

THEME

Construction Claims Management Process: Importance and Strategies for Successful Outcomes

Effective Claims Management for Construction Projects

Daniel Ishaya; RQS, FNIQS, FIMC
Founder/Executive Partner
Thinking Fellows Consultants
APRIL 24, 2024

DATE:

April 24th – 25th, 2024

VENUE:

Jigawa State Manpower Development Institute (MDI) Zakari Maimalari Road, Opposite Commercial Secondary School, Dutse, Jigawa State.

Outline

i. Introduction

ii. Construction Claims

iii. Skills

iv. Importance of Claims

v. Claims Management Process

vi. Strategies for Successful Claims Management

vii. Best Practices for Construction Claims Management

viii. Common Challenges

ix. Conclusion

Introduction

What are Construction Claims?

- A construction claim is a request from one party to another for additional payment, time, or other relief due to unforeseen events, changes, or disputes.
- Also, the process of identifying, assessing, and resolving claims that arise during the construction project cycle.
- Claims are not just about contractors.
- Managing claims helps to avoid delays, cost overruns, and disputes.

Skills

What are the Skill Requirements for Construction Claims Management?

- Technical
 - Industry knowledge
 - Construction contracts (BPP, NCI, FIDIC, JCT, etc.)
 - Construction methods and techniques
 - Construction law and regulations
 - Construction project management

Skills

What are the Skill Requirements for Construction Claims Management?

- Legal
 - Contract law and legal frameworks
 - Familiarity with dispute resolution processes (mediation, arbitration, litigation - ADR techniques)
 - Legal precedents and case law
 - Contract drafting and negotiation

Skills

What are the Skill Requirements for Construction Claims Management?

- Management
 - Leadership and management abilities
 - Communication and negotiation skills
 - Ability to manage multiple claims and prioritize tasks
 - Analytical and problem-solving skills
 - Team management and collaboration

Skills

What are the Skill Requirements for Construction Claims Management?

- Soft
 - attention to detail and organisation,
 - ability to work and meet deadlines,
 - written and verbal communication,
 - commercial awareness and business implications,
 - ability to build and maintain relationships with stakeholders

Importance

Why is Construction Claims Management Important?

- Construction claims can significantly impact project costs, schedules, and relationships.
- Effective claims management can:
 - Reduce project costs - cost overruns
 - Minimise delays - enables timely project completion
 - Helps avoidance and/or resolution of disputes
 - Improves employer-contractor relationships
 - Ensure compliance with contracts and regulations

Construction Claims Management Process

What is the Construction Claims Management Process?

- Identify potential claims
- Initial claim assessment
- Prepare Claim
- Notify Claim
- Submit Claim
- Response to Claim
- Negotiate the Claim
- Dispute Resolution
- Claim Settlement
- Lessons Learned

Construction Claims Management Process

What is the Construction Claims Management Process?

- Identify potential claims
 - Recognize potential claims through regular project monitoring, progress reports, and communication with stakeholders.
- Initial claim assessment
 - Evaluate the validity and potential value of the claim, considering contract terms, project records, and legal precedents.

Construction Claims Management Process

What is the Construction Claims Management Process?

- Prepare Claim
 - Gather and document supporting evidence, including records, witness statements, and expert opinions.
- Notify Claim
 - Notify the other party (client, contractor, or subcontractor) of the claim, as required by the contract.

Construction Claims Management Process

What is the Construction Claims Management Process?

- Submit Claim
 - Present the claim in a clear, concise, and persuasive manner, including a detailed narrative, supporting documents, and a quantified claim amount.
- Response to Claim
 - Receive and review the other party's response

Construction Claims Management Process

What is the Construction Claims Management Process?

- Negotiate the Claim
 - Engage in negotiations to resolve the claim
- Dispute Resolution
 - If necessary, proceed to dispute resolution processes like mediation, arbitration, or litigation.

