Addis College [redacted]

Construction Risk and Change Management

COTM 6204

M.Sc. in Construction Management

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Risk Scenarios (Assignment 1)

Scenario 1

On a very large, very complex remodeling and expansion project, an owner has contracted with numerous members of the design team independent of the architect. The architect does not have any second-tier design firms under their contract. The owner has also contracted with many different material suppliers and specialty subcontractors directly and not through the general contractor. The owner is of the belief that they can save money avoiding multiple mark-ups by doing business this way. The owner has, however, written into every contract that each firm is still responsible to "coordinate and communicate directly with the other independent designers and contractors as if they were contracted under the standard vertical method," rather than this horizontal method.

Questions

a. What risks has the owner assumed?
b. What risks are the designers and contractors assuming through this system?

Scenario 2

Some owners will contract with multiple general contractors on the same site. This scenario is sometimes referred to as multiple primes or five primes. Some owners will also employ specialty subcontractors directly.

Questions

a. What sort of risks and coordination issues is an owner assuming by not placing all of the work on one site under one general contractor?
b. Does this save or cost the owner money?
c. Do these sorts of multiple contracts also place risks on the contractors or designers?

Scenario 3

You are a new project engineer with a general construction firm. You are assigned to work out on a project jobsite with a very experienced superintendent who does not like to deal with paperwork. The tasks assigned to you by the project manager include items such as:

→ expediting materials;
→ handling the request for information (RFI) and submittal logs;
→ approving invoices;
→ researching backup for change orders; and
→ taking and distributing meeting notes.

The superintendent is delegating many of his tasks to you as well. He requires you to:

→ complete the daily diaries;
→ write all of the RFIs generated by the foremen or subcontractors;
→ review all submittals and shop drawings;
→ answer the phones;
→ receive and sign for all material deliveries;
→ chair the weekly toolbox safety meetings;
→ update his and all of the foremen's drawing sticks with revised drawings and
→ sketches; and
→ handle all short-form purchase orders for materials.

In addition, you are often in the pickup truck running errands. You don't mind the six- to seven-day workweeks, or the 10- to 12-hour days in the beginning, but your home life is certainly being impacted. You are learning a lot, and this is why you wanted to get into the construction industry. Are you qualified to perform the tasks assigned by the superintendent? Should he be doing some of this himself?

You bring this delegation issue to your project manager's attention, but she indicates that you should just get along with the superintendent and not rock the boat. The superintendent is tight with the president of the company, and your project manager warns, "the squeaky wheel could get replaced." It seems the only thing she does is write change orders and prepare the monthly pay requests and the monthly forecast.

Questions

a. Do you quit?
b. What sort of risks is the company taking by placing all of this responsibility on your shoulders?
c. What sort of risks are you taking?