

# TROUBLED PROJECT SERVICES

## WARNING SIGNS OF A TROUBLED PROJECT

The contractor is generally the first to realize that a project is in trouble. The contractor's projected cost at completion reports often provide the clearest early signals, and the contractor generally adjusts his behavior on the project accordingly. In many instances, the owner is at a relative disadvantage in this regard, and must discern that its project is in trouble based on the contractor's behavior. Accordingly, we provide here some Early Warning Signs of a Troubled Project from the owner's viewpoint to aid in this process. The existence of one or two warning signs may signify little or nothing, but a combination of several of the following almost certainly indicates that the project is heading for serious trouble:

- The low bidder's price is substantially below that of the others and any independent owner estimate that was obtained.
- The contractor repeatedly delays submission of its complete, detailed project schedule.
- The submitted project schedule is not logical, includes an unusual number of lengthy, "summary level" activities, and/or does not indicate completion by the contract completion date.
- Monthly schedule update submissions are slow in coming, poorly prepared or sometimes forgotten altogether.
- The schedule of values is unduly front-end loaded.
- The contractor is generating increasingly aggressive correspondence regarding alleged interferences, delays or disruptions by the design team and/or the owner. Many of the items raised are, in the design team's view, clearly part of the indicated scope.
- The contractor is generating a steady stream of Requests For Information (RFIs) that ask questions answerable from a reasonable review of the construction documents.
- Conversely, multiple RFIs are regularly needed before a single issue is adequately clarified by the design team.
- The site is disorganized, the contractor has difficulty locating delivered materials, and access to work areas is frequently blocked by stored materials or construction debris.
- At the weekly jobsite coordination meetings, subcontractors with upcoming work that you would expect to see are not in attendance.
- The contractor has experienced repeated turnover in its key personnel, such a project manager and lead project superintendent, although the project is nowhere near completion.
- Gaps open between successive trades, or conversely, gaps that originally existed between trades close up so that the following trade is right on top of the preceding one.
- Significant construction drawing changes are flowing steadily from the design team well into the project, when the design should be well established.
- The contractor is late in submitting the required Guaranteed Maximum Price proposal, and when received it contains extensive exceptions and qualifications.
- The contractor is experiencing problems with obtaining interim sign-off inspections (such as close-in inspections) on the first attempt.