

COVID-19

Your project(s) may have stopped. But, you shouldn't!
What you can do now to remain productive and in control.

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If your project or program has slowed or been temporarily suspended as we respond to the corona virus, now is the time to look ahead and determine mitigation options. This brief will outline forward-looking thoughts to allow you to:

1

Take action now: prepare for next measures while the shutdown persists

2

Be ready and informed: act decisively upon a return to work

3

Plan for the future: envision a way forward after the pandemic

1 Take action now:

Don't stop! Here are some actions you can take now – no matter the phase of your project.

Design phase:

1. **Material specifications** – to provide greater levels of cost and schedule controls, consider changing material specifications, using products manufactured locally or where there is sufficient, existing stock.
2. **Delivery method** – consider shifting from a traditional design-bid-build delivery method, to a construction management at risk (CMAR) delivery model. While construction documents continue to be produced, engage a contractor using a 'fee only' bid. Form an integrated project team consisting of the CMAR, Design team and cost manager to explore the early procurement of long-lead items to mitigate schedule challenges later.
3. **Proactive risk management** – undertake a quantitative risk analysis to enhance your understanding of cost and schedule exposure.

Bid phase:

1. **Assess** – engage with your PM to assess if receiving a competitive bid is possible, given current supply chain challenges.
2. **Extend** – assess the implications of extending the procurement time as it relates to overall schedule end date constraints
3. **Reconfigure** – consider reconfiguring your RFP to include extended, second, and third shifts or other acceleration tactics in your initial buy out. This can also keep construction sites less dense with trade workers to better comply with 'social distancing' guidelines.
4. **Proactive risk management** – regularly update your risk analysis to keep firm control on the impacts of changes during the bid phase.

Construction phase:

1. **Swing shifts** – consider shifting after-hours work to day-shift while remote working policies are enforced. This could create cost savings.

2. **Project labor agreements** – PLAs are used on both public and private projects. They generally provide for competitive terms and improved work rules with local unions for large scale, significant spend projects. If your project has not started yet, but is planned for the near future, a PLA may be an appropriate instrument to explore.
3. **Contract review** – undertake contract reviews to understand your termination/suspension rights and options. Conduct an assessment of remaining cost liabilities under a termination or suspension scenario.
4. **Certifications** – ask your payment certifier to closely monitor that materials stored off-site are not certified for payment. This will limit your exposure in the event of project suspension/termination.
5. **Proactive risk management** – maintain regular risk management updates to stay aware of the impact of changes in construction productivity on your costs to complete and schedule end date.



2 Be ready and informed:

1. Undertake a quantitative schedule risk analysis to monetize the risks within the schedule that are tolerable and those that need to be managed with appropriate controls in place.
 - a. Engage with your PM to assemble two schedule options: one that extends the end date; and one that mitigates the lost time using alternative tactics and incentives. Engage your cost manager to quantify the cost implications of each.
 - b. Have your PM conduct a risk|benefit analysis comparing each alternative path forward.
 - c. Use the output/report for discussions with internal stakeholders, allowing you to be in a position to act immediately and proactively.
2. If the lease expiration date is an issue, engage with your transaction team to negotiate an extension or favorable holdover terms now.
3. Consider the place of origin for large-scale material purchases. Have your cost manager and contractor work collaboratively to consider opportunities for hedging or arbitrage (purchasing from a different country of origin with a currently favourable currency exchange rate, to produce commercial advantages).

3 Plan for the future:

**Knowing what we now know, how would we manage in a different way?
Implement new ways of managing going forward.**

Proactively manage commercial risk:

1. The importance of building resiliency into your consultant team cannot be understated. Having an independent party verify budget and forecast your cost exposure is of paramount importance.
2. Maintain measured control of value at every stage of design through independent, market tested, budget exercises.
3. Control the procurement process with robust, auditable templates and reports. Maintain live budgets at every stage and establish one source of truth. This will be valuable in the event of a stoppage or suspension

4. Have your cost manager undertake a full 360-review of the commercial aspects of the project. Usable cost data results in more informed decisions in the future.

Manage contractual and performance risk:

1. Standard force majeure clauses may not adequately capture the risks present in the modern world. Enhance contractual language, ensure every duty to mitigate must be sought. Decide if words such as 'pandemic', 'outbreak', or 'government-imposed shutdown' trigger force majeure clauses
2. Diversify your supply chain. Ensure that you have options available to you to be able to split important

material purchases across multiple countries of origin to limit exposure.

Digital technology:

1. Become 'digitally native'. Use technology from the inception of your project to allow remote working to be highly productive.
2. Utilize BIM, data analytics, and a web-based project management tool for maximum continuity and collaboration, accuracy of data for decision-making, and to reduce disruption.
3. Ensure internal technology and servers are sized to handle increased teleworking effectively; ensure software license issues are not a cause for business disruption.

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