

Leading Your People and Organization Through COVID-19 (Part 2)

By Gregg Schoppman



Critical Project Restart Strategies

BY GREGG SHOPPMAN

An examination of what will be required to proactively restart projects impacted by COVID-19.

With the goal of preventing COVID-19 transmission by adhering to quarantine rules and dealing with “stay at home” guidelines, construction projects nationwide are currently being shuttered. According to AGC’s most recent [industry snapshot](#), almost 30% of companies surveyed have been directed by an owner, government agency or official to halt or delay work on any projects that are either active or expected to start within the next 30 days.

In an unprecedented series of events that have unfolded as the result of the outbreak, businesses must also recognize the importance of project restart strategies once such restrictions are lifted.

In the same way that work on projects came to a screeching halt, the restart of construction projects worldwide will have the same frenetic pace and fervor of activity as the New York City Marathon when the gun goes off. Consider a time when all projects nationwide are started simultaneously. While all projects may be in differing states of completion, there has never been a time where all activity kicks off from a dead stop.

Ideally, construction leaders would like to see a seamless transition to simply “continuing where they left off.” Realistically, even if the restart occurred just seven days after a work stoppage, activity would not resume normal function due to everything from supply chain disruptions to new hygiene-related work rules. Construction projects will resemble the trajectory of a supertanker in the ocean trying to turn rather than a high-performance sports car cornering on a dime.

The firms that have a proactive restart strategy for all their projects will be the most successful in achieving superior performance results and mitigating impacts from the pandemic.

New Normal or Restart?

There are distinct cases, states and markets where construction activity hasn’t been disrupted (yet). In some cases, the work itself serves as enough “social distancing.” Even in situations where a shutdown has not occurred, there is a new normal affecting the construction project cycle (see [Exhibit 1](#)).

Whether it is signage to address new hygiene protocols or daily cleaning procedures, firms will be required to present a realistic and proactive disease prevention plan. Additionally, management of key trades and suppliers will become the next critical factor in restarting the project. For instance, in the flowchart ([Exhibit 1](#)), there needs to be conscious focus on the supply chain. Both cost and schedule impacts should be carefully examined and measured, regardless of whether this is a trade contractor simply evaluating its material needs for a project or a general contractor evaluating every trade partner’s needs. In the example, the project team can identify effects to the critical path as well as the dollar impact from a variety of angles:

- **Quick Shipment and Transportation** – More than likely, the entire supply chain will have been impacted, and it may not be realistic to assume any quick shipments. However, by targeting specific items, there may be higher priorities to strategize.
- **General Condition Impacts** – With changes to the Critical Path Method schedule, the prime or trade contractor will likely have additional general conditions (e.g., overtime premiums, additional rentals, etc.). Careful examination of all items that are associated with the delay may also provide savings opportunities, as some delays will be concurrent.
- **Trade Contractor Impacts** – Similar to the previous item, what are the extra costs from a trade partner, particularly in the case of accelerations?
- **Labor Histograms** – Whether internal or external, what are the impacts to the labor pool? Do these labor projections account for instant 100% utilization and efficiency, or do they reflect a more realistic incremental view of efficiency (see [Exhibit 2](#))?