(North East/North West Zones)

At Dutse, Jigawa State

Construction Claims Management Process

What is the Construction Claims Management Process?

- Claim Settlement
 - Finalize the claim agreement, including payment, and document the settlement terms.
- Lessons Learned
 - Review the claim management process to identify areas for improvement and implement changes for future claims management.

Strategies for Successful Claims Management

What are the Strategies for a Successful Claims Management Process?

- Proactive communication and collaboration
- Clear contract terms and conditions
- Regular project monitoring and documentation
- Early identification and notification of potential claims
- Expert advice and support (legal, technical, etc.)
- Negotiation and dispute resolution

Best Practices for Construction Claims Management

What are the Best Practices for Construction Claims Management?

- Establish a claims management team
- Develop a claims management plan
- Use technology (e.g., document management systems, project management softwares, cloud storage softwares)
- Foster a collaborative project culture
- Provide education and training
- Continuously review and improve the claims management process

Common Challenges in Construction Claims Management

What are the Common Challenges for Construction Claims Management?

- Delays in notification and response
- Inadequate documentation and evidence
- Lack of clear contract terms and conditions
- Poor communication and collaboration
- Inadequate resources and expertise

Trends in Construction Claims Management

What are the Emerging Trends in Construction Claims Management?

- Digitalisation and Automation: BIM, Technology adoption, like AI, block chain and data analytics, to enhance claims documentation, assessment and resolution.
- Data Driven Decision Making: predictive modelling, risk assessment and informed decision making.
- Collaborative Contracting: Increased use of alternative dispute resolution methods, like mediation and arbitration.

Trends in Construction Claims Management

What are the Emerging Trends in Construction Claims Management?

- Greater emphasis on proactive claims management and prevention.
- Growing importance of effective communication and collaboration among stakeholders.
- Adoption of digital tools, like project management software, to streamline claims management.

At Dutse, Jigawa State

Conclusion

- Develop a claims management plan tailored to project needs.
- Engage stakeholders in proactive communication and collaboration.
- Continuously monitor and review the claims management process.
- Seek expert advice when necessary.
- Develop a culture of collaboration and open communication.
- Embrace technology and other emerging trends in project delivery

Conclusion

- Effective construction claims management is essential for successful project outcomes.
- Understanding the importance and strategies for successful claims management, can help construction claims practitioners minimise disputes, reduce costs, and ensure project success.

A 2-Day Zonal Workshop

(North East/North West Zones)

At Dutse, Jigawa State

Conclusion

“Discourage litigation. Persuade your neighbours to compromise whenever you can. Point out to them how the nominal winner is often a real loser — in fees, expenses, and waste of time.

As a peacemaker the lawyer has a superior opportunity of being a good man. There will still be business enough”.

Abraham Lincoln

Conclusion

the best claims are the ones resolved without escalation

A 2-Day Zonal Workshop

(North East/North West Zones)

At Dutse, Jigawa State

Q & A



**NIGERIAN INSTITUTE OF
QUANTITY SURVEYORS**

The professional construction cost managers.

A 2-Day Zonal Workshop

(North East/North West Zones)

At Dutse, Jigawa State



NIGERIAN INSTITUTE OF
QUANTITY SURVEYORS

The professional construction cost managers

Thank you

A 2-Day Zonal Workshop

(North East/North West Zones)

At Dutse, Jigawa State

SAMPLE CLAIMS MANAGEMENT POLICY

Construction Contracts Claims Management Policy

Purpose

To ensure effective management of claims related to construction contracts, minimizing delays, costs, and reputational damage.

Scope

This policy applies to all construction contracts entered into by [Company Name], including projects managed by external parties.

Definitions

- **Claim:** A demand or assertion by one party against another for payment, compensation, or relief under the contract.
- **Claims Manager:** The designated person responsible for overseeing the claims management process.

