

It's no secret that construction is a complex industry. With many moving parts and heavy machinery, there are numerous potential risks around every corner. And we're not just talking about design issues. Everything from environmental concerns to labor shortages can impact the success of your project.

This is why construction risk management should be an essential part of your strategy. When you proactively identify risks, you can take steps to mitigate them so your project is completed on time and within budget.

Read on to learn more about construction risk management, including how you can develop and implement a risk management plan for your next project.

WHAT'S CONSTRUCTION RISK MANAGEMENT?

Risk management in construction is a critical process for ensuring the success of construction projects. By identifying and analyzing potential risks, estimators and project managers can better prepare for any issues that may arise during a build.

Risk management for construction projects is essential and even moreso for complex projects that involve many stakeholders. Every stakeholder involved in a project may have different priorities, objectives, and thresholds for risk. Proper risk management can bridge the gap between stakeholders.

UNDERSTANDING RISKS IN CONSTRUCTION PROJECTS

Risk management is essential in ensuring that a project stays on budget and you're able to minimize financial risks.


Implementing effective project management strategies throughout the entire process can give successful results.

Construction project risks can be at a project level or a business level. These risks can include:

costs and schedule delays. Scope creep is a major risk that project managers must balance and mitigate with construction projects.

Performance risks

2. Keep all documents updated and within reach: Accessing important documentation is vital to keeping everyone on the same page. Cloud-based solutions can benefit you the most here, so your documents and reports can be accessed from anywhere at anytime.
3. Use data visualization: Gantt charts, timelines, tables, and charts make it easier to digest complex information quickly. Construction risk management software can make it easier to communicate complex data.
4. Start as early as possible: Early detection of risks can help to take preventive measures, thus avoiding complications and ensuring smoother execution of the project.

can be more easily managed. It allows for detailed progress documentation and sharing, which leads to quicker payments received from project owners to be passed on to subcontractors and suppliers. This keeps construction progressing and should any issues arise, they can be addressed quickly before cash flow is impacted. 

CHALLENGES IN CONSTRUCTION RISK MANAGEMENT

All types of risks and challenges can come up during a project. You can learn how effective project management can help you improve your risk management efficiency. Here are five key challenges and construction risks and how you can tackle them:

1. **Poor project direction:** With clear goals, it's easier to get things done efficiently. It is essential to set clear objectives for all team members to keep them on task and keep progress moving forward.
2. **Ineffective communication:** Poor communication can be detrimental as it makes completing necessary tasks on time challenging and can lead to unnecessary issues. Therefore, effective communication is crucial for the team to stay organized and on top of their work.
3. **Unrealistic expectations:** Clients and stakeholders may have requirements that seem difficult to fulfill. This could include quick turnaround times or a tight budget, which may present challenges. Be sure that clients have clear expectations up front.
4. **Poor risk management procedures:** Contingency plans are essential for risk management, as they provide a framework for decision-making and some room for maneuvering unexpected situations.
5. **Delayed payments:** Money management for construction projects is crucial. People need to get paid, and materials need to be purchased. With the right software and effective workflow, construction companies ensure their cash flow



About the Article

The [Builder Blog by RedTeam](#) was launched in 2023. It serves as a resource for construction professionals with industry insights, in-depth articles about solutions, and helpful customer stories. From best practices to workf ow guides, the blog builds on RedTeam's expertise and knowledge of the industry to help create a better tomorrow for everyone in construction. You can learn more about RedTeam at redteam.com.

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