

TODAY'S CONSTRUCTION INDUSTRY IS BEYOND BROKEN

Construction holds the dubious honor of having the lowest productivity gains of any industry, and in America, it has plunged by 1/2 since the late 1960s ([Economist, 2017](#)).

Budget Oversight & Schedule Enforcement

- **98%** of megaprojects become delayed or over budget ([McKinsey, 2016](#)).
- **90%** of the world's infrastructure projects are either late or over budget ([Economist, 2017](#)).
- **66%** of general contractors are carrying added costs from overtime/second shifts on at least **3 quarters** of their projects due to schedule slippage, with **50%** of them needing to extend the project end date ([Autodesk, 2019](#)).
- **Only 31%** and **25%** of all projects came within **10%** of the budget or original deadline, respectively in the past 3 years ([KPMG, 2015](#)).
- Large projects typically take **20%** longer to finish than scheduled and are up to **80%** over budget ([McKinsey, 2016](#)).
- Over the past 70 years, **85%** of projects globally experienced cost overrun, with an overall average overrun of **28%** ([Propeller Aero, 2020](#)) (Primary Source: [A. Aljohani, D. Ahiaga-Dagbui, and D. Moore, 2017](#)).
- **75%** of projects were over planned budgets, and **77%** were late. On average, projects were **70 days late** compared to their original estimates ([BusinessWire, 2021](#)).
- Owners experienced an average of **6 changes** to the budget and **5 changes** to the schedule, with a **15%** average increase in project costs as a result of these changes ([BusinessWire, 2021](#)).

Communication

- **60%** of general contractors see problems with coordination and communication between project team members and issues with the quality of contract documents as the key contributors to decreased labor productivity ([Autodesk, 2019](#)).
- Poor communication is the root cause of project failure **1/3** of the time (Primary source: [PMI](#)) (Secondary Source: [Brightwork, 2017](#)).

Vendor Management & Contract Compliance

- **69%** of owners say poor contractor performance is the single biggest reason for project underperformance ([KPMG, 2015](#)).
- **45%** of construction professionals report spending more time than expected on non-optimal activities (Primary Source: [PlanGrid, 2018](#))
- **\$1.63 trillion** could be saved annually from infrastructure productivity changes ([McKinsey, 2013](#)).
- **68%** of trades point to poor schedule management as the key contributor to decreased labor productivity ([Autodesk, 2019](#)).
- **59%** of contractors are still using manual processes to collect and track safety data ([Viewpoint, 2019](#)).

FLAG ensures our clients finish their bond programs on time, on budget, and to expectations.

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