

2019 DBE Workshop

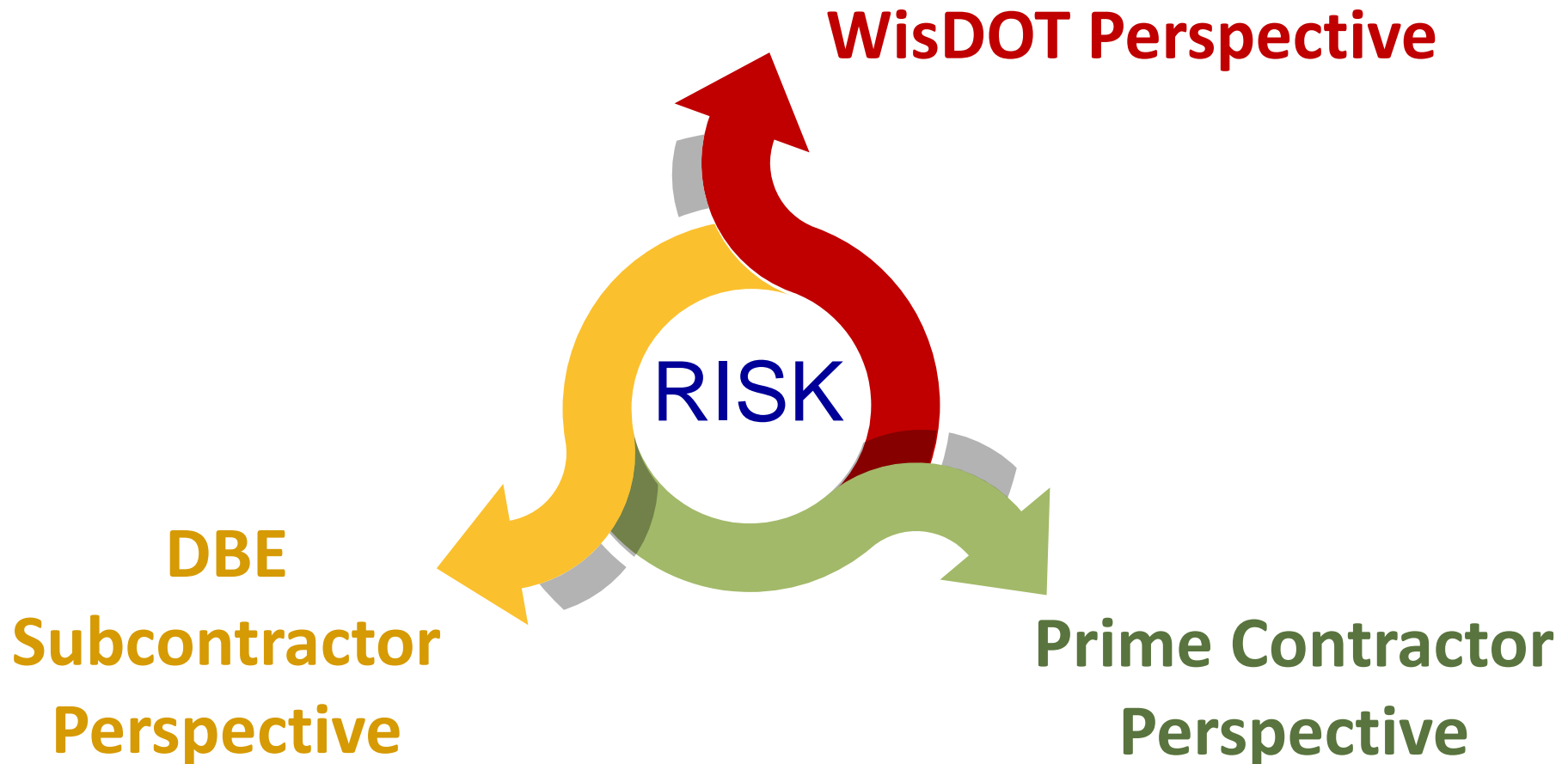
Construction Risk Management Kaleidoscope

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Risk and Risk Management Kaleidoscope



What Is Risk?



"Ernie's a chicken, Ernie's a chicken . . ."

“The chance of exposure to injury, damage, or loss.”

Dictionary

“An uncertain event or condition that, if it occurs, has a negative (or positive) effect on the project’s objectives”

PMBOK

Project Risk Management

Consists of the following actions:

- Identify Project Risks
- Perform Risk Analysis
- Determine Risk Strategies
- Plan Risk Responses
- Monitor and Control Risks

Risk Strategy Options

- Avoidance
- Transference
- Acceptance
- Mitigation
- Recognized, but no action taken
- Ignore/Deny

Risk Response Actions

Answers essential questions:

- Who will manage the risk?
- What will be done?
- When will it be done?
- How will they do it?
- What resource are likely to be required?

