



Perspectives

# Cementing your value within the future of construction

## Insights to help drive your risk management

The Deloitte Flash for Construction is a collection of updates pertaining to the forces affecting the industry. With new legislation, volatile material prices, and shifting risk management needs changing the construction landscape, timely insights can help you anticipate challenges. Accelerate towards the future of construction with our insights.



 Save for later

### What are the risk management considerations for your supply chain?

Why are owners and developers of capital projects susceptible to significant costs and schedule risk, particularly for schedule-driven undertakings that support critical infrastructures? The construction material supply chain has yet to reach equilibrium since the impact of COVID-19. While the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, Science Act, and Inflation Reduction Act have stimulated an increase in capital investments, the procurement of construction materials has become complicated and competitive due to the uncertainty of global trade constraints.

### Reforging the material sourcing supply chain

Owners and developers of mission-critical construction programs, for which timely operational startup is a business imperative, have opportunities to exert more control over their material sourcing:

**Leverage scale**

Leverage scale to obtain advantageous procurement terms, such as most favored customer, for a portfolio of projects that will be constructed over an extended period. Consolidating sourcing efforts across projects for common equipment, materials, or components can help drive cost efficiency and improve schedule predictability.

**Mitigate risk**

Map out the supply chain landscape to support risk management and develop mitigation strategies to minimize the impact or likelihood of delivery delays.<sup>1</sup>

**Connect processes**

Connect prefabrication and warehousing facilities, construction sites, and extended supply networks through a command center. This serves as a set of tools and techniques that allows firms to manage their end-to-end construction process in real time and achieve new efficiencies through connected visibility, proactive exception management, and predictive insights.<sup>11</sup>

### Are you considered a strategic supplier?

Leaders of construction projects or facilities that support the fabrication of products that are of national strategic importance may also consider utilizing the Defense Priorities and Allocations System (DPAS) program. DPAS is used to prioritize and allocate resources to projects certified for national defense-related contracts/orders throughout the US supply chain. Prime contractors, subcontractors, or purchase orders in support of an authorized program are given a priority rating, and US material suppliers are required by law to accept rated orders and provide preferential scheduling, if necessary, to meet required delivery dates.

### Reinforce your material supply chain with Deloitte

Our Infrastructure and Capital Projects team has an extensive background in contracting, vendor and project management, and operational oversight. This wide-ranging yet targeted experience helps owners to strategically face construction supply chain challenges. Our practitioners can also leverage Deloitte's expansive network of professionals with deep experience in procurement, supply chain management, and other related disciplines.

Here's how Deloitte can help you stay ahead in the future of construction:

- Evaluate and help select qualified, reliable, and financially stable suppliers and map workflows to identify bottlenecks and inefficiencies
- Work with design and construction teams to identify potential alternate materials or manufacturers to reduce lead times for critical items, focusing on performance specifications and requirements
- Establish and operate a data-driven command center to integrate the supply chain
- Integrate procurement and project schedules through the alignment of delivery and need-by dates
- Conduct ongoing risk assessments to identify potential disruptions, explore alternative suppliers, and adjust construction activities to maintain project progress
- Support compilation of DPAS applications for eligible companies