

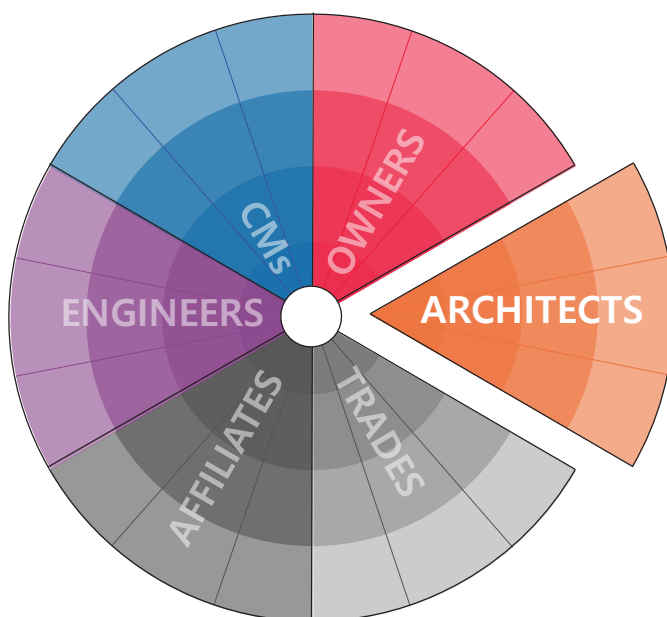
6 DEGREES OF DESIGN & CONSTRUCTION RISK

What are the GREATEST RISKS that ARCHITECTS 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. We're now answering that question by way of an 8-part series of posts, which began with an [aggregated "Top 10" list](#), followed by the Top 10 Risks as determined by the [OWNERS](#), [AFFILIATES](#), [CM's](#), [TRADES](#), and [ENGINEERS](#).

This week we're pleased to share the risks and potential solutions, as determined by **ARCHITECTS**. In two weeks, we will release an analysis of the lessons learned and how to use this critically important data in the form of a tool kit.

Join the conversation - join the movement - join the [COGENCE Alliance](#).



ARCHITECTS

- COMMUNICATION
- BUDGET
- CONTRACTS
- SCHEDULE
- LEADERSHIP
- FINANCIAL
- TEAM MEMBERS
- QUALITY
- CHANGES
- DUE DILIGENCE

ARCHITECTS' RISKS

1. COMMUNICATION

RISK: Failure to consistently and effectively document communications; not taking and/or sharing meeting minutes.

RISK: Owner is disengaged and/or provides unclear, late, or conflicting direction, causing redesign, incomplete design, and/or missed expectations.

RISK: Fear of being transparent with the client about issues that arise.

RISK: Adversarial communications lead to defensiveness and/or posturing, rather than working together as a team to resolve issues.

SOLUTION: Be purposeful about your documentation - take and issue concise meeting minutes that clearly document action items and decisions.

SOLUTION: Listen and be open-minded.

SOLUTION: Start off with a kick off meeting. Include all team members, outline owner expectations, review the contracts and discuss risks from all parties' perspectives. Establish a communication protocol and a structured cadence for future meetings.

2. BUDGET

RISK: Lack of transparency from the Owner, leading to re-design late in the process.

RISK: Unrealistic budget expectations - sushi tastes but Filet o' Fish budget.

SOLUTION: Be candid with the Owner about realistic budget constraints and communicate about when expectations may not align with the budget.

SOLUTION: Have processes in place (e.g. page-turns) to make sure the Owner gets what they expect.

SOLUTION: Involve the CM early in the process to confirm project is in budget as it is being designed.

3. CONTRACTS

RISK: Contract contains un-insurable risk, or an imbalance of risk, and/or draconian indemnification obligations on the part of the design professional.

RISK: Scope that is not detailed or properly defined.

RISK: Unfairly elevating the standard of care (e.g. demanding that the design professional have knowledge about all laws, jurisdictions, etc.)

