

AVOIDING CHANGE ORDER NIGHTMARES

Part 2

If you've been following along, you won't be surprised for me to claim that change orders are NOT all bad. Changes, to some degree, are a part of every construction project. Change happens because of a variety of factors, such as unforeseen conditions, ideas for design enhancements that are now seem obvious while construction is underway (it's hard to see the character of space from a bunch of lines on paper for most of us), and technical issues such as requirements of the building inspector.

A **private contingency reserve** - only you need to know it's there - should be a part of your budget to deal with these changes. Ten to fifteen percent of a project budget is a reasonable amount to have available. When changes do crop up, there is a routine procedure to follow. This is spelled out in AIA Contract documents which are available for anyone to use by calling the AIA locally at 444-3658. These forms have been approved by the national contractor associations as being fair and thorough tools to protect everyone's interests equally.

Sometimes during the course of the project, a minor change in the work appears so routine that an owner will ask the subcontractor if they can just take care of it: "Could you add another outlet next to the one you've just put in?" The owner usually doesn't finish expressing his thought: "at no additional cost to me because it would be so simple." The subcontractor might then respond, "Sure," not continuing his thought: "I can do that work, but of course, I'm going to charge \$85.00 for it."

A **misunderstanding** can quickly develop if issues are not clearly resolved as they arise. That is one of the values of written change orders.

Some recommendations:

1. All changes should go through the Architect and general contractor so that the flow of work can be coordinated, and everyone knows what to expect. The Architect can help determine if what seems like a simple issue *really is* a simple issue, and if not, how to work it out in the design.

2. Changes should be clearly spelled out whether they involve time or money, and what the work involves in function and quality required.

If you are going to forego the formal change order process, please, please, at the very least, take a minute to jot a note about your change on your "owners set" of plans and ask the contractor to initial it. Don't put this off or wait for the contractor to document it, or it may remain undone, leaving you with an unhappy surprise later! The "owners set" should be revised with notations to reflect **all** changes during the course of the project, including those that do not involve time or money. This will provide a **record** not only of the contract but also of what was built. Let your Architect or Designer verify that any proposed changes fit in well with the overall design and that there are no conflicts with such issues as codes and safety requirements. Handled right, Change Orders are a **key element** in keeping your project on target and on budget!

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