

MANAGING CONSTRUCTION PROJECTS IN TURBULENT TIMES

COMMERCIAL, CONTRACTUAL AND SUPPLY MANAGEMENT ISSUES

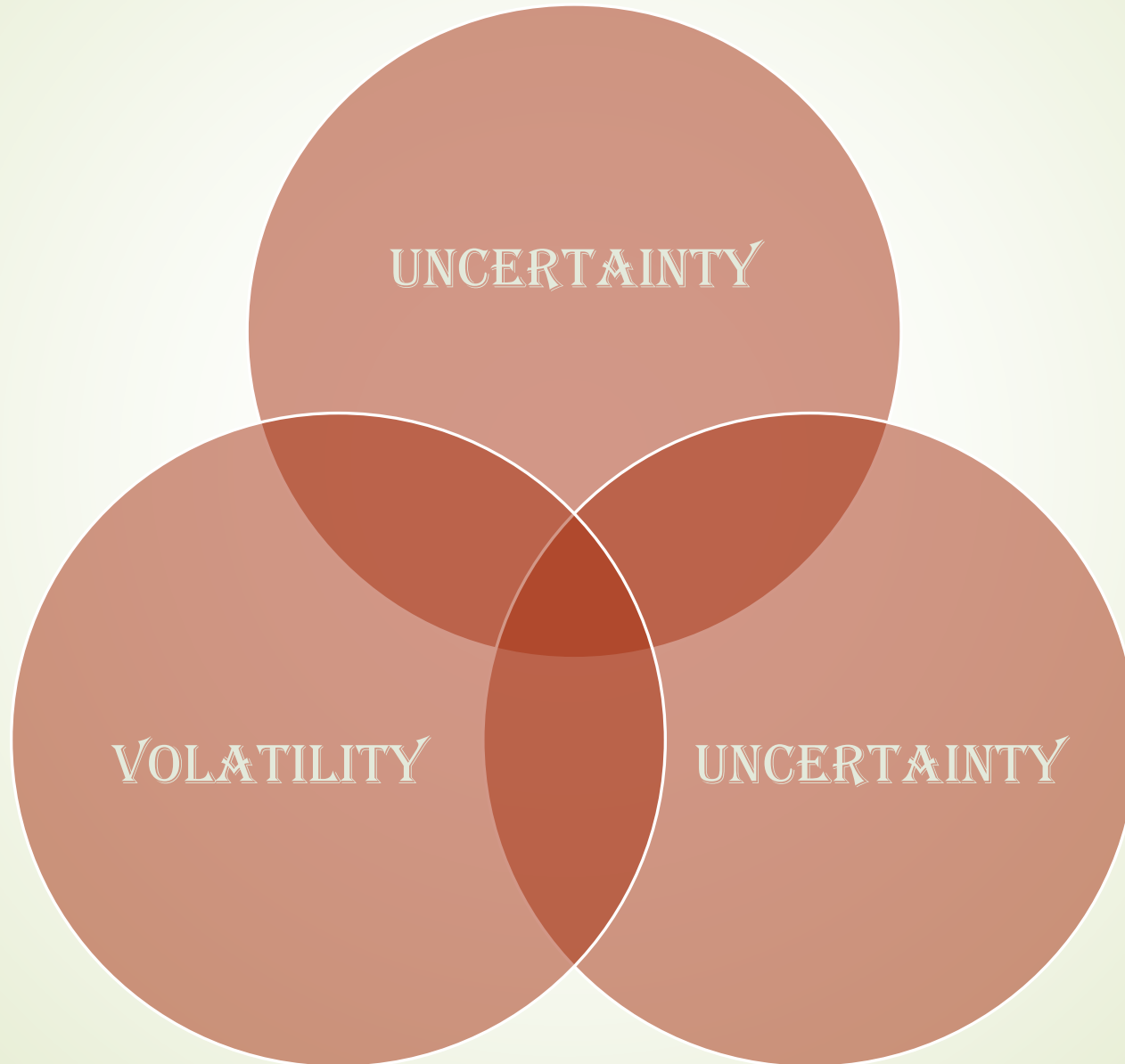
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At the 2 Days Workshop of the Nigerian Institute of Quantity Surveyors (NIQS) in
Benin-city, Edo State

