



# Jump-starting E&C Projects After COVID-19: What You Need to Know

By Gregg Schoppman

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*Key strategies that E&C companies can use to proactively restart projects that were impacted by COVID-19.*

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As we've seen in communities around the world, starting back up again after a global pandemic is much more difficult than the initial "shutting down" process, which took place literally overnight in many regions and countries. Getting the wheels back in motion will take more effort, but the extra planning will pay off on numerous fronts.

Wanting to prevent COVID-19 transmission, adhere to quarantine rules and manage "stay at home" guidelines, engineering and construction (E&C) projects nationwide were shuttered beginning in mid-March. According to [AGC's industry snapshot](#) in late April 2020, 67% of respondents said they had encountered project delays, disruptions or cancellations.

In an unprecedented series of events that unfolded as the result of the outbreak, E&C firms must 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.

## Ready, Set, Go

Consider a time when all projects nationwide start 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 wouldn't resume normal function—mainly due to supply chain disruptions, new hygiene-related work rules and other modern issues that emerged as a result of COVID-19.

Put simply, 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 plan out 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. Whether it's through signage to address new hygiene protocols or daily cleaning procedures, you'll be required to present a realistic and proactive disease prevention plan.

Additionally, management of key trades and suppliers will now become the next critical factor in the project restart process. For instance, a conscious focus on the supply chain is now mandatory. 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.

# Exhibit 1. New Normal Projects Analysis

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



<p>All associates will have their temperature scanned PRIOR to entering the job site</p>	<p>Use the wash stations IMMEDIATELY upon entering the job site</p>	<p>If an associate feels ill, please notify your supervisor and make arrangements to leave the work site</p>
<p>All tools should be cleaned at the end of a shift with the approved wipes or sanitizer</p>	<p>All meetings will be done using conferencing tools and virtual technology</p>	<p>Maintain all FDA/CDC guidelines for social distancing (6')</p>

ITEM	TRADE PARTNER/VENDOR	MATERIAL ORIGIN OR FAB POINT	ORIGINAL DELIVERY DATE	DELAY (IN DAYS)	ACTUAL DELIVERY DATE	IMPACT TO THE CRITICAL PATH	COST TO ACCELERATE SHIPPING (IF APPLICABLE)	NOTE ON ACCELERATION	GENERAL CONDITION IMPACT	GC COST IMPACT	VERIFIED WITH VENDOR?
Aluminum Frames	US Glass	Iowa	1-May	28	29-May	YES	\$5,000.00	Acceleration ONLY on restart	Additional Supervision	\$4,500.00	YES
Doors and Hardware	Portalla	Illinois	1-Jun	7	8-Jun	NO	\$0.00			\$0.00	NO
Nitrogen Containment Unit	Nitro Max	Germany	14-Apr	100	23-Jul	YES	\$1,500.00	Only on domestic	Rigging Extra, Add. Super	\$1,000.00	PENDING
Heat Exchanger Unit	Med Gas, Inc.	Ireland	14-Apr	135	27-Aug	YES	\$0.00	No acceleration	Additional Supervision	\$0.00	PENDING
Panel Boards	Electrical Team, LLC	China	16-Jun	7	23-Jun	YES	\$0.00	No acceleration	OT for Electrician	\$3,250.00	PENDING
Light Fixtures	Electrical Team, LLC	China	12-Apr	14	26-Apr	NO	\$0.00	No acceleration	OT for Electrician	\$1,500.00	YES
Med Gas Headwall	Superior Piping	Various	20-Mar	35	24-Apr	YES	\$15,000.00	Acceleration due to FAB ONLY	In extra Supervision above	\$0.00	PENDING
<b>TOTAL ACCELERATION COST = \$21,500.00</b>									<b>TOTAL GC IMPACT = \$10,250.00</b>		

The good news is that you can identify effects to the critical path as well as the dollar impact from a variety of angles, including:

- **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.** It's time to assess the extra costs from a trade partner perspective, particularly in the case of accelerations.