Project Risk: A Hot Potato



Owner



Prime Contractor



Subcontractor

CONSTRUCTION RISK MANAGEMENT

WISDOT Perspective

- Project Risk

- ✓ Cost

- ✓ Schedule

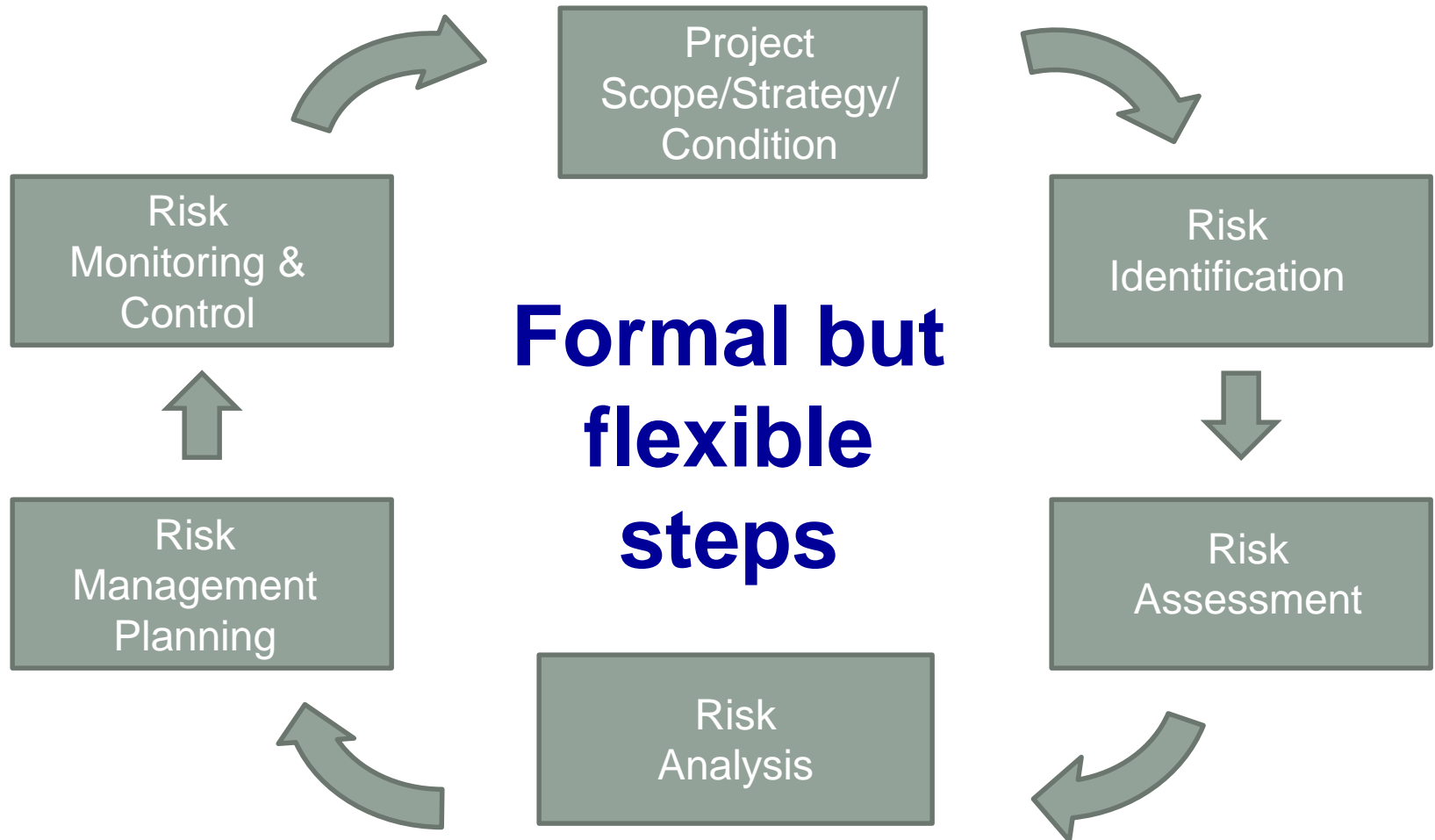
- ✓ Safety

- ✓ Environment

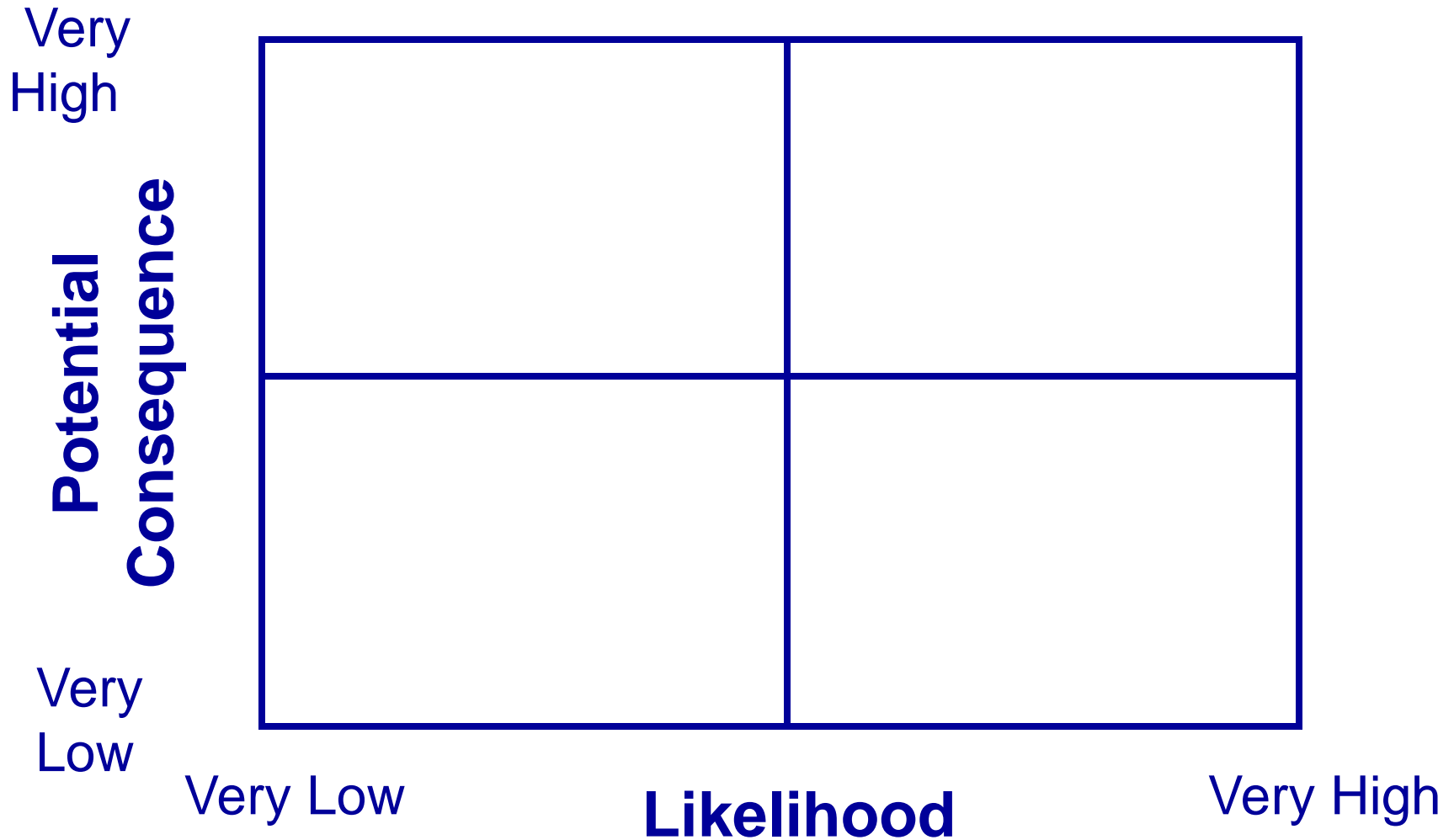
- ✓ Etc.

- Contractor Risk

WisDOT Risk Management Process



Likelihood / Consequence Analysis



CONSTRUCTION RISK MANAGEMENT

Perspective of A Prime Contractor

Risks

- Schedule
 - Weather Delay
 - Reduced Contract Time
 - Subcontractor Schedule Performance
- Labor Shortage

CONSTRUCTION RISK MANAGEMENT

Perspective of A DBE subcontractor

Risks

- Bid Documents – at times, are confusing and/or incomplete (assumptions at times are made.)
 - General conditions
- Bonds
 - While not always specified in your bid documents, the GC may require you to pay the P/P bond for your portion of work. ASK – if required, remember to include in your bid

Risks

- Ground Conditions
 - Are incidental – usually no or very little soil reports – we need to build ground condition risk into our price
- SAFETY
 - there is A LOT of activity. People you usually do not work with. Be aware of your surroundings, the traffic, the people. Review each day the job site for new changes.

Risks

- Pay Estimates