SOLUTION: Engage legal counsel who understand the industry standard and who work from generally accepted contract templates.

SOLUTION: Communicate transparently to educate team members and own the risks that are reasonably yours to have.

SOLUTION: Educate the Owner on the definition of "betterment," as it is fair for Owners to pay fair value for benefits received.

4. SCHEDULE

RISK: Compressed schedules increase risk of incomplete design, skipping steps in the design process and/or other errors.

RISK: Insufficient time to properly set up a project and allow the complete design process.

SOLUTION: Communicate with the Owner the importance of an adequate schedule and inform the Owner of the risks presented by the lack of a proper schedule.

SOLUTION: Incorporate contract provisions regarding responsibility for schedule and fairly allocating risk of inadequate schedule and/or deviations from schedule.

5. LEADERSHIP

RISK: Who's in charge? Team lacks a clear understanding of who has authority to make decisions.

RISK: Unclear roles for the design team and contractors.

RISK: Leadership is involved in the project early, but involvement declines as the project proceeds.

SOLUTION: Establish a governance process and problem-escalation process.

SOLUTION: Prepare a project charter/customer service performance agreement, and set/define expectations (and verify Owner is willing and able to pay for that level of service).

SOLUTION: Have weekly OEEM meetings.

SOLUTION: Retain leaders with adequate experience for the entire duration of the project - not just at the beginning or if/when problems arise.

6. FINANCIAL

RISK: Payment terms change during the project and/or payment terms that are too protracted.

RISK: Failure to conduct adequate due diligence regarding client's financial stability - only realizing upon default in payment.



SOLUTION: Be up-front about expectations and include payment terms in the contract.

SOLUTION: Conduct adequate due diligence prior to entering into the contract.

7. TEAM MEMBERS

RISK: Inexperienced and/or under-trained staff.

RISK: Inability to hire and/or retain quality staff members.

SOLUTION: Adopt practices and a company culture that encourage employee retention and engagement.

SOLUTION: Ensure a senior manager is involved in the project at an appropriate level.

SOLUTION: Expand the talent pool via pro-diversity and inclusive hiring policies.

8. QUALITY

RISK: Inconsistent understanding of level of completeness of documents - particularly for pricing and accounting.

RISK: Value engineering late in the design process can lead to risk of lack of coordination between specs and documents, and between team members.

RISK: Delays in decision-making can cause redesign and/or expedited schedule and reduced quality.

SOLUTION: Have processes in place (like page-turns) to make sure the Owner gets what is expected.

SOLUTION: Bring the CM on board early to the project team to advise on costs, constructibility, and market conditions to avoid value engineering late in the process.

9. CHANGES

RISK: Inadequate appreciation/understanding of the impact of changes across all team members and trades, including how late changes can impact the design team.

RISK: Inadequately providing for change process in the contract documents.

SOLUTION: Bring the entire team into the process early and allow enough time in the schedule to properly set up a project so that the team understands Owner's goals, budget, and schedule. Allow the design process to occur.

SOLUTION: Include reasonable and clearly-defined change provisions in the relevant contract(s).

10. DUE DILIGENCE

RISK: Not identifying clients who have a “commodity mindset” and do not value expertise and service or are not willing to pay for it.

RISK: Competing against other firms of lower or different skill, at a lower cost.

SOLUTION: Take the time to perform Due Diligence prior to pursuing work.

SOLUTION: Confirm that Due Diligence has been done as part of the kick off process and identify any outstanding risks as a group - and the plan for mitigating those risks.

COMMONALITIES

Perhaps not surprisingly, Architects placed particular significance on the contract documents. Adequately defining the parties’ rights and obligations is in the best interest of every project and project team member. In addition, setting up proper communication channels helps to ensure a more effective team. Next week, we conclude the series with a discussion of lessons learned and how to mitigate the most significant risk faced by every design and construction project.

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