Exhibit 1. New Normal Project Analysis

COVID 19 PREPARATIONS AND COUNTERMEASURES WHEN WORK IS PERMITTED ON JOB SITE

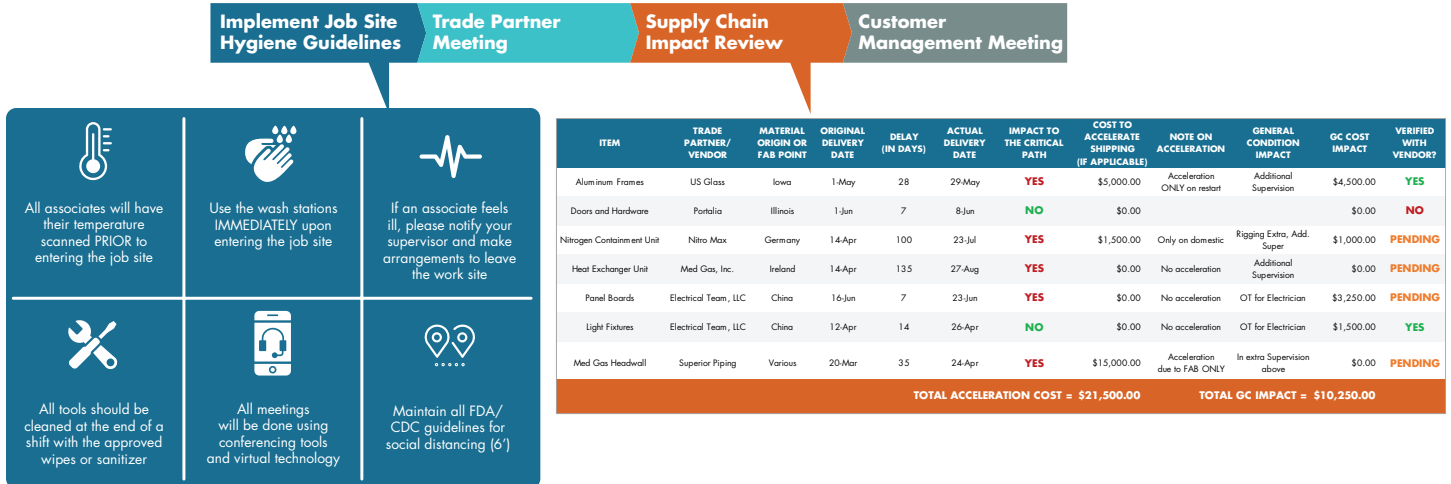
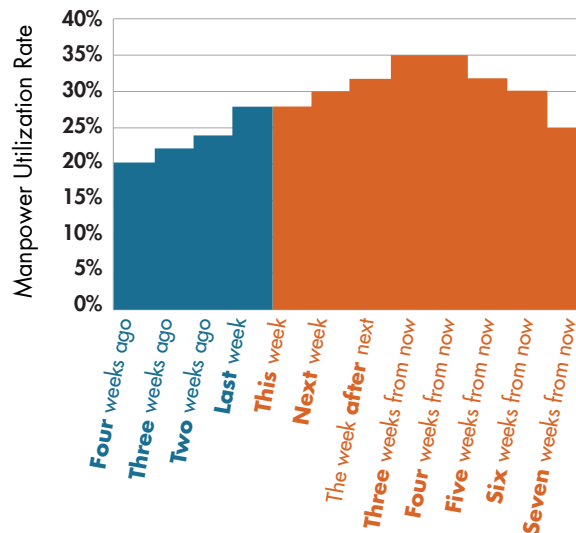
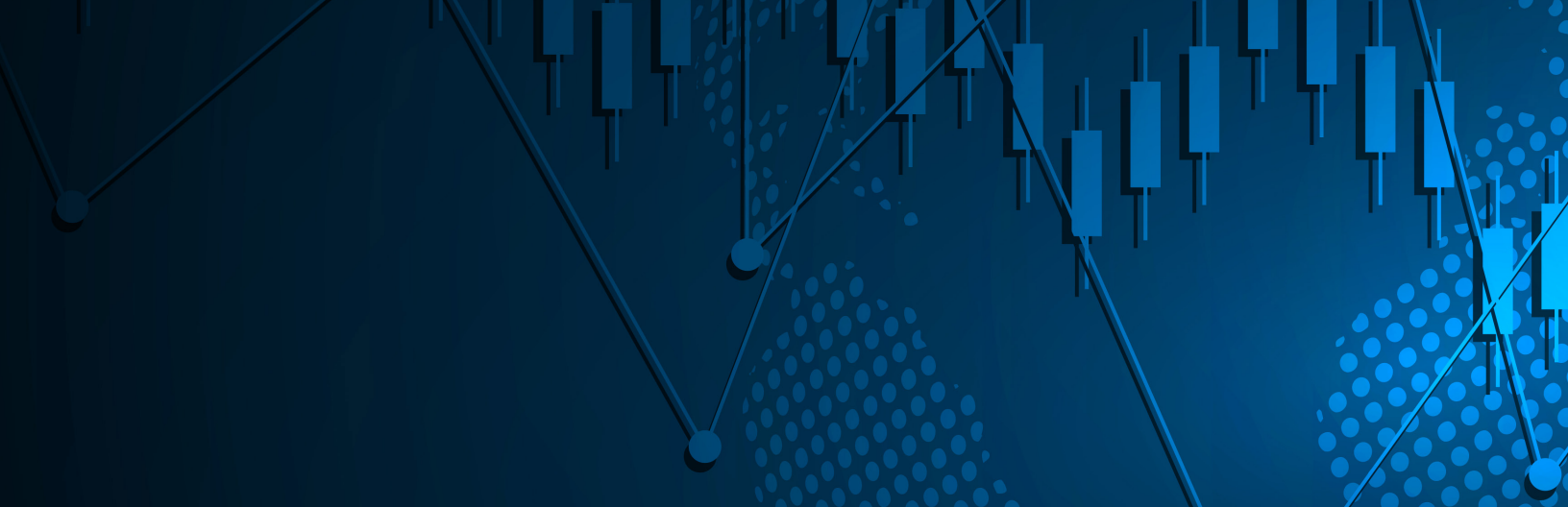