- At the discretion of the State Engineer. They provide quantities for payment; not you. Because of the ebb and flow of the project, the site engineer may change. Your people may change – causing discrepancies in quantities. YOU need to keep accurate and detailed costs and productions reports – you must take pictures – and DO NOT WAIT until end of job to resolve issues.

Risks

- Supervision
 - Usually we do not have enough. We need to know if we need someone at ALL weekly job meetings. If required, they need a manager / foreman who has authority to make decisions

Issues DK Contractors have experienced

we were asked what we have experienced

- As excavators/site utility contractors we have experienced:
 - Traffic control issues: who does what
 - Existing utilities: who is responsible for bracing or relocation
 - Ground conditions: as mentioned earlier
 - Layout – timeliness – if there are issues (bust)

Most or all of these are incidental to the contract

COMMUNICATION!

TALK to the general contractor before your quote goes in.

TALK specific scope and what would be expected

TALK schedule. What and when are you expected on the jobsite. How many crews will you need to provide?

Hours? How much overtime (mainly incidental) will be required? Remember that schedules can be fluid based on all sorts of issues. Stay in contact. You will be required to be fluid with your schedule as well

TALK pay estimates. What if you do not concur with quantities of State Engineer?

TALK conflict resolution. There may be times we “all don’t get along”. What are the procedures for resolution?

Questions and Discussion

