



C^oVID-19's Impact on Construction Industry

The Risks, the Management,
and the Safety



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Introduction

Starting first, from the city of Wuhan, China, a sudden rise in cases of flu and pneumonia hits the country. The medical professionals and research experts were not able to find the cure for the infection that spread across the region affecting thousands of lives. Surprisingly, the contagion was found to be increasing rapidly even across the global boundaries bringing everything on halt through lockdown situation.

On April 10, 2020, we already have more than 1.6 million cases across the world and this has shown severe impacts on the industry apart from disturbing the health conditions. After the orders of federal and state authorities to suspend every construction activity, this has been turned to be a cause of serious concern for every small, mid-sized, large construction firm, and even the construction accounting software services like ProjectPro.

However, keeping a better check on the situation, team ProjectPro has worked on the ways that can help deter the situation for the construction firms. Thanks to the remote management made available through Dynamics 365 Business Central solutions that have made it a bit relaxing to manage the resources and data to avoid any loss of liquidity.

Nevertheless, considering the current stage of COVID-19 at the world level, let us have a more detailed idea of how it has been affecting the construction industry, what are the risk factors, and how ProjectPro could help work on management and safety?



Current Position of the Global Construction Industry

Before we proceed further to analyze the detailed impact of COVID-19 on the construction industry, projects, and activities, it is necessary to understand all the facts and figures that can describe the current position of the global construction industry.

As per the reports shared by PwC, the global construction industry is likely to throw an output of around \$ 15.5 trillion in volume by the end of 2030.

However, 57 percent of the share in statistics for growth belongs only to the United States and the industrial hub of Asia-Pacific i.e. China and India.

In other words, by the end of the year, the construction industry is likely to witness a growth to around 24 trillion dollars at a 9 percent rate, paving way for infrastructure development and competition within the industry.

The more will be the growth, the more will be the rise of stress with retaining projects, having more opportunities, and ensuring deliveries on time.



Some other interesting facts and statistics associated with the growth of the construction industry:

- *Three of the top global construction industry challenges include the shortage of labor, labor disputes, and lack of confidence.*
- *In 2020, Asia is expected to have almost 46 percent of the share in global spending on construction.*
- *Asia-pacific is expecting the highest output when it comes to growth in the construction industry.*

And with all that interesting insights on the development of the construction industry, the construction industry seems to witness a revolution that will capture the attention of all construction giants across the world.

Impact of COVID-19 on Construction Industry

The rapid spread of pandemic across global boundaries has made it very struggling for construction industries to sustain the buildup of pressure. From the construction companies to the staff and the labor, it has affected the industry at every level.

At the primary spot, it has made the workers suffer from downsizing of the workforce while many got laid off. However, the situation made the federal agencies like ENR to map the effects and release of COVID-19 [Global Employer Guide](#) to get over the issues which most multinational employers are witnessing.

The guide contains the solutions to all the major issues and queries from the employers and employees regarding work, travel, shutdowns, payments and more.



Apart from this, there has been no complete suspension over the construction projects. For instance, some construction projects such as hospitals, schools, and grocery stores are still running under the orders of the federal government in which some exceptional workforces are allowed to work.

Moreover, state authorities have defined their **laws and regulations** regarding the construction.

- *For instance, San Francisco has declared public works and housing construction as essential which also include an exemption for highways, roads, oil, sewer, and other work.*
- *Also, the cities of Santa Clara & Alameda have switched to virtual inspection while construction works still on the progress.*
- *Besides, the city of Los Angeles has adopted a broader definition of the construction where all construction projects residential, commercial, offices or institutes have been allowed to work, implementing the stay in home orders for the common citizenry.*
- *However, the city of Boston and Chicago are found to be having strict policies under which construction of healthcare facilities, hospitals, and other medical emergency structures has been spared from prohibition.*
- *Also, Washington is active with its decisions declaring a stop on all construction projects until an emergency.*



Similar situations have been spotted across the Globe while the countries which are heavily affected by the situation are found to be stricter with their rules on the halt made to construction projects.