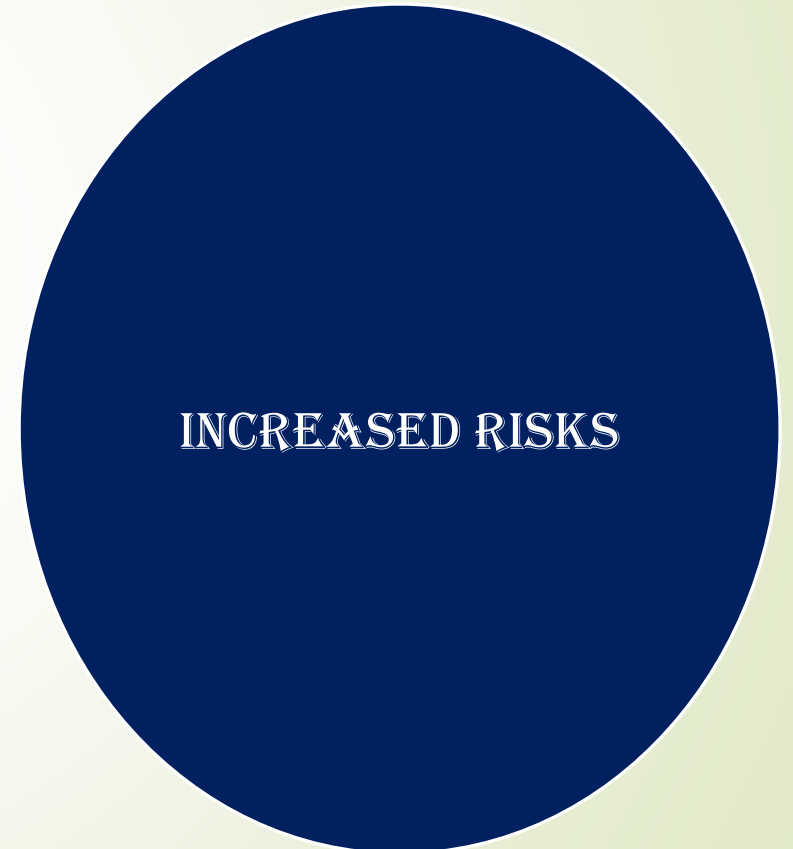
HOW DID WE GET HERE?