Responsibilities

Claims Manager

- Oversee the claims management process.
- Ensure timely identification and notification of claims.
- Coordinate claim preparation and submission.
- Negotiate claim settlements.

Project Managers

- Identify potential claims during project monitoring.
- Notify the Claims Manager of potential claims.
- Collaborate with the Claims Manager on claim preparation.

Legal Advisers

- Provide legal advice and support.
- Review claim submissions and settlements.

SAMPLE CLAIMS MANAGEMENT POLICY

Construction Contracts Claims Management Policy

Purpose

To ensure effective management of claims related to construction contracts, minimizing delays, costs, and reputational damage.

Scope

This policy applies to all construction contracts entered into by [Company Name], including projects managed by external parties.

Definitions

- **Claim:** A demand or assertion by one party against another for payment, compensation, or relief under the contract.
- **Claims Manager:** The designated person responsible for overseeing the claims management process.

Responsibilities

Claims Manager

- Oversee the claims management process.
- Ensure timely identification and notification of claims.
- Coordinate claim preparation and submission.
- Negotiate claim settlements.

Project Managers

- Identify potential claims during project monitoring.
- Notify the Claims Manager of potential claims.
- Collaborate with the Claims Manager on claim preparation.

Legal Advisers

- Provide legal advice and support.
- Review claim submissions and settlements.

SAMPLE ACTIVITY PLAN

Plan for Construction Contracts Claims Management Process for a 12-storey Headquarters Building

Project Particulars:

- Project Name: 12-Storey Building Construction of Headquarters Building
- Location: Dutse, Jigawa State, Nigeria
- Contract Value: ₦10 billion
- Contract Type: NCI
- Contractor: Dzinga Limited
- Project Manager: Qs Esdra Olowololafe
- Claims Manager: Qs Marliya Kassem

Claims Management Plan

1. Claim Identification:

- Regular project monitoring and progress reports to identify potential claims
- Identify potential claims during:
 - Weekly project meetings
 - Monthly progress reports
 - Site inspections
- Notify Claims Manager of potential claims within 3 working days

2. Initial Assessment:

- Assess claim validity and potential value within 5 working days
- Review:
 - Contract terms and conditions
 - Project records and documentation
 - Legal precedents and industry standards

3. Claim Preparation:

- Gather evidence and document supporting records within 10 working days
- Prepare claim submissions, including:
 - Clear and concise narrative
 - Supporting documentation (e.g., records, witness statements, expert opinions)
- Quantified claim amount

4. Claim Notification:

- Notify Contractor of claims, as required by the contract, within 5 working days
- Use approved claim notification template

SAMPLE ACTIVITY PLAN

5. Claim Submission:

- Present clear, concise, and persuasive claims within 15 working days
- Submit claim to Contractor, with a copy to the Project Manager

6. Response and Negotiation:

- Respond to claims within 15 working days
- Engage in negotiations, as necessary, to resolve claims

7. Dispute Resolution:

- Escalate claims to mediation, arbitration, or litigation, if necessary
- Follow contractual dispute resolution procedures

8. Claim Settlement:

- Finalise claim agreements and document settlement terms within 5 working days
- Obtain approval from Project Manager and Claims Manager

9. Lessons Learned:

- Review claims outcomes to identify areas for improvement
- Document lessons learned and implement changes for future claims management

Claims Management Timeline:

- Claim identification: Ongoing
- Initial assessment: Within 5 working days
- Claim preparation: Within 10 working days
- Claim notification: Within 5 working days
- Claim submission: Within 15 working days
- Response and negotiation: Within 15 working days
- Dispute resolution: As necessary
- Claim settlement: Within 5 working days
- Lessons learned: Ongoing

Claims Management Team:

Claims Manager: Qs Marliya Kassem
Project Manager: Qs Esdra Olowololafe
Legal Adviser: Akika and Mann
Contractor: Dzinga Limited

Prepared by:
Qs Ahmani George

Approved by:
Qs Alhamdu Maiwada