



WHITEPAPER

SIX REPUTATIONAL RISKS TO PREPARE FOR IN PUBLIC INFRASTRUCTURE PROJECTS

BUILDING AND OPERATING AN INFRASTRUCTURE PROJECT IS A COMPLEX UNDERTAKING, WITH MANY STAKEHOLDERS AND OPPORTUNITIES FOR THINGS TO GO WRONG.

The more complicated the project, the more difficult it becomes to balance these competing priorities: transparency; accountability; innovation; efficiency; cost control; and speed of implementation.

While the project may be technically delivered to specification, this doesn't guarantee that the reputations of the delivery stakeholders (like the engineering, construction, consulting and various subcontractors) will remain intact.

Of course, reputation is just one part of overall risk management but it can be a critical one.

When organisations experience reputational damage or loss, they experience a range of tangible and intangible impacts including:



Exclusion from future tenders



Loss of employees and subcontractors



Reduced access to funding



Increased, unplanned costs



Loss of social capital with partner organisations (suppliers, government agencies etc)



Greater scrutiny on business processes and operations by regulatory authorities.

There are myriad ways that reputations of key delivery stakeholders can come undone on large, complex projects.

The factors that can make a difference can include everything from debt payments, bad weather, union activism, supplier delays, and workplace safety incidents through to geographical, political climate and changing regulation. Some of these are issues tied to project governance and, in some cases, are unavoidable. Others are seemingly small and simple, but can cause as much damage as a board-visible issue.

In Write Away Communication's experience of supporting organisations operating in the built environment sector for more than 30 years, some of the more avoidable (or at least planned for) sources of reputational risk which are often overlooked or poorly considered are:

1. Traffic management

Infrastructure projects take time. This means pedestrians can't enter shopfronts, traffic snarls occur, roads are often rerouted through slower diversions and neighbouring towns, and more. There is a requirement to inform and continuously update progress and alleviate frustration that can turn into political pressure.

The degree of disruption expected from a project can influence whether people can get to work on time, and can potentially impact businesses.

Managing this requires transparent communication between the project manager and the community. The more open the communication, the less likely there will be surprise situations, and surprises lead to frustration, which leads to negative publicity.

It's important to plan for traffic management in advance so people can get on with their lives while the work is done. That means you need to think about how people will access shops, go to work and get home, if the local roads are all diverted. Many of these issues can be resolved before construction begins by talking to locals about their travel patterns and needs.

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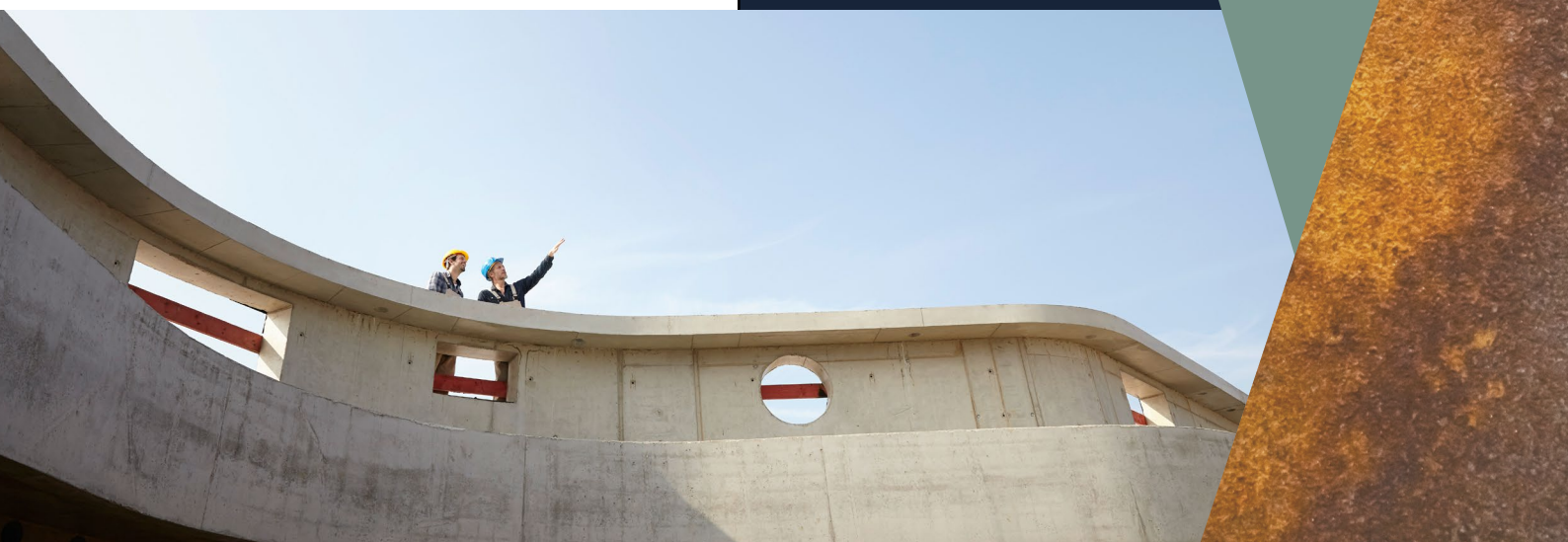
2. Workplace health and safety

