

The Top 20 Construction Risks

DOCUMENT, LEGAL, AND CONTRACT RISKS

- 1. Change Orders**
Formal documents outlining changes that must be made on a construction project.
- 2. Stop Work Orders**
Legally binding documents that force some or all parts of a project to cease production.
- 3. Incomplete Drawings**
When architectural or engineering documents are not completed, leading to change orders.
- 4. Poorly Defined Project Scope**
Project boundaries should be clearly defined in scope statements and other documents.
- 5. Poorly Written Contracts**
Gaps in contract language can expose various stakeholders to legal/liability risk.
- 6. Contract Disputes**
These tend to arise whenever work is not done in accordance with specifications or at cost.

35% of construction projects are subject to at least one major change.

\$1B is the value of equipment stolen from construction sites in the US every year.

FINANCIAL RISKS

- 7. Increase in Material Costs**
Unexpected cost spikes can be destructive to projects when materials = half of project costs.
- 8. Liquidated Damages**
A financial penalty on contractors when projects continue past the scheduled date of completion.
- 9. Regulatory Fines**
When workers fail to meet regulatory mandates, it can lead to hefty fines for contractors.
- 10. Damage or Theft to Equipment and Tools**
Insurance deductibles and project delays are the true costs of damaged or stolen equipment.
- 11. Project Delays**
On most projects, being set a single day behind schedule can equate thousands in costs.
- 12. Inaccurate Project Estimation**
Failure to budget work accurately can leave insufficient funds for materials, wages, and more.

ENVIRONMENTAL RISKS

- 13. Natural Disasters**
Wildfires, earthquakes, hurricanes, flooding, storms, tornadoes... no site is immune to these risks.
- 14. Poor Weather Conditions**
Any changes in normal weather conditions can lead to increased risk of incident on a project.



\$15,000+ is the potential fine for one untrained worker.

SAFETY RISKS

- 15. Safety Hazards On-Site**
Exposed electrical, heavy equipment, extreme heights, airborne materials, etc.
- 16. Untrained Workers**
Workers conducting work without training are a threat to everyone else on a project site.
- 17. Unsecure Construction Sites**
With anything less than a secure perimeter, outsiders can easily gain access to project sites.

PRODUCTIVITY RISKS

- 18. Labor Shortages**
An inability to source skilled labor or align that labor with project timelines can be damaging.
- 19. Trade Stacking**
When too many trades are working in the same area, it can limit capacity and production.
- 20. Material Availability**
An inability to source necessary materials can lead to delays or expensive substitutions.

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