

Date:	December 1, 2008
To:	Whom It May Concern
From:	Pete Fowler Construction Services, Inc.
Regarding:	Managing Expert Costs System
Note:	Copyright 2008 Pete Fowler Construction Services, Inc.

Introduction

PFCS has been working for years to create a system for delivering consulting services at the highest level of professionalism while controlling expenses. This document contains an overview of our system. The entire system is summarized on this single page. The additional pages are more discussion and attachments.

You are welcome to distribute this document to your clients for their thoughts. Also, we would be glad to come to your office to discuss this system with your staff. PFCS is a registered CA State Bar MCLE provider and this material can be used as a training course so attorneys can receive continuing education units.

System Components Summary

1. Project Information: At the beginning of a project (case) you deliver information like project name, description, name of who we will represent and scope of work, a brief “why we are here”, outline of available information, etc. PFCS will organize the information and make it available online on our Client Access system.
2. Project Planning: An internal, structured process by technical expert(s) and project managers using our (1.) 10-Step *Solving Building Problems* method which includes a “Menu of Deliverables”, (2.) our “Analysis Levels” document (attached) and (3.) our proprietary on-line planning and management tools.
3. Project Plan: Memo that describes the objective, milestones, deliverables, estimated time and budget for execution. Available to all decision makers on Client Access.
4. Approval for Work: Written or verbal approval of work described in Project Plan. Changes to the plan can be requested and integrated at this point.
5. Execution: Disciplined work focused on accomplishing the milestones, creating deliverables described in the Plan, and presenting our work with professionalism.
6. Project Plan Updates: Naturally, litigation can be messy. No amount of planning can make the process 100% predictable. But control can be exercised when assumptions change by updating the Plan (memo), figuring out what analysis is required, and requesting approval so “return on investment” (ROI) decisions can be made.
7. Project Status Memos (Optional): On more complex or expensive projects we can compare performance to plan on a periodic (monthly or quarterly) basis.
8. Project Close Memo (Optional): A final Project Status Memo where we compare performance to plan so learning opportunities can be gleaned.

Detailed Discussion

1. Project Information

- A. At the beginning of a project (case) you deliver information like project name, description, name of who we will represent and scope of work, a brief “why we are here”, outline of available information, etc. PFCS will organize the information and make it available online on our Client Access system.
- B. Structured information that is available to all applicable stakeholders on PFCS Client Access system minimizes duplicative work.
- C. Maintaining Client Access information allows all parties to get up-to-speed quickly.
- D. We often compose an “Images and Information” file with big picture information, satellite and aerial images, exterior photographs and other internet-available data.

2. Project Planning

- A. An internal, structured process by technical expert(s) and project managers using our (1.) 10-Step *Solving Building Problems* method which includes a “Menu of Deliverables”, (2.) our “Analysis Levels” document (attached) and (3.) our proprietary on-line planning and management tools.
- B. In a Project Planning Meeting (PPM) we identify the Objective, Method, Milestones, Deliverables and Actions required to move the project from where it is to the best available alternative as quickly and inexpensively as possible.
- C. PFCS has a standard Project Planning Meeting Agenda and method from our Project Management training. Copies available upon request.
- D. Our planning method for litigation projects is explained in an article called *Solving Building Problems* (Copies available upon request) that includes a multi-level, 10-step method, which includes a “Menu of Deliverables”, for analyzing and solving problems on construction projects and buildings.
- E. We plan and execute investigations at the highest level of professionalism by using our program *Building Wall Inspection and Testing* (Copies available upon request), which integrates the most important building industry standards for analysis of building performance.
- F. We know our work requires ROI and we consider this during planning.
- G. We can plan various “Analysis Levels” and “Exposure Analysis” points at increasing levels of depth and accuracy (Level 1 = Early, Level 5 = Final Analysis). Our “Analysis Levels” document (attached) describes how we work depending on the value of the project. We work with clients to make ROI decisions about the quantity and depth of information and its relative value at various times during the project.