TURBULENT TIMES



The Risk of Construction is increased in turbulent times



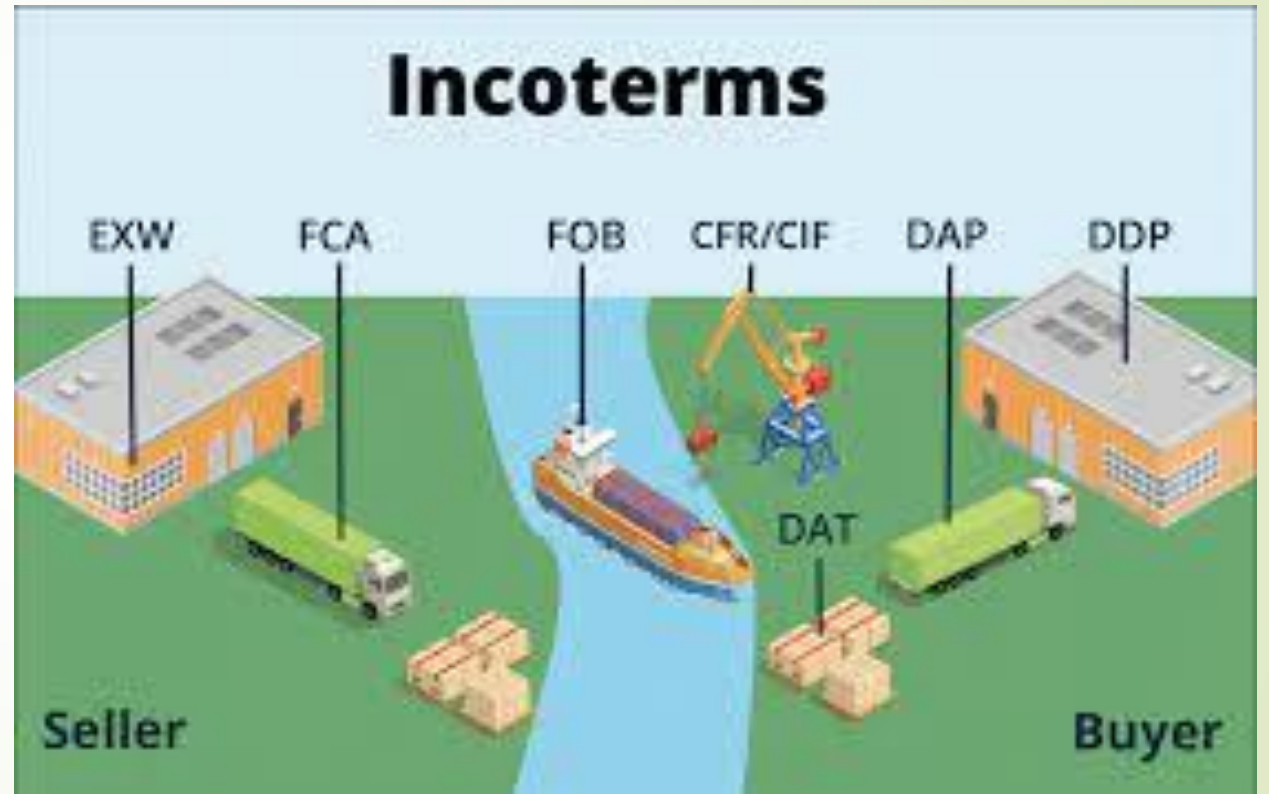
The Main Contractor's Ordeal



Inflation and Price Escalation



Increase in Logistics



Legal Partners



Issues Log

ID	Issue Raised	Description of Issue	Initiator	Date Raised	Issue Owner	Action Required	Responsible person	Deadline	Status
1	Lack of Good Equipment	The payloader is constantly breaking down on site, affecting the progress of work	QAQC Engineer	06-Apr-22	Plant and Equipment Department	Schedule the equipment for maintenance.	Plant and Equipment	11-May-22	Closed
3	Work space	Sharing of work space with the piling contractor has led to delay in progress of work.	Planning Engineer	16-Jun-22	Execution	Stagger work activities to accommodate the delays	Execution	20-Jul-22	Closed
3	Faulty AutoCAD software	AutoCAD software is not working satisfactorily.	Design Engineer	17/4/2023	IT Department	Procure a Licenced AutoCAD Software	IT	15/08/2023	Outstanding

Risk Register

ID	Risk Statement	Risk Owner	Risk Type	Risk Identifier	Date Identified	Probability (P)	Impact (I)	Risk Expected Value	Risk Level	Actions to address Threat and Opportunity	Deadline	Monitoring & Review Strategy	Residual Risk Level
						(1 - 5)	(1 - 5)	(P) X (I)	Refer to Matrix	Mitigating Actions to Address Threat			(L/M/H)

Risk management



MANAGING COMMERCIAL ISSUES IN TURBULENT TIMES

ISSUES	RISKS
A shift from the pre-planned budget	Cost overrun. Lowered profit margins.
Poor cost estimates	Shortage of material
Incorrect estimates	Reputational damage Delays
Unrealistic contract rates/sum	Cost overrun Abandonment of the Project Time overrun Loss of profit
Failed/distorted cash flow	Halting project progress Time overrun

MANAGING COMMERCIAL ISSUES IN TURBULENT TIMES

ISSUES	RISKS
Lack of funding	Abandonment of the Project
Delays in payments	Time overrun
Inadequate resources	Loss of profit
	Inflation
	Litigation
Disconnect between the office and site operations (unrealistic expectations)	Poor Quality
	Delays
	Time overrun
	Cost overrun
Unexpected increases in material costs	Poor Quality
	Delays in procurement
	Cost overrun

MANAGING COMMERCIAL ISSUES IN TURBULENT TIMES

ISSUES	RISKS
Labour shortage	Poor Quality Delays Time overrun Cost overrun
Stagnant productivity.	Delays Time overrun Cost overrun
Undocumented site instructions Incomplete descriptions	Time overrun Cost overrun
Corruption	Reputational damage Cost overrun



MANAGING COMMERCIAL ISSUES IN TURBULENT TIMES

ISSUES	RISKS
Poorly handled change orders	Increased project costs Delays in hitting contract milestones Interruptions of workflow, Time overrun