Exhibit 2. Labor Histogram Illustrating Labor/Crew Projections and Demands



Source: FMI

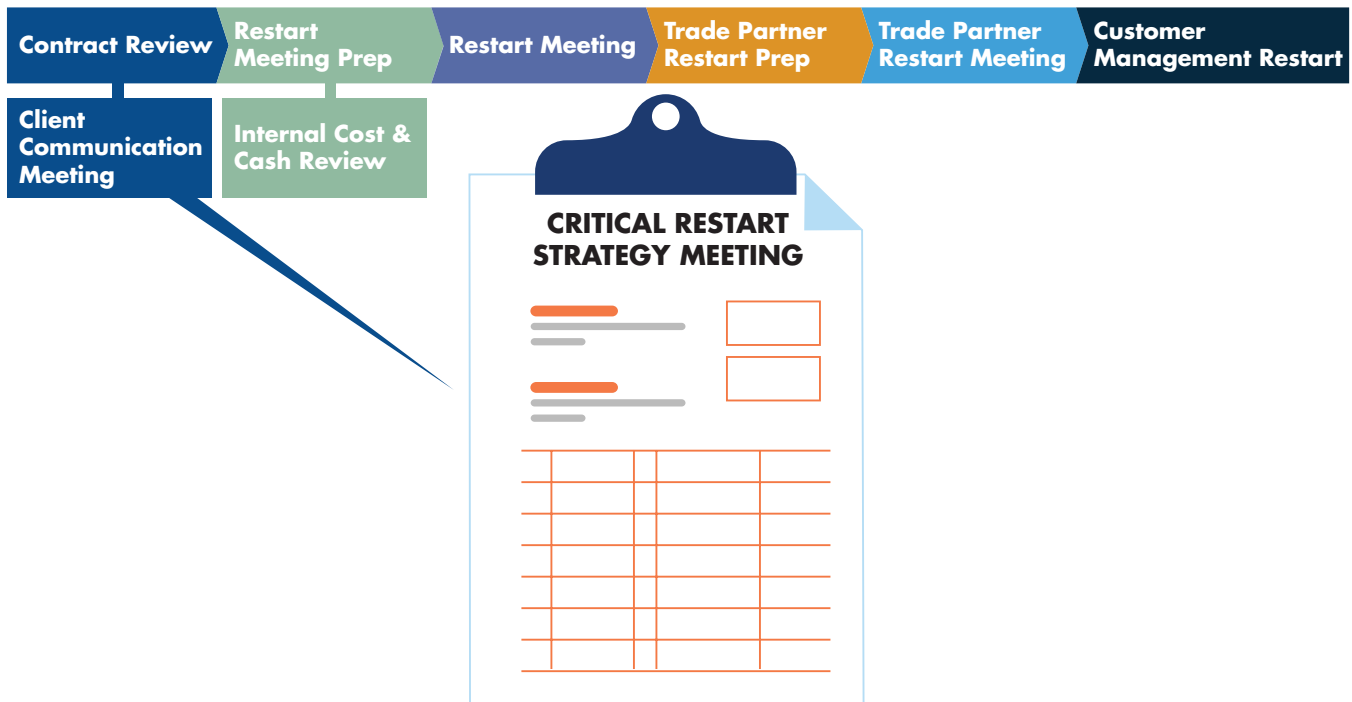


The Restart Strategy

For the vast majority of construction projects forced to shut down production in the short term, careful consideration should be given to the critical restart. In fact, **the best approach is to view this restart as a second chance at proper preconstruction planning** (Exhibit 3).

Now is the time for contractors to properly review contract documents and maintain proactive and current dialogue on force majeure and other work stoppage guidelines. It will also be important to examine the restart meeting agenda to ensure that discussions are forward-thinking and focused on identifying potential rocks in the road. While the restart meeting may seem simplistic in nature, the focus areas include both developing realistic solutions to problem areas as well as establishing firmwide consistency on all projects in the “work in progress” category.

Exhibit 3. Critical Project Restart Strategies





Questions to Ask in Your Critical Restart Strategy Meeting

1. What is the current financial state of the project?
2. What is the state of the general conditions on this project? Does the current “burn rate” take into account short-term ramp up/ramp downs? Mobilizations?
3. What inspections are pending? What is the current backlog at the local municipality or local agency?
4. What is the state of the supply chain? Where do the original long lead items stand? What are NEW critical items?
5. What is the state of the trade contractor pool? Who are “at-risk subs” because of the workforce pool? What are “at-risk subs” due to the supply chain?
6. What is the “Restart Meeting” schedule with the sub base?
7. What are the NEW cleaning and hygiene procedures for materials entering the job site?
8. What are the NEW cleaning and hygiene procedures for materials entering the job site?
9. What is the state of PPE? Subcontractor PPE?
10. What is the next major milestone, and where does the overall CPM schedule stand?
11. What is the state of the Change Order Log? Specific items outstanding?
12. What is the state of any “delay claim”?
13. What is the state of the RFI Log? What is the response rate from the Engineer of Record?
14. What is the state of the Submittal Log?
15. What are POTENTIAL design changes that may be forthcoming that may relate to the pandemic/crisis (e.g., population densities, infection control, etc.)
16. What are the new meeting guidelines (frequency, cadence, protocol, etc.), and what will the overall communication plan look like?

The Curves

With planning complete, the management team must also examine several financial curves to gauge the project stability and ensure successful profitability. That means reestablishing the rolling 12-month billings projection, as illustrated in **Exhibit 4**. This graphic assumes a project restart from the initial commencement, but it is more likely that a restart will distort the entire curve, especially if it is at 50%.

The second series of curves is shown in **Exhibit 5**. Managers must overlay not only the projected billings but also the overall cost impact, which should include an impact to productivity. **Exhibit 6** illustrates a simple deviation of 10% to all costs on a project. While it is unlikely that all direct costs are impacted uniformly, leaders must create a model that shows the short-term impact to material shortages, labor inefficiencies, trade contractor support, equipment shortages and so forth.



