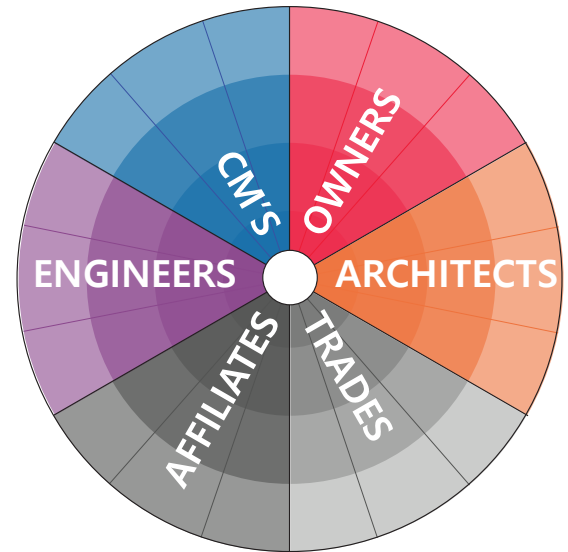


6 DEGREES OF DESIGN & CONSTRUCTION RISK

What are the GREATEST RISKS faced by EVERY design & construction project?

This is the question asked of a select group of owners, architects, engineers, construction trades, and insurance/banking/legal affiliates. Over the course of three meetings, an interdisciplinary group of thought leaders known as the "COGENCE Alliance" identified, categorized, and organized a list of the most significant risks that they encounter.



THE 6 DEGREES OF RISK: We all benefit when we collaboratively reduce risk.

FEB 2019 RISKY BUSINESS

First, we identified the risk from each of the six partners' perspectives and group them into the 10 key risks.

APR 2019 RISKY TIMES

Next the partners ranked risks from their perspective to identify the key areas that contribute to higher levels of risk.

JUL 2019 RISK OR KEYS TO SUCCESS

Lastly, partners worked together across the industry divides to identify habits we can each develop to mitigate risk to our partners and to the project as a whole.

ROUND TABLE TIME LINE: COGENCE Alliance Partners met over the course of 7 months.

Our goal in sharing this information is to encourage collaboration and inspire greater understanding between disciplines, reducing risk and improving project outcomes for everyone.

In the coming months we will release the data from the perspective of each one of our industry partners:

1. Owners
2. Affiliates
3. CM's
4. Trades
5. Engineers
6. Architects

This month we begin with the aggregated list of the 10 greatest risks faced by every building project.

FINAL RANKED RESULTS

COMMUNICATION

CONTRACTS

LEADERSHIP

SCHEDULE

BUDGET

TEAM MEMBERS

CHANGES

FINANCIAL

QUALITY

DUE DILIGENCE

THIS IS WHAT WE MEAN. To create our list, COGENCE Alliance partners identified and considered examples of risks presented by each category, as follows:

COMMUNICATION: Unclear, conflicting, and/or untimely delivery of information; lack of transparency; not establishing and/or observing proper channels; lack of proper documentation; hoping problems just resolve themselves.

CONTRACTS: Unfair, unclear, or unenforceable contract terms; inappropriate allocation of risk; not reducing material terms and/or amendments to writing.

LEADERSHIP: Uncertain roles/responsibilities; lack of understanding of the strategic drivers of the project; selecting the wrong team; substitution/loss of key team members; unwillingness or inability to take prompt and decisive action.

SCHEDULE: Compression, acceleration, and/or not properly setting up the project at inception; slippage; unrealistic goals or expectations; failure to update; not incorporating scope changes.

BUDGET: Failure to reconcile budget with scope/expectations; lack of alignment between costs and necessary expertise; conflicting philosophies as between first cost v. long-term operating costs; lack of transparency.

TEAM MEMBERS: Improperly trained or educated personnel; shortages; not retaining key personnel for duration of a project.

CHANGES: Re-design; untimely changes; lack of understanding of how changes impact all team members ("domino effect").

FINANCIAL: Pushing liability downhill and/or not sharing risk; insufficient financing; market volatility; disagreements on prediction of escalation.

QUALITY: Defective work; value engineering; inconsistent understanding of the level of document completeness.

DUE DILIGENCE: Lack of attention to vetting the project or the team; insufficient review prior to proposal or interview submission; having a commodity, rather than value-based, mindset.

In two weeks, we will share the list as ranked by Owners. Then biweekly we will release each partner's rank list.

Now that we've identified and defined the problems, in the coming weeks, we will also share tactics to mitigate risk by working more collaboratively as a project team.

The COGENCE Alliance exists to transform the design and construction industry to be more collaborative, with reduced risk and improved outcomes for all projects. For more information, go to cogence.org.