3. Project Plan

- A. Memo that describes the objective, milestones, deliverables, estimated time and budget for execution. Available to all decision makers on Client Access.
- B. The Project Plan memo will be as concise as possible; usually 1-2 pages plus a budget worksheet for easy comparison of original plan, current / revised plan, and performance compared to plan.

- C. For small projects the Plan will generally be organized by Project Milestones or Deliverables with approximate times for each. For example:
1. Document Index and update as necessary (1-3 Hours)
 2. Issues List (includes inspection check-list and interviews) (5-8 Hours)
 3. Visual Inspection and Documentation (preparation, execution and processing) (16-18 Hours)
 4. Issues List – UPDATED (4 Hours)
 5. Opinion Letter with Recommendations (12-14 Hours)
- D. Large Project Plans are organized in a Work Breakdown Structure, like a construction scope of work or estimate, with several main categories (Level 1) and specific deliverables listed below each category (Level 2). See attached Managing Expert Costs - Project Plan sample.
1. Level 1: Preparatory Work: (A.) Client Access information (including One Minute Summary) (B.) Images and Information (C.) Issues / Inspection Checklist
 2. Level 2: Preliminary Investigation: (A.) Document Review and Summary (B.) Interviews with Key Players (C.) Visual Inspection (Prepare for Inspections, Execute Inspections, Process Documentation) (D.) Contract Summary
 3. Level 3: Analysis: (A.) Update Issues Lists (B.) Preliminary Analysis (Issues-Discussion Matrix) (C.) Opinion Letter with Recommendations (D.) Players List
 4. Level 4: Detailed Analysis: (A.) Testing Protocol (B.) Coordinate and Conduct Testing and Process Documentation (C.) Issues List Update (D.) Finalize Analysis (Issues Summary Report) (E.) Construction Cost Estimate (Level 4)
 5. Level 5: Final Analysis: (A.) Presentation Outline (B.) Presentation (C.) Meetings (D.) Deposition Testimony (E.) Trial Testimony
- E. Either method allows easy comparison of performance to plan.

4. *Approval of Work*

- A. Written or verbal approval of work described in Project Plan. Changes to the plan can be requested and integrated at this point.
- B. The approval mechanism should be established in writing before beginning work.
- C. The “approval of changes” mechanism should be established before beginning work.
- D. The payment process and timing should be agreed upon before beginning work.

5. *Execution*

- A. Disciplined work focused on accomplishing the milestones, creating deliverables described in the Plan, and presenting our work with professionalism.
- B. As discussed above, our work is executed in various levels of depth, depending on the project and the “exposure” of the parties.
- C. We will be working toward the completion of approved milestones and actions only.

6. *Project Plan Updates*

- A. Naturally, litigation can be a messy. No amount of planning can make the process 100% predictable. But control can be exercised when assumptions change by updating the Plan (memo), figuring out what analysis is required, and requesting approval so “return on investment” (ROI) decisions can be made.

- B. As changes become necessary, like when an increase in the time required for analysis occurs due to unforeseen or new circumstances, PFCS will re-estimate the time to completion and seek approval of the revised plan at the earliest practical time.
- C. If changes are requested we will update the Plan and seek approval.
- D. Like a kitchen remodel that includes (1.) demolition, (2.) new cabinets, (3.) paint and (4.) flooring, consulting work can be broken down into a similar, simple “work breakdown structure” and managed. If a professional remodeling contractor believes more work is required, the additional work should be approved by the payor prior to execution whenever possible. So too with consultants. Also, Owners in construction often ask for lots of small changes without recognizing the accumulated impact, and then at the end of the project they get an unpleasant surprise. It therefore behooves the professional contractor to update the plan and have it approved. So too with consultants.

7. *Project Status Memos (Optional)*

- A. On more complex or expensive projects we can compare performance to plan on a periodic (monthly or quarterly) basis.
- B. Format similar to the Project Plan memo so that performance can be compared to plan.
- C. This is generally used on medium to large projects.
- D. The Project Status memo will sometimes be a prompt for a multi-party Project Status Meeting.