Exhibit 4. Project Billing Impact

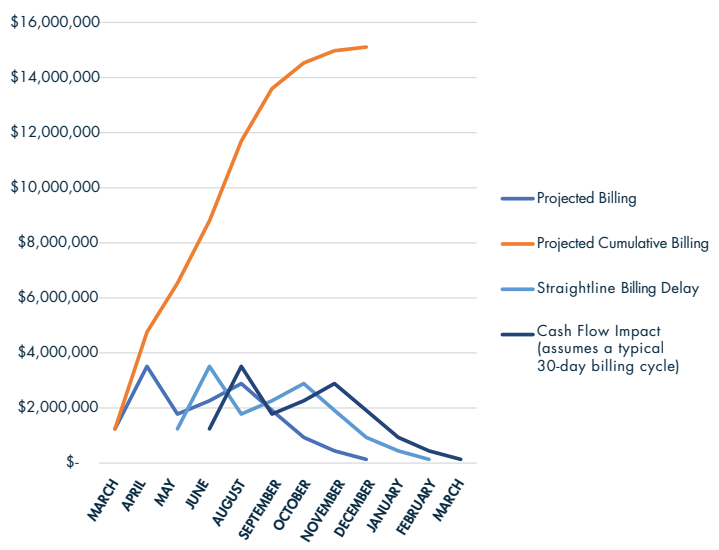


Exhibit 6. Productivity Impact and the Restart

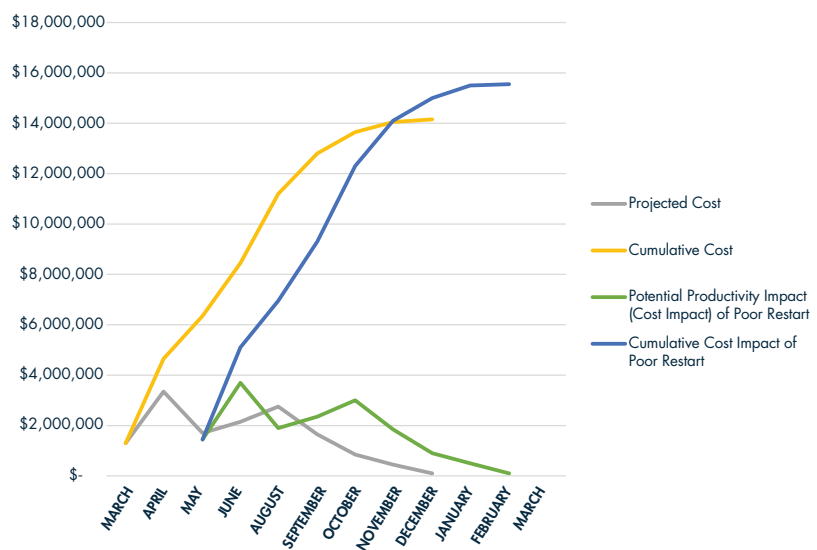
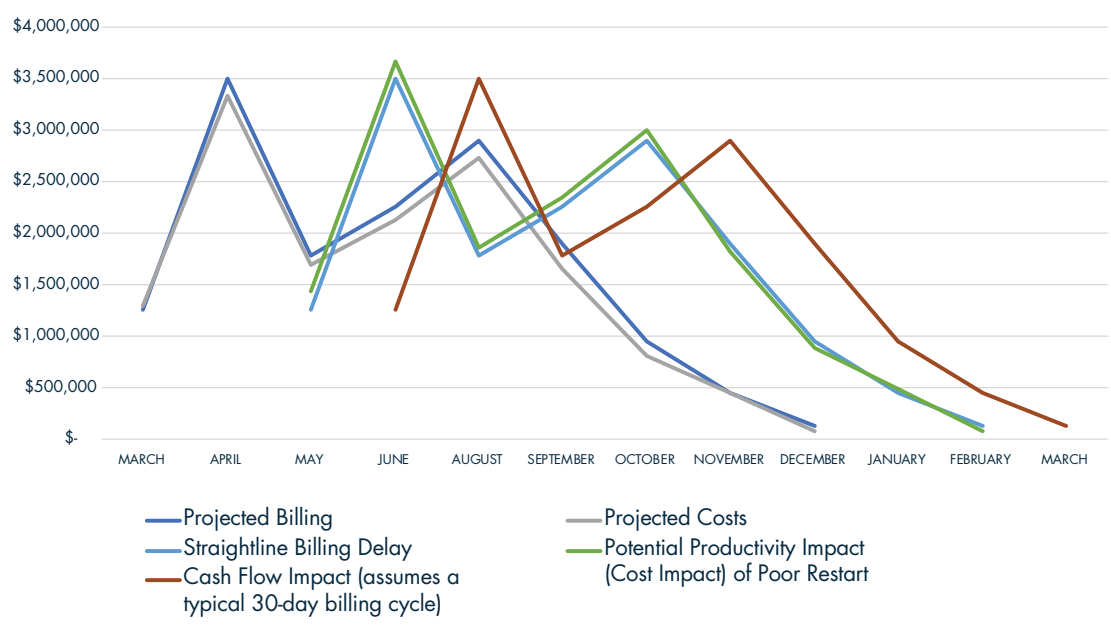


