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## Time, cost, risk and then there's technology

PAUL MADEIRA LOOKS AT HOW RECENT EVENTS HAVE AFFECTED THE ISSUES OF TIME, COST AND RISK ACROSS THE INDUSTRY AND HAVE HEIGHTENED THE VALUE OF TECHNOLOGY

**The construction** industry has witnessed a distinct shift in priorities over recent months as market conditions have made contractors, consultants and developers re-evaluate their strategies.

There has certainly been a noticeable change in respect to time: the time to deliver; the time to pay (or not); the time to invest and the significant amount of time invested in changing working practices. Together, these have served to keep many offices extremely busy as they look to understand how they have been affected by recent events.

Cost, cost management and cost control now dominate boardroom discussions across the region: the cost to complete, the cost of a tender and overall project cost are now all being closely monitored and scrutinised. Cost has become absolutely central to the diverse strategies employed by companies working within the industry. Minimising operational overheads through change in working practices and resource streamlining is intended to increase profitability, but not at the expense of performance.

Attitudes to time and cost have certainly been affected but perhaps the most significant development has been in respect of risk. Inevitably businesses around the world have become acutely aware of the role that risk exposure and risk management play in prudent commercial strategy. Risk will always be a factor in business growth but construction companies must now seek to control it even more tightly as the changes in world economy and subsequent business conduct take effect. The question is how?

In most industries, technology has played a major role in helping to manage and control business processes and risk. Unfortunately, for many years the construction industry has proven an exception to the rule; a fact that is surprising when you consider that many construction projects actually cost

more than the total annual turnover of most medium to large sized companies.

The forces of supply and demand being what they are, the industry's laggard reputation has meant that software development has historically been slower and more piecemeal than in other industries. The financial accounting (ERP) applications were primarily deployed to meet the requirements of only the head office accounting disciplines of a construction business. It was the intention that these systems should also be employed to manage, facilitate, control and deliver accurate financial reporting of the corporate business, as well as the construction specific activities. But the bottom line is that they haven't been up to the job, falling short of the requirements of detailed commercial reporting of construction projects – a risk in itself!

The inflexibility and inability of the corporate accounting system to capture and allocate data in this format has, in many cases, left no alternative but for the commercial and IT departments to develop complex spreadsheets, access databases and in-house systems to plug the gaps and capture, manage and report information in the required project format.

This approach in itself can create problems as the systems are often run in isolation and stand alone from the corporate finance solution, creating the need to re-key data, resulting in errors, inefficiencies and duplication of effort.

The need for "construction specific" technology that can offer comprehensive management across all disciplines of an organisation is self-evident. Such solutions allow for proactive management of structured and unstructured information required for the delivery of projects within a budget. Today, this is absolutely essential to mitigate risk for those winning work, delivering work and clients awarding the work.



**“COST, COST MANAGEMENT  
ADN COST CONTROL NOW  
DOMINATE BOARDROOM  
DISCUSSIONS ACROSS  
THE REGION”**

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*The opinions expressed in this column are of the author and not of the publisher.*