8. *Project Close Memo (Optional)*: Similar to the Project Status Memo. A final Project Status Memo where we compare performance to plan so learning opportunities can be gleaned. Used to compare performance to plan so learning opportunities can be discussed with the entire team.

References and Standards

1. PFCS *Analysis Levels – Deliverables and Durations* spreadsheet (Attached)
2. PFCS *Managing Expert Costs – Project Plan* sample (Attached)
3. PFCS Client Access brochure (Attached)
4. PFCS *OMAA-Goodness! Project Planning and Management Framework*
5. PFCS *Solving Building Problems*
6. PFCS *Building Wall Inspection and Testing*
7. PFCS *Building Wall Design & Construction*
8. PFCS *Contracting 101*

PFCS Analysis Levels

Deliverables and Durations

Line	PFCS 10-Step Solving Building Problems Method	Level 1: Preparatory Work	Level 2: Preliminary Investigation	Level 3: Analysis	Level 4: Detailed Analysis	Level 5: Final Analysis
1	Collect, Organize & Understand	Images and Info.	Document Index, Project Summary memo	Document Summary	Deposition Summary, Document Index UPDATE (with LOTS of documents the Index may require re-organization)	See Level 4
2	Plan	5-15 points on One Minute Summary, Project Plan memo	Project Plan Update, Project Status Memo	Project Status Memo	Earned Value Analysis	Earned Value Analysis
3	Scope of Work	1 sentence to 1 paragraph on One Minute Summary	Contract Summary, Players List	Scope of Work Matrix (Multiple Parties), Scope Hypothesis Memo	See Level 3	See Level 3
4	Issues	5-15 points on One Minute Summary, Issues List, Plaintiff Issues List	Timeline	See steps 7 and 8	See steps 7 and 8	See steps 7 and 8
5	Locations	1 sentence to 1 paragraph on One Minute Summary, Aerial Images	Locations Matrix, Inspection Summary, Site Map	Locations Matrix with additional data: Inspections, Testing, etc..., Elevation Drawings (Marked-Up), Floor Plans (Marked-Up)	Complete Quantity Take Off for L3-4 Estimate	See Level 4
6	Costs	1 sentence to 1 paragraph on One Minute Summary	Plaintiff Estimate Summary, PFCS Order of Magnitude Estimate	PFCS Level 2-3 Cost Estimate	PFCS Level 4 Detailed Estimate	PFCS Level 5 Bid-Level Estimate
7	Issues-Locations Analysis	None	Visual Inspection Documentation	Issues List w- Locations, Visual Inspection Analysis	Testing, Testing Summary Matrix, Issues-Locations Matrix	See Level 4
8	Issue-By-Issue Analysis	None	Limited to None	Issues-Discussion Matrix, Scope of Work (Repairs)	Issues Summary report, Allocation Matrix	Testimony Outline
9	Hypothesize	Initial Reaction, Exposure Analysis (L1)	Opinions in Opinion Letter or verbal talking points, Exposure Analysis (L2)	Opinions in Issues-Discussion Matrix, Exposure Analysis (L3)	Exposure Analysis (L4)	Exposure Analysis (L5)
10	Present	Telephone Call, Proposal	Opinion Letter, Investigation Recommendation	Meeting Agenda / Minutes	Powerpoint Presentation, Detailed Issue Analysis, Detailed Issue Response	Deposition, Arbitration and / or Trial Testimony
11	Total Time	1-10 Hours	8-80 Hours	60-160 Hours	100-200 Hours	200 Hours +

