

How to turn around a good construction project that has gone bad

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"A construction engineer and advisor shares some of his experiences and insights gained over the years in righting failed construction projects."

You're the project owner. You show up at the job site to walk the progress of the rehab project within your building. However, you immediately notice there's a problem—a big problem. The building you have come to see is gone—completely gone. Oh, and by the way, the entire project has been red-tagged by the building official for lack of proper permits.

I would have to say that was probably the worse construction nightmare that I have been asked to take over as project manager and advisor. Simply put, the owner arrived at the work site one day only to discover that the entire building, originally slated for partial rehab work, had been entirely demolished and disposed of, without the owner's knowledge or consent. The general contractor then proceeded to give the owner his price tag to rebuild it. Obviously, a lot had transpired between the parties to get to that point but, nevertheless, the project had turned into an absolute nightmare.

It would be nice to think that all of our construction and rehab projects move forward smoothly, without a hitch, and that scope, schedule and cost are all met exactly as planned. After all, we are all seasoned professionals, experienced, focused, with a great support staff around us, right? So what went wrong? Let's face it, life is messy and construction can be even messier. Let's take a closer look at what can go wrong and, equally important, how to begin to get things back on track.

Over the past 25 years or so, I have witnessed many "good construction projects gone bad" and have been asked to come in and turn things around. Consequently, I have come up with my own top-10 list of construction project failure modes. They are as follows: 1) poor communications; 2) incorrect or inaccurate assumptions; 3) errors and omissions; 4) poor quality control (or lack thereof); 5) shady dealings (dishonesty and rip-off); 6) differences in opinion as to what the goal is (conflicting objectives/needs); 7) wrong personnel with wrong skill sets on the wrong assignments; 8) lack of ample direct oversight and supervision; 9) poor documents (poor or lacking project plans, specs, documentation, lack of proper permits); and 10) financial (bad accounting--no one counted the costs, financially unstable contractor, etc.).

When a construction project is in real trouble, there are usually a number of these conditions at work simultaneously. The new goal becomes to cut losses, regroup, and move on toward completion.

Here's how a typical construction turnaround process might look.

Step 1: Put the Project in Neutral - stop any work that needs to be stopped.

Step 2: Information Gathering - get your arms around what happened.

Step 3: Evaluate - bring in a neutral second set of eyes to evaluate the situation, review all records and the entire paper trail.

Step 4: Communicate - open up all lines of communication, interview all those involved.

Step 5: Documentation - prepare honest, objective, complete documentation of what went wrong.

Step 6: Make the Necessary Adjustments - tactfully make the difficult decisions and implement any necessary adjustments and get the project going on an improved track toward completion.

Step 7: Cost Recovery - using the documentation developed, work with the parties involved (and typically, the associated legal counsel, insurance company, bond holder, etc.) to achieve cost recovery.

With regard to "the case of the missing building", we employed a similar turnaround process leading to creation of a new design, proper permits were pulled, construction resumed, and the structure was rebuilt in record time. And, believe it or not, the owner did achieve a somewhat acceptable cost recovery in the end. So, no matter how bad things get, there is hope, and a bad construction project can be turned around.

Joel Breuer, PE is managing principal at HG Cornerstone, LLC, Boston.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540