Five Factors That Can Make Your Construction Risk Register Obsolete

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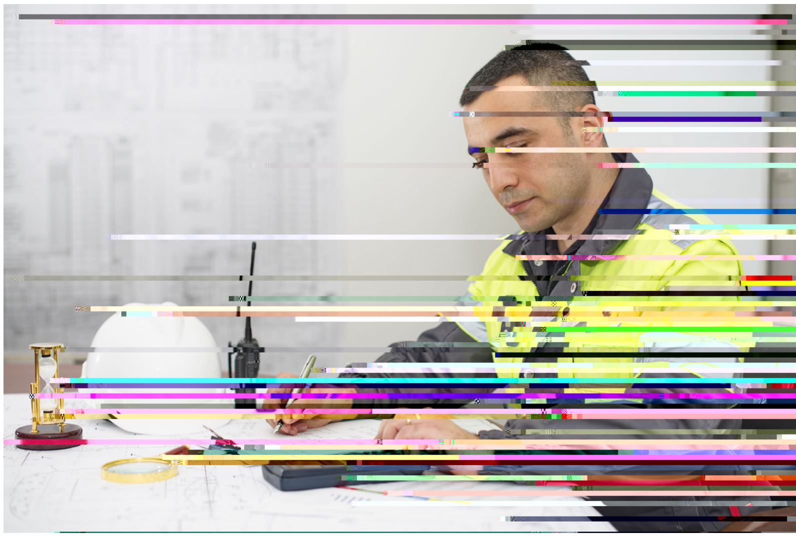
CONTRACTORS SHOULD RECALIBRATE RISK TO ACCOUNT FOR TODAY'S CHALLENGES IN ORDER TO MITIGATE DISPUTES AND POTENTIAL LITIGATION.



A risk register is a tool that construction project managers use to predict, document, track, and manage issues that could negatively impact their ability to achieve project goals. In the last year or so, a number of factors relating to risk have undergone disruption. Some important risk factors are now less important and vice versa.

If your construction management team is using a risk register that hasn't been updated in the last 12 months, it is probably obsolete.

Many managers and firms start with a risk register prototype, based on prior risk experience, as the foundation of each project's risk management program. However, caution should be exercised in the use of prototypes or templates, as every project is unique, bringing with it unique risks and potential issues to anticipate.

In recent months, a number of risk priorities have changed. Factors have come into play or grown in importance where they can dramatically impact the outcome of projects like never before. Here are five factors that should be reevaluated and possibly given a higher priority in project risk management:

Force majeure. Future templates must handle the force majeure concept in a more specific and less general way than it has been treated. In the past, it has been frequently dealt with as a single category. Today, force majeure factors should be broken out to represent a number of items.

The register should specifically identify and define each risk likelihood, potential damages, effect on timelines, and other risk factors.

Inflation. In the last 10 years or more, inflation was rarely a factor, because it barely existed. Today, inflation is raging and no one knows where, when, or how fast this current inflation spiral will rise and when it will peak.

This means that price and interest rises can add risk pressure on material acquisition, wages, progress delays, payment delays, and more.

About the Author