

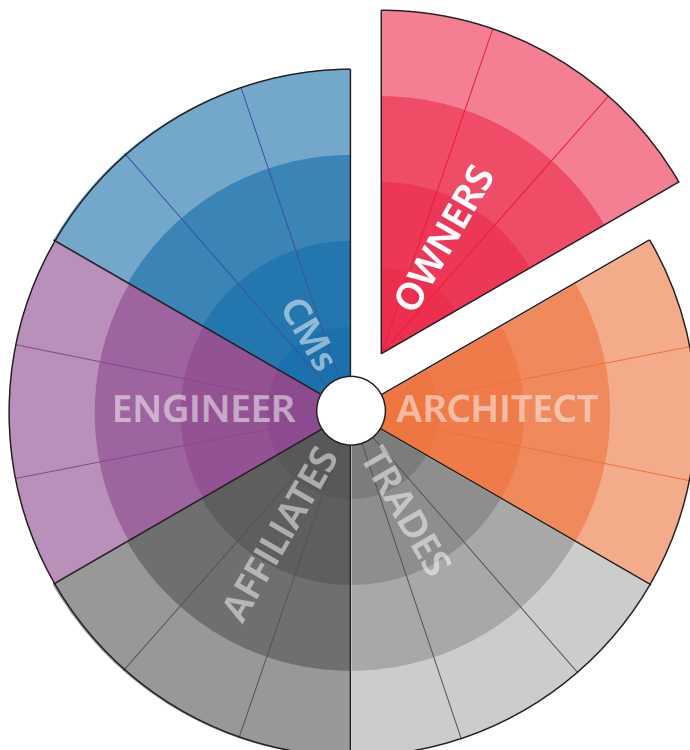
6 DEGREES OF DESIGN & CONSTRUCTION RISK

What are the GREATEST RISKS that OWNERS face on EVERY design & construction project?

The COGENCE Alliance recently asked a collective group of Owners, Affiliates, CM's, Trades, Engineers, and Architects what are the greatest risks to every design and construction project. Then we answered that question by way of an [aggregated "Top 10" list](#).

We now release the second in our 8-part series, the Top 10 Risks as determined by the **OWNERS** — including some potential solutions to help mitigate these risks.

In two weeks we will release the risks and potential solutions, as determined by Affiliates, then CM's, Trades, Engineers, and — last but certainly not least — Architects.



OWNERS

BUDGET

COMMUNICATION

LEADERSHIP

FINANCIAL

QUALITY

SCHEDULE

CONTRACTS

TEAM MEMBERS

CHANGES

DUE DILIGENCE

OWNER'S RISKS

1. BUDGET

RISK: Misalignment of the budget vs. expectations

RISK: Volatility in market pricing

SOLUTION: Bringing project team on board early and develop the budget together. This allows VE to occur early and helps the Owner get the best value, while mitigating scope creep.

SOLUTION: Build a team of trusted partners working towards the same goals

2. COMMUNICATION

RISK: Lack of clear expectations of the team

RISK: Project team not being direct or honest with the Owner about issues

RISK: Breakdown of communication among team members; not everyone on the same page or working towards the same goals

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

3. LEADERSHIP

RISK: Leaders are only involved early, and/or decision-makers not attending meetings

RISK: Fear of conflict leads to ignoring problems – team is afraid to bring problems to the Owner

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

SOLUTION: Encourage relationships and foster comfort with candid conversations. Create a team environment

4. FINANCIAL

RISK: Availability of financing; fits and starts in project progress due to periodic unavailability of financing

SOLUTION: Open discussions about status and structure of project financing with the team; keep team members updated throughout the project standard in the industry

5. QUALITY

RISK: Commoditization of design and construction – choosing cheapest rather than greatest value.

RISK: Value Engineering that occurs too late in the design or construction process and results in rework.

SOLUTION: Quality and cost are intertwined — hire a trusted design and construction team early in the project to help align scope, budget and expectations.

SOLUTION: Open communication is key! Incorporate page turns with whole team, include construction administration in your consultant's scope/fees, and require mock ups and quality reviews during construction, engaging commissioning agents early in the process

6. SCHEDULE

RISK: Setting the schedule in a vacuum, without design and construction team input

SOLUTION: Competent and collaborative development of a schedule with the experts in their field, pull planning, master schedules, making sure that everyone understands the right sequences, durations, etc.

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

7. CONTRACTS

RISK: Unfair allocation of risk

RISK: Utilizing contract forms that are not meant for design/construction projects, and/or not standard in the industry

SOLUTION: Educate each other of the proper risk transfer and understand each other's perspective

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

SOLUTION: Utilize industry standard contracts

8. TEAM MEMBERS

RISK: Unskilled, untrained, or inexperienced team members

SOLUTION: Establish training programs

9. CHANGES

RISK: Reduced schedules for design and construction lead to incomplete drawings, which result in changes

RISK: Inadequate and/or premature budgets

RISK: Too many decision-makers

SOLUTION: Allow reasonable time to plan a project up front. Allow needed time for design team to do the documents. Allow time for CM's coordination drawings to be completed prior to starting construction

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

10. DUE DILIGENCE

RISK: Selecting team based on low bid, without vetting qualifications

RISK: Team not understanding Owner's goals and expectations for the project

SOLUTION: Ensure that the team understands the goals and expectations

SOLUTION: Owner-led kick off meeting at the start of the project to establish roles, expectations, contract review, risk assessment for all parties; establish and continuously review the project schedule, meeting cadence, governance and structured agendas for meetings, and communications protocol

SOLUTION: Create a comfortable atmosphere to talk about finances and encourage entire team to complete due diligence tasks

SOLUTION: Hire a trusted design and construction team early in the project to help align scope, budget and expectations, rather than selecting based on the lowest bid.

COMMONALITIES

Perhaps not surprisingly, effective communication is critical to mitigating risk. Most notably, the Owners see good value in bringing the team together early to help build relationships, foster the free flow of information, promptly address outstanding issues, celebrate successes, and generally to understand the other team members' perspectives.

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.