

Eliminating costly project claims with digital tech

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In the high-stakes realm of construction, project delays are all too common. Studies suggest the number of projects that experience delays is as high as 70%^[1], extending timelines by around 10-30%^[2].

As well as frustrated clients and added expense, one of the biggest headaches this can bring is project claims and disputes. Considering some of the key challenges the sector faces like tight deadlines, complex coordination of trades and risks of damage to existing structures, preventing, submitting and assessing such claims can be a challenge for project stakeholders.

Claims that aren't managed promptly and correctly can also quickly lead to expensive legal disputes, which is why stakeholder strategies are now changing. Investor representatives and project managers are paying more attention to efficient project claim management than ever before as companies look to minimise disputes.

Each stage of a claim can be a daunting prospect, however, the upside is that technology is helping to take the sting out of the entire process. Easy-to-use digital tools have become a stakeholder's secret weapon, allowing them to keep track of the documentation, analysis and resolution of claims. In short, tech is ensuring that details don't slip through the net, resolving disputes more quickly so that work can continue at pace.

Problem Prevention

Like most things in life, the more you plan, the better the outcome. The same can be said for construction; project planning is essential in avoiding lost income. However, with so many variables, such as changes, late information, extreme weather, poor performance and repair work, delays do occur.

This highlights the importance of prior planning and getting things right the first time around. Accurate building, for example, can avoid major complications further down the line and digital platforms play a vital role in achieving this goal. Through data collection, such as photographic evidence, companies can prove that work has been completed to the correct standard, avoiding any confusion later down the line.

Another way to navigate claim prevention is by producing a clearly defined scope of work before a project begins. This includes a precise division of roles and responsibilities to reduce the risk of claims, which in most cases, pertain to exceeding agreed-upon deadlines. But, what do you do if claims do arise?

Dispute Handling

Despite best efforts for prevention, contentions may still arise. To identify the validity of claims, an analysis of the scope of works and the contract provisions will need to take place. This is why it's vital to establish these upfront so that roles and responsibilities are clear for all parties.

When a project activity *is* recognised as a claim, it will be quantified in terms of additional payments or extensions of time limits. Sometimes the deadline for completion of a particular activity or project phase is extended or the deadline for completion of the entire project is postponed. At this point, site managers and stakeholders should create a detailed schedule. This means identifying where other potential delays may arise and, if any rework is required, ensuring that a roadmap for resolving issues is in place.

This is another example of when tech solutions can be incredibly helpful. Assigning specific 'tickets' to areas of work creates a digital record while assigning individual responsibility within a team. This way, nothing gets missed, ensuring claims are nipped in the bud before problems escalate.

Embrace the digital environment

As construction becomes more complex, the risk of claims is only likely to increase. High-value claims can seriously threaten the viability of a construction project, leading to increased tension between the owner and the contractor. If it's found to be valid, it may also demand additional financing, postponing construction timelines and prolonging staff costs. However, this needn't be the case if firms begin seeing digital tools as a cost-saving investment.

As well as quashing claims quickly and efficiently, the cost of software is just a fraction compared to delaying project activities, work interruptions or legal fees. Importantly, it also reduces stress and resources – which can be better spent completing existing work.

In today's fast-paced industry, preventative measures that keep businesses working smoothly are worth their weight in gold. Unwanted obstructions can hit bottom lines and damage reputations, but these can be avoided with the right systems in place. It's about being prepared rather than waiting for a claims disaster that can destabilise a business. Those who embrace the digital revolution in construction will pave the way for smoother projects and stronger outcomes.

^[1] Delays, Disruptions, and the Impact on Construction Projects – KPPB LAW

^[2] Retrieving similar cases for alternative dispute resolution in construction accidents using text mining techniques | Request PDF (researchgate.net)