

Others

## **CCDC documents can help restore trust and manage risks**

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Risk is the hot topic in the construction industry these days. When you talk construction with just about anyone, invariably the discussion will come around to “risk” — in particular, who should bear it, how much is too much, what is fair and who pays. Despite all of the talk, however, we seldom discuss the real cause of risk, which is uncertainty.

As the greatest cause of risk, uncertainty seems to affect all aspects of construction. Whether it’s unforeseen conditions, changes due to existing factors or revised designs, unfamiliarity with the contractor, the subs, even the consultants, this uncertainty has created a negative effect on our industry.

Hand-in-hand with uncertainty comes lack of trust. Together, they have brought about the demise of the prime consultant’s status and the rise of so-called “construction experts” who insert themselves between the original master builders and the owner.

Some owners have abandoned their responsibility to faceless bureaucrats who are unable to offer the leadership necessary to ensure projects proceed in the best interests of those who are paying for them. The one ringing cry from these owners is “We must consider the risk. The risk must belong to someone else, not us.”

However, to truly prevent risk and manage it appropriately, one must remove uncertainty and restore trust.

When each party refuses to assume their own fair share of the risk by refusing to work and consult with the industry, uncertainty rears its head.

One way to remove this uncertainty and the corresponding risk is to use Industry or Consensus Documents. In Canada, these documents are Canadian Construction Documents Committee, or CCDC, documents.

While it's true that there are nay-sayers who view CCDC documents as unfair, one-sided, written by the contractors, etc., they are rarely able to defend their position when confronted because, in fact, many have never even read the documents.

The truth is, the CCDC sells over 50,000 documents annually. Hundreds of stakeholders contribute to and review these documents. The Canadian Construction Documents Committee (CCDC) is composed of the Association of Consulting Engineers of Canada, Canadian Construction Association, Construction Specifications Canada, Royal Architectural Institute of Canada, public-sector owners, private-sector owners and lawyers. Organizations from across Canada, such as the OGCA, also contribute opinions and recommendations.

Every major player in a project understands CCDC documents and can work with them. So the question is, why are some owners afraid to try using these widely accepted documents?

The answer is that this group still clings to the belief that, within their own small sphere of influence, they can develop "in-house" documents that are better than those developed by the industry.

However, in the end, all they do is create uncertainty and that leads to increased risk, fewer bidders, higher prices, and claims and legal actions that go on for years.

Owners who have consulted with the industry and worked to understand CCDC documents, however, find they get better value for their money, face fewer problems and benefit from greater competition on their projects.

When an owner starts with CCDC documents and works with the industry on any modifications, that owner is far more successful in obtaining value. That's because CCDC members work to ensure that these contracts represent the best interests of all the parties, not just those of a single party.

Owners and other stakeholders using CCDC documents are assured that their interests and rights are preserved, which provides balance and uniformity while standardizing the bidding process. Unbalanced contracts create uncertainty, which creates risk and leads to problems.

By using best practices to assign fair risk to each party, CCDC documents create a better climate for the project and that results in fewer disputes. In short, the documents remove uncertainty.

At the OGCA, we encourage all buyers to take the time to talk to the industry and work toward accepting CCDC's well-balanced documents. When they do so, they will find that the documents have been developed in a collaborative spirit to ensure the rights, interests and obligations of all parties.

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