Managing Expert Costs

Project Plan

Line	Scope of Work / Deliverables	Status	Original Plan		Current Plan		Month 1	Month 2	Month 3	Month 4	Month 5
			Hours	Costs	Hours	Costs					
1	Level 1: Preparatory Work										
2	A. Client Access Information (including One Minute Summary)		2	\$ 290.00	2	\$ 290.00					
3	B. Images and Information		1	\$ 145.00	1	\$ 145.00					
4	C. Issues / Inspection Checklist		2	\$ 290.00	4	\$ 580.00					
5	D. Document Index		2	\$ 290.00	8	\$ 1,160.00					
6											
7	Level 2: Preliminary Investigation										
8	A. Document Review and Summary		4	\$ 580.00	16	\$ 2,320.00					
9	B. Interviews with Key Players		2	\$ 290.00	4	\$ 580.00					
10	C. Visual Inspection: Prepare, Execute, Process Documentation		16	\$ 2,320.00	20	\$ 2,900.00					
11	D. Contract Summary		2	\$ 290.00	3	\$ 435.00					
12	E. Meetings / Telephone Conferences		0	\$ -	8	\$ 1,160.00					
13											
14	Level 3: Analysis										
15	A. Update Issues Lists		4	\$ 580.00	4	\$ 580.00					
16	B. Preliminary Analysis (Issues-Discussion Matrix)		6	\$ 870.00	16	\$ 2,320.00					
17	C. Opinion Letter w- Recommendations		10	\$ 1,450.00	24	\$ 3,480.00					
18	D. Players List		2	\$ 290.00	4	\$ 580.00					
19	E. Meetings / Telephone Conferences		0	\$ -	8	\$ 1,160.00					
20											
21	Level 4: Detailed Analysis										
22	A. Testing Protocol				4	\$ 580.00					
23	B. Testing: Coordinate, Conduct and Process Documentation				32	\$ 4,640.00					
24	C. Issues List Update				8	\$ 1,160.00					
25	D. Finalize Analysis (Issues Summary Report)				24	\$ 3,480.00					
26	E. Construction Cost Estimate (Level 4)				24	\$ 3,480.00					
27											
28	Level 5: Final Analysis										
29	A. Presentation Outline				8	\$ 1,160.00					
30	B. Presentation				32	\$ 4,640.00					
31	C. Meetings				16	\$ 2,320.00					
32	D. Deposition Testimony				40	\$ 5,800.00					
33	E. Trial Testimony				40	\$ 5,800.00					
34											
35											
36	Total		53	\$ 7,685.00	350	\$ 50,750.00	-	-	-	-	-

Managing Expert Costs

“No plan can be considered complete - or satisfactory - until it produces measurable outcomes and incorporates mechanisms that allow mid-course corrections based on results.” - Judith Rodin

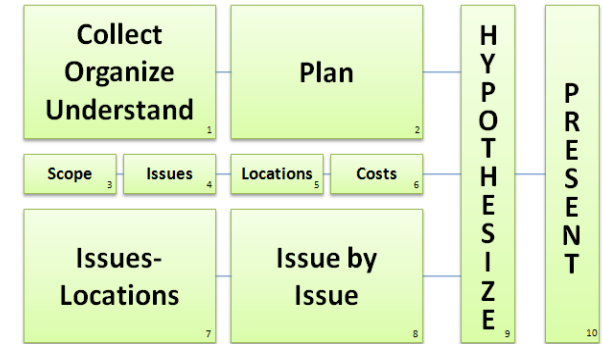
Construction litigation can be messy, and messy can get expensive. We have been working for years to create a system for delivering construction consulting services at the highest level of professionalism while controlling expenses. We have created a powerful system called *Managing Experts Costs*. Using this system combined with our 10-step *Solving Building Problems Method* we guarantee to get our clients through the project as quickly and efficiently as possible. We do this through carefully thought out project planning, disciplined execution of the plan, and frequent review of the “return-on-investment” (ROI) versus cost.

We invite you to attend one of our 1-hour continuing education teleconference seminars to learn about this resource and the benefits of taking control of what some argue is unmanageable.

For information on seminar dates or for a copy of the *Managing Expert Costs* article call us or visit http://www.petefowler.com/publications_seminars.html

To register for a seminar, please e-mail us at marketing@petefowler.com

PFCS Solving Building Problems Method



PFCS Managing Expert Costs System

1. Project Information Collection
2. Project Planning Process - 10-Steps
3. Project Plan and Budget Documents
4. Approval of Project Plan and Budget
5. Execution and Management of Plan
6. Project Plan Changes and Updates
7. Project Status Meetings and Memos
8. Project Close

PFCS CLIENT ACCESS

We've recently rolled out a new feature for all of our clients:
Free Online Access to Your Projects

Our Client Access system is designed to provide easy, secure access to all of the documents we publish, all of our inspection photographs in a sortable and searchable format, and all of the accounting information for every project you have with us.