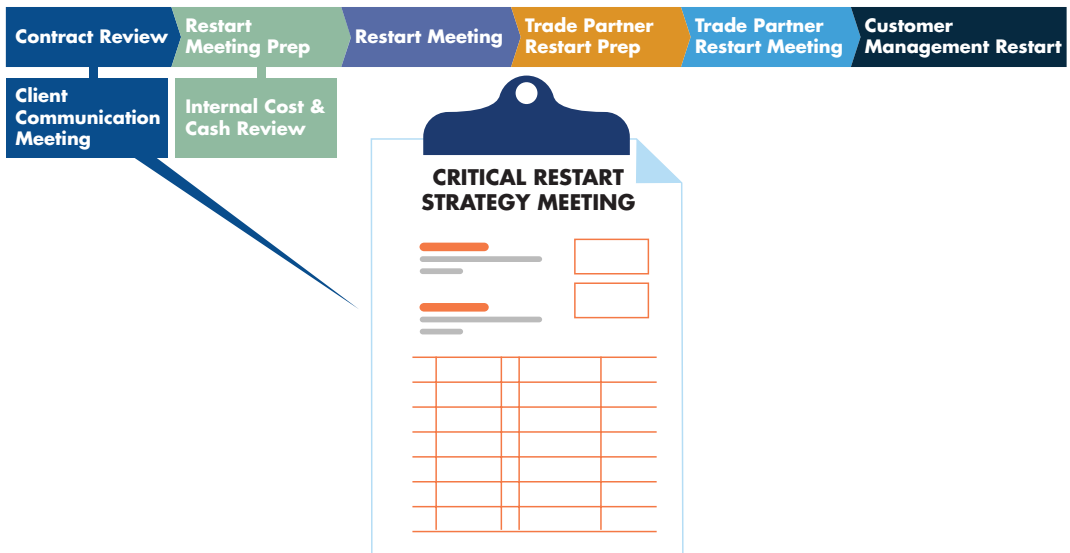
- **Labor histograms.** Whether internal or external, what are the impacts to the labor pool? Do these labor projections account for instant 100% utilization and efficiency, or do they reflect a more realistic incremental view of efficiency?

For the vast majority of construction projects that were 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. Take the opportunity—after all, how often do we get a second chance at anything in life?

### Rewing Up Your Restart Strategy

Before restarting a major construction project, you should properly review contract documents and maintain proactive and current dialogue on force majeure and other work stoppage guidelines. It's also critical to examine the restart meeting agenda to ensure that discussions are forward-thinking and focused on identifying potential rocks in the road.

## Exhibit 2. Critical Project Restart Strategies





While the restart meeting may seem simplistic in nature, its focus areas should include both developing realistic solutions to problem areas as well as establishing firmwide consistency on all projects in the “work in progress” category.

With planning complete, management teams must also examine several financial curves to gauge project stability and ensure successful profitability. For most companies, that means reestablishing the rolling 12-month billings projection. During this stage of the restart process, you’ll want to overlay not only the projected billings but also the overall cost impact (including an impact to productivity).

While direct project costs probably weren’t uniformly impacted by the shutdown, you’ll want to create a model that shows the short-term impact to material shortages, labor inefficiencies, trade contractor support, equipment shortages and related issues.

## Four Tips for Firing up the Machine

Up until this point, your plan’s 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. Here are four key points to keep in mind as you fire the machine back up and start working again:

1. **Factor in pending changes to the design per their instructions/guidelines.** What are the short- or long-term impacts to the facility/structure due to COVID-19? For instance, if this is a school or public assembly area, will the client/end user want to modify any aspects of the design?
2. **Consider 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.
3. **Use proactive “Personal Safety Plans” and “Job Site Hygiene” strategies.** Outline new personnel guidelines on job site hygiene and accountability. Realize that standards will continue to morph in light of the “moving target” status of this pandemic, but that doesn’t mean you can’t get the ball rolling now by establishing proactive standards of care.
4. **Monitor schedules and budgets carefully.** After the initial shock of these project restarts, the initiatives 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.

## Avoiding a Slip at the Starting Gate

Even in the aftermath of an event like COVID-19, the concept of the exit strategy remains the same: driving the project toward 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.

During any time of uncertainty, remember to engage with customers, end users and the design community to address the uncertainty around

acceptable standards. New data about COVID-19 is emerging 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 that consider the restart with judicious care and a proactive approach will avoid a dangerous slip at the starting gate.

*This article represents an abbreviation of the original article published in April 2020. The full white paper can be accessed here: <https://www.fminet.com/reports/critical-project-restart-strategies/>*



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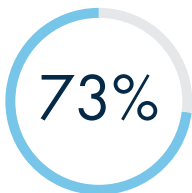
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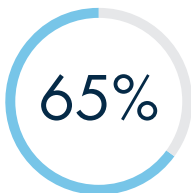
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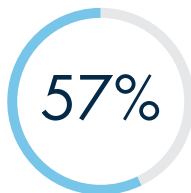
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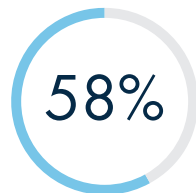
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