Some of the common problems which are on the rise concerning the construction industry include:

- To check and account for construction projects across states and federal boundaries to work on suspension orders.
- Massive shutdowns, followed by the subcontractors pulling back from the jobs due to inefficiency in maintaining health standards.
- Badly affected supply chain leading to a shortage of material and delays with deliveries.
- *At present, there are 28 percent of the construction projects in the United States only, which were halted and the statistics are growing. (Click for a real-time check on the status of projects on halt)*
- All the projects in Boston city have been suspended.

All in all, the fear of the spread of the contagion and rising cases of COVID-19 in the United States and other parts of the world have made it very difficult for the construction industry to continue with the projects. From loss of labor to shortage of the equipment or labor, it seems to be a loss of millions and above that a struggle for many subcontractors and workers.



The Counter Plan Construction Companies Need to Follow

With a major portion of the US population moved to shelters, only essential services and life-saving workers are allowed to move. Since some jurisdictions have considered construction to be an essential process, it is still under continuation. However, the fear of the contagion and considering the current circumstances, most companies are feared about Force Majeure, a situation where unforeseen circumstances lead to suspension of contract or delayed deliveries.

Apart from this, considering the safety for all, it has been found essential to work on certain aspects to get everything back on track when everything will turn to normal after the COVID-19 is over.

Extensive Documentation

The demobilization of construction activities needs thoughtful actions that primarily aim at the documentation of the activities and project status. Therefore, it should start with keeping account of permits, designs, inspections, and engineering, as it can help work on the schedule. Apart from this, there should be a report made to justify the completion percentage for ensuring the necessary acceptance and support of the clients.

These reports should not only contain the schedules of the project but also the data that captures the actual status of work and activities. For instance, photographs and videos could be kept in place to visualize the status and quality of work for easy resolution with the insurance.

Moreover, these actions will facilitate parties to establish agreements on common grounds which can further assist in schedule binding, negotiations, and resolving any chances of disputes



Record Present Safety Conditions

Apart from the documentation, the construction firms need to work on the record of the as-built safety conditions present at the time work has been brought to halt. However, safety records must have all the essential safety information apart from what is done to spread any contagion.

These should include all the gear like fire suppression, controls to deal with fall hazards, egress, storage hazards, etc. This can help you work on the orientation of new contractors. Also, the same documents could be submitted to the local authorities as it can help them know about site safety conditions in case of any accidents.

Track Costs

When it comes to a situation like the prohibition on construction, the immediate step which construction firms should take is to track, identify, and separate all the costs related to the demobilization, especially for fixed-price contracts.

In case, you put all the projects on a halt without calculating the costs and prices that can define the impact period, it may lead to unnecessary disputes due to missing documentation. However, if you are already using sorted **construction accounting software** to manage the expenses, it can be of huge help in keeping things organized.



Order/Expedite Materials

The next big thing which needs to be followed is the strain that construction firms have to face with supply chains. This may happen because of the increased demand for the material when all the processes will restart and the chances are stronger if the Government authorizes construction to be part economic stimulus.

This raises a need for material to expedite on the site as having a supply of material in advance would be much cheaper as compared to the cost that companies may need to bear because of delays or the shortage of the material.

Apart from this, the materials which are imported from other countries should be considered for alternative material which too can be expedited to meet the needs during the shortage.

Identify Equipment with Downstream Impacts

Last but not least, construction firms need to look for any critical equipment which is scheduled for specific project tasks. These can be cranes or any advanced hydraulic machinery that is difficult to reschedule.

Besides, there can also be chances of expiry with the inspection certificates of their owned mechanical equipment which can be prevented with advanced scheduling of inspections.

Working on all these essentials like scheduling delays, measuring and expediting material, and working on the equipment related concerns could prove to be of great help in keeping things on track.

Measuring Effects & Planning Safety

Employee Health

The primary factor, which needs to be taken into consideration, when it comes to the effects of COVID-19 on the construction industry, would be employee health. Though it is believed that people who belong to the industry outside healthcare are less likely to be affected, it is necessary to keep a check over the hygiene, physical wellness, and mental health.