Not only is this system free to every client; it is actually the front-end of a complete project planning, management and accounting system that increases our effectiveness in *solving building problems* on time and within budget. Our goal has always been to get our clients to the end of their projects as quickly and inexpensively as possible. Our Client Access system helps by making valuable information instantly available. Log on at <https://access.petefowler.com> and see this powerful system for yourself.

08-738 Smith v ABC Construction

Project Information

Insured/Represent: ABC Construction
Trade: General Contractor
Address: 123 Elm, Springfield, CA (Map)

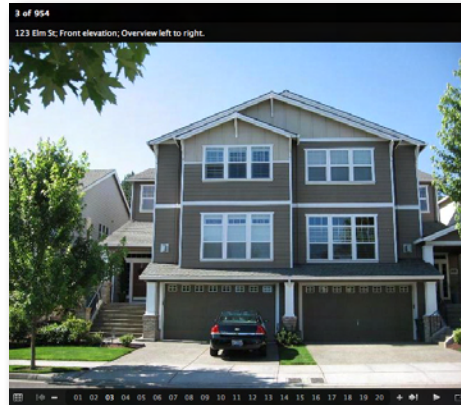
One Minute Summary

- BIG PICTURE OF THE PROJECT:**
The project involves a Single-Family residence located at 123 Elm in Springfield, California, composition shingles. Based on our review of City of Springfield data, construction was completed.
- CLIENT'S ROLE IN THE BIG PICTURE:**
ABC Construction planned, developed, and constructed the home and directed the marketing.
- WHY ARE WE HERE? ISSUES:**
Plaintiff Experts Inc. inspected the home on 2/12/08 and provided a report to the Owner, Mr. metal flashings, and composition roof.
- WHAT HAS PFCS DONE?**
PFCS conducted an inspection on 7/5/08, analyzed the issues alleged by Plaintiff Experts Inc.
- WHAT SHOULD PFCS DO?**
Nothing at this time.

Published Documents

- 2A Issues List 08-07-02
- 2A Opinion Letter 08-07-25 PUBLISHED
- 2F Live Maps 5 08-07-02

Project Information



Searchable Photograph Viewer

Type	Payor	Ref. No.	Claim No.	Check Date	Invoiced	Payments	Due
Invoice		08-738-07-04-30		04/30/07	165.00		0.00
Payment	InsCo	8574639		05/21/07		165.00 100.00	
Invoice		08-738-07-05-31		03/31/07	2,400.00		0.00
Payment	InsCo	1998207		06/20/07		2,400.00 100.00	
Invoice		08-738-07-06-30		06/30/07	432.00		0.00
Payment	InsCo	6777485		07/25/07		432.00 100.00	
Invoice		08-738-07-11-30		11/30/07	1,902.00		0.00
Payment	InsCo	0098172		01/23/08		1,902.00 100.00	
Invoice		08-738-07-12-31		12/31/07	870.00		0.00
Payment	InsCo	3384775		01/23/08		870.00 100.00	
Invoice		08-738-08-02-29		02/29/08	1,082.00		0.00
Payment	InsCo	2312113	34561335546322	06/05/08		1,082.00 100.00	
Invoice		08-738-08-03-31		03/31/08	1,644.41		0.00
Payment	InsCo	6683944	34561335546322	06/07/08		1,644.41 100.00	
Invoice		08-738-08-04-30		04/30/08	2,030.00		0.00
Payment	InsCo	3958674	34561335546322	06/05/08		2,030.00 100.00	
Invoice		08-738-08-06-30		06/30/08	1,375.37		1,375.37
					\$11,800.78	\$10,525.41	\$1,275.37

Detailed Accounting Data