SUGGESTED ACTIONS FOR MANAGING COMMERCIAL ISSUES AND AVOID THE RISKS

Build accurate estimates



Cash flow



Secure your projects



SUGGESTED ACTIONS FOR MANAGING COMMERCIAL ISSUES AND AVOID THE RISKS

Track your budget performance carefully



Collaborate and delegate



Take the time to develop leadership skills



SUGGESTED ACTIONS FOR MANAGING COMMERCIAL ISSUES AND AVOID THE RISKS

Negotiate better terms



Keep up with the times



MANAGING CONTRACTUAL ISSUES IN TURBULENT TIMES

Issues	Risks
Changed Conditions	Damaging working relations. Legal claims due to breach of contract Constructive dismissal
Delays	Compensations Liquidated and ascertained damages Loss of profit Litigation
Incomplete works Non-correction of defective works/snags	Compensations Liquidated and ascertained damages Loss of profit Litigation

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MANAGING CONTRACTUAL ISSUES IN TURBULENT TIMES

Issues	Risks
Incomplete contract information	Claims Extension of time Additional compensation.
Poorly written contracts	Breach of contract Non-performance Delays
Lacking organization and haphazard document management	Centralizing all important information

MANAGING CONTRACTUAL ISSUES IN TURBULENT TIMES

Issues	Risks
Ambiguity in contractual obligations	Misunderstandings Disagreements Litigation
Weak enforcement of contract	Heavy legal consequences Financial losses for organizations

SUGGESTED ACTIONS FOR MANAGING CONTRACTUAL ISSUES AND AVOID THE RISKS

Read contracts thoroughly, even if it seems unnecessary



Negotiate and agree on clear and fair terms



SUGGESTED ACTIONS FOR MANAGING CONTRACTUAL ISSUES AND AVOID THE RISKS

An expert review





MANAGING SUPPLY MANAGEMENT ISSUES IN TURBULENT TIMES

Supply chain borders around:

- ❖ Identifying what the project needs
- ❖ Planning & Budgeting
- ❖ Prequalification of suppliers
- ❖ Purchasing/Manufacturing,
- ❖ Inventory Management/Storage/Warehousing
- ❖ Logistics and Transportation
- ❖ Service delivery evaluation
- ❖ Customers Feedback

MANAGING SUPPLY MANAGEMENT ISSUES IN TURBULENT TIMES

Issues	Risks
Increasing costs	Impact on the bottom line Loss of profit Delay Submission of claims Impact on quality
Reducing efficiency/quality	Reputational damage Lead to lost sales.
inventory imbalances	Tie up capital and affect cash flow
Inventory management challenges	Theft Damage Spoilage Obsolescence Overstocking

MANAGING SUPPLY MANAGEMENT ISSUES IN TURBULENT TIMES

Issues	Risks
Material scarcity	Delays Cost overruns Quality issues Customer dissatisfaction
Supplier reliability issues	Quality issues Delivery issues Financial instability
Inaccurate demand forecasting	Undersupply Oversupply
Delay in transportation	Time overrun Customer dissatisfaction Drop in inventory levels Increase in logistics/operational costs

MANAGING SUPPLY MANAGEMENT ISSUES IN TURBULENT TIMES

Issues	Risks
Delay in transportation	Time overrun Customer dissatisfaction Drop in inventory levels Increase in logistics/operational costs
Communication gaps between supply chain partners.	Errors Delays Conflicts in the supply chain Loss of profit

MANAGING SUPPLY MANAGEMENT ISSUES IN TURBULENT TIMES

Issues	Risks
Poor pay structures	Low loyalty Poor performance
Unclear or No Language Concerning Pay Structure	Delays in supply Threat to lives and business
Assignment and Subcontracting	Performance and quality risk. Schedule risk. Financial risk

SUGGESTED ACTIONS FOR MANAGING SUPPLY ISSUES AND AVOID THE RISKS

Address issues promptly
before they degenerate



Effective solutions for supply chain
management issues

Advanced technology
Building collaborative partnerships,
Accurate demand planning,
Optimising logistics
Embracing continuous improvement.

SUGGESTED ACTIONS FOR MANAGING SUPPLY ISSUES AND AVOID THE RISKS

Maintaining good working relations



In conclusion



- ❖ Plan adequately
- ❖ Communicate effectively
- ❖ Put the right team on the project
- ❖ Document accurately and completely
- ❖ Collaborate with other professionals
- ❖ Tracking/monitor our progress
- ❖ Embrace changes



**TOUGH TIMES NEVER
LAST, BUT TOUGH
PEOPLE DO.**

- ROBERT H. SCHULLER



**Thank
You**