Exhibit 5. Cost and Billings





Up to this point, the focus has been on establishing a strong baseline for the project restart. With the internal machinations complete, the focus can then turn to client management and clear communication. Client strategy meetings can be structured as follows:

- **Pending changes to the design per their instruction/ guidelines** – What are the short-/long-term impacts to the facility/structure due to the COVID-19 crisis? For instance, if this is a school or public assembly area, will the client/end user wish to modify any aspects of the design?
- **Long-term ramifications to the project schedule, workload and finish date** – Using a Contractor Critical Restart Meeting, the contractor or trade partner can eloquently describe the overall impact to the critical path and a realistic mitigation plan. For instance, the contractor can walk through each of the supply chain impacts and the related tactical changes.
- **Proactive “Personal Safety Plans” and communication on “Job Site Hygiene”** – Lastly, the contractor can outline its new personnel guidelines on job site hygiene and accountability. Keep in mind, standards will continue to morph in light of the “moving target” status of this pandemic, but the contractor can get the ball rolling by establishing proactive standards of care.

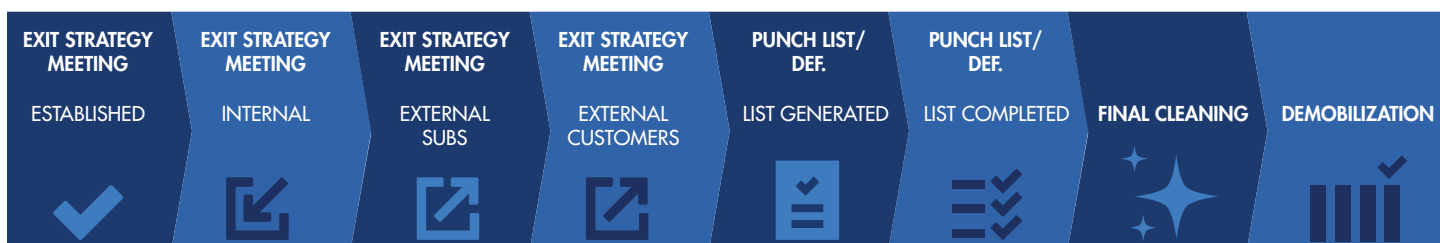
The Finish

After the initial shock of these restarts, the projects themselves will assume their normal trajectories. Careful monitoring of the schedule and budget adherence will be critical; complacency is dangerous with any project. The project team would be best served to adhere religiously to the established project exit strategy plans (see Exhibit 7).

Even in the aftermath of an event like COVID-19, the concept of the exit strategy remains the same: driving the project towards a thorough and profitable completion. Put another way, ensure the project is DONE-DONE. The critical changes to this process will most likely revolve around final cleaning standards. Establishing those cleaning standards early in conjunction with closeout/deficiency list/punch list processes will prevent many difficult conversations. Contractors must engage with the customers, end users and design community to address the uncertainty around acceptable standards.

New data about COVID-19 is being revealed daily, and the impacted communities, builders and projects all fall under the shadow of this invisible specter. Never before have projects on this scale required a simultaneous restart. Contractors who consider the restart with judicious care and a proactive approach will avoid a dangerous slip at the starting gate.

Exhibit 7. Modified Project Exit Strategy



About the Author



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