Clients & Lenders

At number two, the second most significant effect of the current situation will be devastated clients and lenders. This may lead to a drop in finances and jobs which means serious mitigation needs which may demand to slow down the current projects even if the government has not shown any signs of restriction.

Travel Bans

For most mid-sized to large construction companies who have projects running across the state or international borders, travel ban could be a problem. This will either lead to the shutdown of the projects or rigorous travel guidelines that can hamper the work progress. Also, it may demand an immediate shift to the Tele-monitoring and other virtual sources of contact to manage any office-related tasks.

Legal Issues

Though the situation emerged from COVID-19 is all that we can call a natural disaster, most construction companies may still need to deal with legal issues. These may be related to overruns, liquidated damages, etc. This calls for an immediate need for a check on force majeure conditions that can help justify the delays.

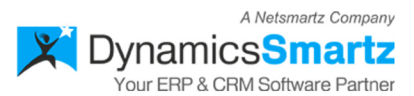
The Safety Practices

Considering all the effects the situation may bring to the construction industry, the industry experts and construction firms have designed some of the essential safety practices which can help to avoid risks that have been mapped.

Since the spread of the COVID-19 started from the exposure to the droplets, implementation of the social distancing practices has been encouraged at the construction sites.

Because the droplets could travel through the air while talking or coughing or sneezing, the use of essential safety gear like masks or gloves needs to be promoted at sites.





Take Care! Stay Safe!



As a person who has been infected with the virus doesn't need to show the symptoms, it should be ensured that all the commonly used spaces and surfaces should be sanitized/cleaned using alcohol-based wipes or spray.

As most sites do not have well-built space for restrooms, workers should be encouraged to keep their hands clean by frequently washing their hands using soap & water. At the same time, preventing touch to the mouth and carrying an alcohol-based sanitizer with more than 70 percent alcohol could be made a compulsion for all.

The workers plus any staff on-site should be encouraged to prevent the sharing of the tools to avoid chances of contagion. Also, the workers should be advised to carry their water bottles rather than the use of common space like a water cooler.

Besides this, construction firms should understand their responsibility and should try not accommodating all labor at the same time. For instance, electricians, plumber, or welders, all should be called at a different point in time.

For the staff which is dealing with the accounts or other document and data related work should be allowed to practice work from home using the advantage of cloud or tools like Dynamics Business Central w/ProjectPro.

Most importantly, any employee or worker who possesses the symptoms should be informed about the right steps to take in case of COVID-19 symptoms. This may include guidance on emergency practices, maintaining calm, and planning immediate consultation with a physician/healthcare expert through a physical or virtual medium.



Managing Things with ProjectPro Capabilities

Designed using the potential of Microsoft Dynamics 365 Business Central, ProjectPro is designed to help construction firms with more organized business software.

ProjectPro can help any mid-sized construction firm to have a check on project costs, resource allocation, information tracking, and integrate all project-related resources like labor, material, equipment, along with powerful construction relationship management. Let us take a quick walk through the ProjectPro capabilities that can be a business savior for construction firms that are operating in the present situation or those who need support after everything gets back to normal.

Project Management: ProjectPro is crafted to make the entire process of Project Management easy with easy access to all the project essentials like material, labor, cost, contractors, contracts, equipment and billing.

Tracking Activities: get all the jobs placed in logical queues and get an easy check on all the critical business issues and activities.

Resources & Subcontracts: get easy track of the estimated vs. actual job hours in the activity center under resources. It allows you to create easy subcontracts for vendors with tracking of work for more than one project at a time. Moreover, it allows you to track insurance certificates or fetching lien release waivers.

Project Billing: use ProjectPro for progress billings and invoice generation based on unit consumption or lump sum contracts.



Project Resources: create resources for labor and equipment updating special prices and costs. Define special costs using the cost matrix or use default values on ProjectPro. Moreover, you can also link employee cards with labor records for a better check.

Notifications: get easy and immediate notifications related to the project by defining the tags for different jobs. It helps you to avoid overlooking important events and ensure timely completion of the project.

Quote Requests: experience the ease of Microsoft outlook office and get an easy track of quote requests along with other personalized RFQ data. ProjectPro is designed to help you refine the process and make better decisions based on the bid.

