



# CRISIS MANAGEMENT IN CONSTRUCTION PROJECTS

MARTIN LOOSEMORE

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*Abstract:* This book focuses on preventing crises and, if that's not possible, turning them to advantage. It draws lessons from a range of industries, concluding that the secret of effective crisis management is balancing prevention with control. Unfortunately, crises have built-in defense mechanisms that cause people to act in ways that makes this difficult. The book also gives advice as to how to overcome the built-in defense mechanics that cause people to act in way that may impede effective crisis management.

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Manufactured in the United States of America.

To Tristan, Bryony, and Elliot

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## PREFACE

Political, economic, and social instability; depleted natural resources; increasing global competition; and rapid technological advances are making business increasingly unpredictable. Unexpected problems are the norm rather than the exception and high-profile engineering disasters such as the Hyatt Regency Hotel Walkway collapse in Kansas City in 1981 are merely the tip of the iceberg. Risk theory suggests that for every reported crisis, the multipliers in terms of unreported incidents are enormous. For example, Smith (1996) indicates that for every fatality in the airline industry there are 10 major accidents, 30 minor accidents, and 600 near misses. This book draws an important distinction between the day-to-day problems that constantly punctuate the lives of managers and the occasional crises. The challenges of managing crises demand special attention because they hyper-extend organizational systems and personnel, posing managers with an extraordinary array of complex problems that can rapidly escalate into full-blown disasters. This book is about preventing this from happening.

One of the unique aspects of this book is its *preventative* and *reactive* focus. This contrasts with traditional construction management texts that have been dominated by prevention strategies rather than strategies for dealing with crises when they occur. While prevention is better than cure, it is increasingly unlikely that managers can create a crisis-free environment. This requires that organizations have reactive capabilities to deal with the unexpected.

Another unique feature of this book is its focus on *people*. This, too, is in contrast to traditional construction management texts, which are essentially scientific in their approach, being characterized by a plethora of bar charts, networks, and cash-flow graphs. While these texts emphasize measurement, control, and universal prescription as a means of reducing uncertainty, this book emphasizes thoughtfulness, flexibility, and the accommodation of uncertainty. This alternative approach to construction project management is important because there has been precious little research into the human aspects of construction project management. As Butterfield (1975) argues, “no field of thought can be properly laid out by men who are merely measuring with a ruler” (page 1).

*Who is this book written for?*

Crises have no respect for professional boundaries, which makes this book relevant to *all* who manage construction projects. While it has a construction flavor, it draws lessons from a wide range of industries and therefore, should also be of wider interest.

Although this book is primarily designed for practitioners, it challenges the traditional assumption that theory and practice are incompatible. Watson (1994) has shown how practicing managers intuitively develop, update, and draw on complex theoretical