

TOP 7 SOURCES OF UNCERTAINTY IN BUILDING DESIGN AND CONSTRUCTION

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Recently the American Institute of Architects (AIA) and Dodge Data & Analytics and other allied construction industry parties conducted research to identify the top sources of uncertainty in design and construction along with best practices for managing associated risk.

And the top (7) are:

1. **Owner-driven changes:** Instances where the owner's requirements were not clearly initially defined, or subsequently modified resulting in added costs, design/construction effort, and schedule impact.
2. **Design omissions and communication gaps:** As a rule, design documents do not contain information regarding each component in a building. Absent being a savant mind-reader, open and ongoing communication between parties is key to a successful project especially where fee crunch results in less and less information being provided or fully resolved by designers.
3. **Construction coordination:** Buildings are a collection of thousands of components and ideas where opportunities for omissions and mis-communications are around almost every decision. Once again, open and on-going communication is key to a successfully managing construction coordination among the parties
4. **Unknown site or building conditions:** These types of unknown conditions typically related to geotechnical issues and renovation projects. Related risks are usually allocated as part of the parties' contract negotiations, requiring careful consideration since such unknown conditions can drastically affect project costs and construction schedules.
5. **Design or documentation mistakes:** Few things are perfect, and perfection rarely exists with construction plans or specifications. However, unless accepted as a contracted risk, designers are not held by the law to the standard of perfection. The identification of and response to discovered mistakes is assisted greatly by good communication, and all parties to a project should remain vigilant reviewing, questioning, and coordinating between themselves to address errors and omissions when they appear.
6. **Accelerated design and construction schedules:** There are a variety of reasons to expedite design and construction activities; however, a hurried project is increasingly susceptible to costly mistakes. Elevated alertness and coordination is important to help avoid such mistakes, or if they develop, to resolve them. Contractual risk allocation for expedited design and construction activities should be evaluated beforehand.
7. **Delays in procurement, fabrication or assembly:** Delays can be born from labor uncertainties or material shortages/uncertainties. These can arise from a broad range of uncertainties including changing political tariff policies or market shortages resulting from the impact of severe weather events like hurricanes that can drain labor and materials and result in unanticipated cost increases. By their nature, these occurrences often cannot be known, but their risk allocation should be evaluated and negotiated because they may occur.

Key strategies for managing these and other project uncertainties include such things as: clear and direct leadership by each party, early assembly of the entire project team, and open communication. Parties should always be proactive and attempt to resolve uncertainties at the lowest level of management and as quickly as possible. Kicking the can down the street almost always results with magnified risk and damages, and often further detrimentally impacts party relationships. Formal documentation of these types of project events, and of the decisions regarding them, helps avoid later disagreements about when and what happened and is typically contractually required. Being proactive can avoid dispute escalation, which can adversely affect projects in so many ways. Finally, read carefully and follow your contract respecting such issues.

For more information on these or other construction or public contracting matters, please contact the author or any of the other members of Vandeventer Black's Construction and Government Contracts Practice Group.

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