doing handrail for 20 years, observes that

construction in their area is booming, and decides to branch into structural fabrication. Finally, the owners of smaller projects are often less experienced and don't understand that it's a false economy to expect to inspect for quality after the project is constructed rather than insisting that quality procedures be built into the job. For inexperienced owners, it's hard to resist the extremely low bidder, regardless of their qualifications or experience.

Typically, waiver requests on projects of a size and type similar to Case Study 3, the Kentucky exhibit hall, are uncommon—only 6% of all waivers within the last 12 months. It's unusual for a fabricator with the capacity and capability needed for a large project not to have a quality system in place—and most of those companies readily recognize the value certification brings to both their company and the projects on which they bid.

Conclusion

Despite all of the numerical data we have looked at, it is clear that one of the most important aspects of managing a successful "No More Waivers!" program is increasing awareness of the AISC Certification program. When we focused on the effect that

pricing had on waivers, there was really no definitive answer to what the bid price differences should be in order to yield a successful waiver effort. What is clear is that the earlier AISC gets involved, the better chance we have of maintaining the Certification requirement. Certification is often critical to smaller and less complex projects. When owners, contractors, and engineers fully understand and appreciate the value of the AISC Certification program, Certified companies don't need to rely on AISC to convey that information to their clients. Certified firms can do this by actively promoting and defending the program as well as educating their local building industry when questions arise. The lessons we have learned from this past year's efforts are an indication of how far we have come. Please use these lessons as an effective weapon in the battle to maintain quality steel fabrication and erection requirements. **MSC**

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