Workplace health and safety laws, inspections and regulation have been developed over many years by governments, unions and other stakeholder groups to protect the health and safety of workers.

Workplace health and safety incidents are usually bad news for everyone involved. The people involved need to know that they will be treated fairly, that the lessons will be learnt, and that the event will never happen again. It's important to work closely with stakeholders in these situations, and to ensure transparency.

Workplace health and safety needs to form part of any project's reputation management strategy. This may include:

- a. Preparing for when an incident occurs: making sure the incident is managed in a way that's consistent with your workplace health and safety policies, so that nothing comes as a surprise to your stakeholders.
- a. Managing the incident in real time: being open about what has happened and how you're responding.
- a. Preparing your reputation in advance: making sure your organisation has a strong reputation for managing incidents in a timely, fair, and transparent manner.
- a. Having a strategy in place for when there are multiple incidents over time: dealing with the risk of negative perceptions surrounding multiple incidents.
- a. Watching out for regulatory change: ensuring you understand how legislative changes might affect the project's reputation.



3. Contract disputes

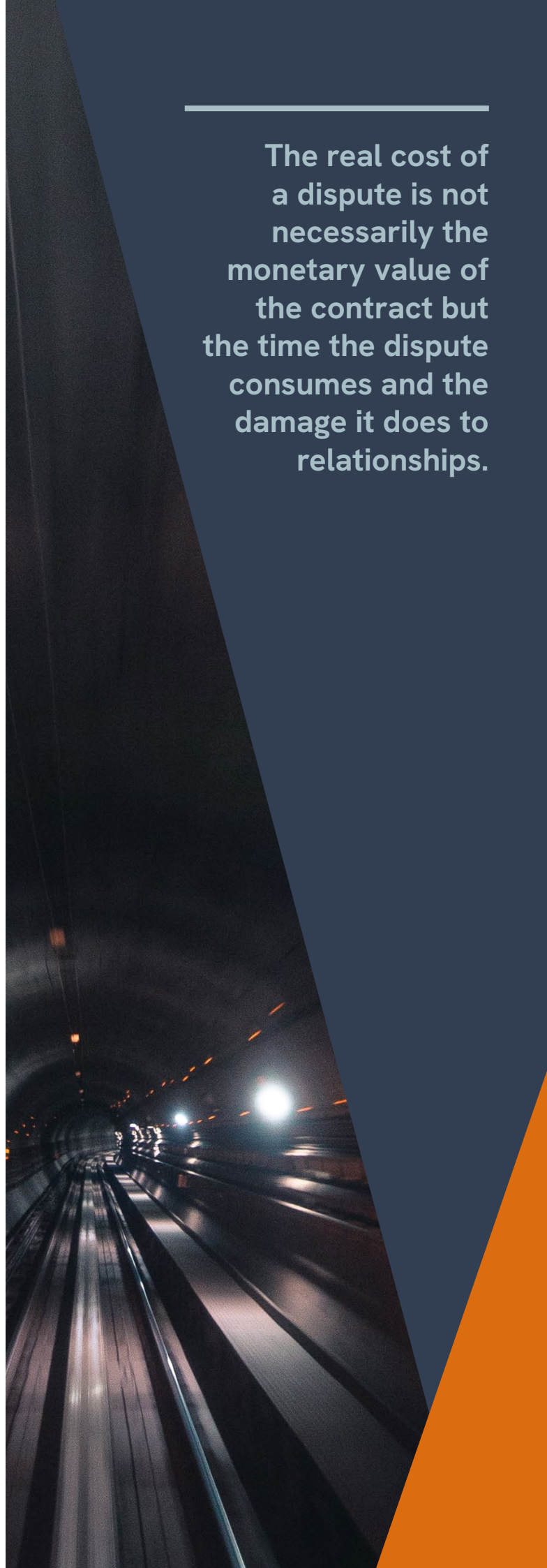
Likely to be the biggest risk in most projects, contract disputes can cause delays and add costs. The real cost of a dispute is not necessarily the monetary value of the contract but the time the dispute consumes and the damage it does to relationships. It is important to be proactive in understanding how to manage contract disputes in a way that is aligned with the success of the project.

