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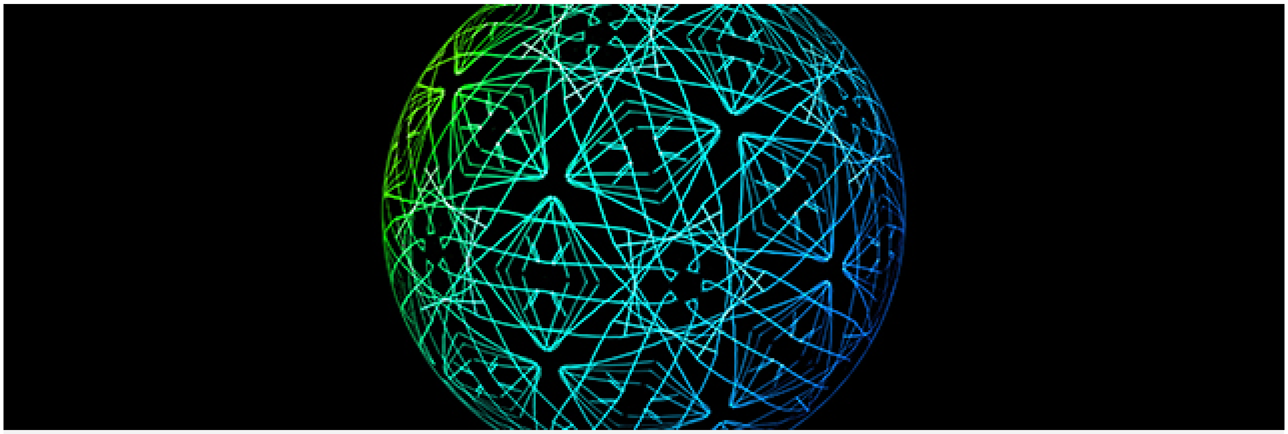

The Deloitte Flash for Construction

Welcome to *The Deloitte Flash for Construction*—a quick read from Deloitte designed to provide you with insights into today's business issues related to construction. Our current Flash highlights **the necessity of megaproject governance**.

THE ISSUE

More than two-thirds of billion-dollar megaprojects fail,[1] and owners are growing increasingly concerned as today's construction landscape becomes even more complex. There is a shortage of skilled trade contractors and, domestically, companies lack experience constructing semiconductor fabs and other mission-critical asset types. New credits and incentives available through the Creating Helpful Incentives to Produce Semiconductors Act (CHIPS Act) and Inflation Reduction Act (IRA) present unique short-term opportunities for organizations to accelerate their long-term growth. But along with these opportunities come additional requirements such as compliance with Davis-Bacon prevailing wage labor laws. Owners should assess whether their project management governance and assurance frameworks are advanced enough to manage risk and enable them to capitalize on the opportunities presented by the increased investment in large-scale industrial and manufacturing projects resulting from credits and incentives associated with the CHIPS Act and IRA.

INSIGHTS

Organizations should prioritize risk management by using a multilayered defense framework (e.g., "five layers of defense") and a governance model with clearly defined roles and responsibilities. By incorporating digital techniques, including AI, organizations can capture and disseminate timely and actionable insights to stakeholders who can then make critical project steering decisions and support compliance reporting.

Organizations should:

- Implement robust assurance frameworks and assemble governance committees that incorporate diverse internal stakeholder groups and the right people with the knowledge and willingness to demand transparency and dig into project issues.
- Develop mechanisms to proactively identify and escalate risks by incorporating fit-for-purpose project metrics and monitor responses.
- Leverage technology to capture, interpret, and share project data in real time, including key performance indicators (KPIs) and executive dashboards.

HOW DELOITTE CAN HELP

Deloitte's *Infrastructure & Capital Projects* team leverages digital technologies to help improve performance and drive transformation for capital programs. Deloitte has extensive experience reviewing, developing, testing, and structuring governance and assurance programs for large-scale projects for owners, developers, and contractors.

Deloitte can:

- Recommend, assess, and implement project governance and digital strategies that incorporate timely insights such as project KPIs and early risk identification techniques; monitor mitigations; and trigger executive dashboarding alerts.
- Review and benchmark current governance and assurance practices against peers and industry practices while identifying opportunities to increase transparency and decrease risks.

Stay tuned for quarterly updates!

Curious to know more about our services? Explore here.

For more information, please contact one of our leaders. We look forward to assisting you with these important issues.

[1] Bent Flyvbjerg, "Why megaprojects systemically fail—and what can be done about it?," Oxford Answers, November 20, 2019.

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