Timesheets: track resource usage using timesheets in ProjectPro. Either it is employees, equipment, material, or any other project-related entity, ProjectPro could help you sort data creating batches of jobs which makes it easy to deal with the accounting process.

Job quoting: easy to use job quote templates that enable you to see the scope of the project and alter information for unique segments to generate reports related to job quoting.

Payroll integration: ProjectPro allows you easy integration for project payroll. You can simply integrate with ADP, Paychex, Payroll NOW, Paylocity. Moreover, you can quickly register back to ProjectPro for certified payroll reporting.

Contracts & Change Orders: for construction firms that need frequent dealing with the contracts or massive orders, ProjectPro can be used for easy breakdown of contracts and orders related to owners, contractors, engineers, or architects.



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Job Purchasing & Payables: ProjectPro allows committed cost on jobs, resource planning, purchase order integration, payable retention, and retention reporting.

Job & Service Scheduler: get one-click accesses to actionable items or plan tasks according to the date, time or impact on the delivery using the job & service scheduler option. It allows you an easy view of Gantt charts and histograms and evaluates tasks for enhanced project planning.

Performance Indicators: measure the necessary KPIs using the performance indicators option on ProjectPro. It allows you constant monitoring plus one-click access to detail.

Materials Planning: ProjectPro can be used to track material requirements, schedule orders, manage purchase orders, create requisition worksheets, and much more at the same place.

Mobile Service Technician App: get access to all the necessary information using the app. Check important details related to appointments, faults in the project design, solutions, and other essential data could be fetched using the app. Moreover, any changes on-site could be requested through the app which can be fixed by the backend teams. In short, it allows you to serve your client with the best using the least resources quoting.

Service Dispatch Board: the service dispatch board is designed to allow your staff for easy scheduling of jobs and in a productive way. Moreover, you can check the employee timeline to know the current status of the activity or monitor their geographic location. It helps in optimal planning since you can request information from the employee or other resources at any time.

To Lend a Helping Hand & Promote Self-Care

ProjectPro has been monitoring the situation built after the COVID-19 outbreak and it is well-prepared with all the resources required for the quality support without breaking the guidelines of the authorities. However, recognizing the demand of the hour, we have managed to make a list of ways in which you can lend a helping hand and change lives for the better.

Those who are associated with the Construction industry for specific roles like accounting or another process can make their skill reach others through the help of the internet. You can simply go for 3D printing or other ideas to spread the knowledge creatively.

Since the world needs plenty of N95 or other sorts of equipment to survive the current situation, you can make the difference by making donations.

One can also contribute in other ways as the motive is all about strengthening society. Therefore, you can find ways to help others by feeding them or providing them other essential resources required for survival.

You can simply check the town and country magazines to know about the available options where you can donate money or any other stuff that can help change things for the better.

Apart from this, you can also try to follow and implement healthy self-care habits through your construction firm like the families of your employees, staff, vendors, contractors, etc. these may include guidance on healthy eating, exercising, the value of sleep, maintaining social distance and still connecting with others for help, etc.

Moreover, your construction firm could help you stand with the people, especially kids and women, to help them get over anxiety and build positivity during this time of crisis.

In the end, it is all about sustaining the situation and maintaining a balance between health, business, and doing your bit for the society, and business.





ProjectPro is specifically designed for Construction Firms and powered by Microsoft Dynamics NAV/Business Central to make sure you get the most out of your business software. Netsmartz LLC has the software, knowledge, and means to provide your business with the most powerful yet user-friendly construction accounting system available using the latest Microsoft technologies.


ProjectPro helps businesses streamline their processes with better insights into the overall project costs, resource requirement & allocation, which offers precise and timely information. Integrate all of your project accounting, management, labor & resources management, material planning, and customer relationship management through a dedicated solution. ProjectPro offers a smarter and better way to thrive in productivity for your construction business. Streamline accounting processes & strengthen control of your organization's projects with ProjectPro. With integrated data, intelligent transaction processing, and robust analytical and reporting capabilities, you can reduce the time and effort it takes to access meaningful information necessary to make good business decisions.

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