There are six key areas of risks in managing contract disputes in public infrastructure projects:

- a. A poor understanding of the contract by the contractor or project company.
- b. A poor understanding of the contract by the client or project sponsor.
- c. A poor understanding of how to manage contractual disputes, leading to a tendency for them to escalate unnecessarily.
- d. Little flexibility built into the contract to manage incidents that lead to disputes, or a dispute resolution process that is too long and is not sufficiently effective in reducing disputes.
- e. A failure by the parties to agree on common definitions and measures against which progress can be measured, which can lead to a lack of trust and disagreements about what happened and why it happened.
- f. The failure of senior management teams at all levels involved with the project, including contractors, designers and engineers, clients and sponsors, regulators and other stakeholders, to take contractual obligations seriously enough and to support their teams effectively when contractual problems arise.

Overcoming these six challenges proactively can help limit the potential damage that can be caused by contract disputes.

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4. Subcontractors

Subcontractors play a key role in completing the work of a largescale project. However, managing subcontractors carefully is essential because these smaller organisations can create significant issues for the project. For example, subcontractors may be non-compliant with project requirements or workplace health and safety requirements. Their insurance and accreditations may not be up to date. If the subcontractor's business fails during the project or the business doesn't pay its staff members, this can all impact both the subcontractor's reputation and the reputation of the project as a whole.

Subcontractors can also fall victim to the complexities of large projects. For example, they may complain that they're not getting paid in a timely manner and suffering hardship because of how the project is being run.

It's essential to consider how subcontractors are treated especially around ensuring financial viability and fairness.

5. Deadlines

The timing of the delivery of public infrastructure is an important consideration. It is an enormous project and you should not assume that all will go well. It is far better to plan for delays and risks that could slow the project down than to be caught out.

Elements that can affect project timing range from weather events and natural disasters to shipping delays or the availability of labour. Regardless of the reason for the delay, the effect can resonate throughout the wider stakeholder group, including local communities who find themselves inconvenienced for longer.

Delays can also cause budget blowouts, affect the availability of essential subcontractors, and damage your organisation's credibility in terms of project delivery. It's essential to plan well ahead of time on the assumption that timelines will invariably change, and to have responses in place to address these issues.

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6. Collateral impact

Public infrastructure projects often have a significant collateral impact on the surrounding community. Some of this impact is positive; new roads and bridges, for example, can increase mobility and connectivity, and open up new opportunities/trade routes. However, the impact can be negative as well.

One such risk is construction-related disruption to businesses and residents, through noise or physical changes to their property. And there is always the risk of unanticipated physical change, such as loss of views, light and amenities, caused by the project.

The impacts of a project can be mitigated by properly engaging with and listening to those directly affected. This will let you consider and then address their concerns; it also helps you to identify ways that your project can benefit your community in ways that might not be obvious at first glance.

Doing this right is not easy—it requires skills, time, money and expertise—but, if it is done well, it can reduce costs, strengthen support for projects and increase their sustainability over time.

The best way to mitigate the risk of adverse collateral impact is to engage local communities and stakeholders in the planning process as early as possible.

This means sharing information about all aspects of the project early on through public meetings and workshops to avoid surprises later in the planning process.

Lack of engagement might mean missed opportunities. For example, a local business may choose to relocate as a result of an unfavourable change in circumstance, or residents may feel dissatisfied with the outcome of a public consultation process, leading them to becoming advocates for change or simply disengaged from further local decision-making processes. They may even campaign against future infrastructure developments in the region.

As a rule, people will be more positively engaged with a project if they perceive that their views are being heard and genuinely considered. Community groups can have an outsized effect on your business's reputation, so it's essential to proactively engage these groups sooner rather than later.

The way forward

Managing large public infrastructure projects means you need to navigate a potential minefield of reputational concerns. The built environment is an emotional sector: we all use the same transport links; we live in the same places; we visit the same parks and public spaces; we use similar landmarks. And most of us do not have a background in architecture or engineering to help us interpret what we see.

This means that when things go wrong, the consequences are serious and lead to reputational risks for you as a client or developer.

It is important that you engage an experienced communications team who will help communicate your vision and secure support from key stakeholders in advance of any major project announcement. They will also work with you to identify potential reputational risks so you can prepare for them proactively rather than reactively when they arise.

Write Away has extensive expertise working with organisations in the built environment. We can help you minimise the risk of reputational damage through thoughtful and strategic stakeholder communications.

To find out more, contact the team today.

Get in touch today

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