

When working with a contractor, how do you avoid change orders, additional costs, and delays?

As a contractor we are asked this question a lot. This why contractors can and do get a bad rap. Most complaints that contractors get surround these very questions. Let's look at each part of the question individually and figure out what some of the causes are and what are some solutions.

Project Change Order Request	
Project name:	Warehouse Roof Replacement
Requested by:	Date:
Joe Smith	7/1/21
Request name:	Request number:
New tenant roof flashing	7632
Change description:	
Flashing of rooftop penetrations	
Change reason:	
Customer leased space to new tenant. Tenant requires.	
Impact of change:	
Scope:	Add installation of 4 #12 cuts, 20 pipe boots
Budget:	Add \$2,950
Timeline:	Add 2 days to roofing timeline (Start dependent on HVAC installation)
Resourcing:	Add 0.5 additional man days
Communications:	Add supervisor contact to coordinate (Phone: 444-555-1234)
Other:	
Proposed action:	
Associated cost:	\$12,950.00
Approved by:	Date:

Powered by Facebook www.facebook.com/

How do you avoid change orders?

Nobody likes change orders, well except maybe the contractor. Some contractors will charge a fee to initiate the change order. This fee is to cover the office personal and the time spent if RFI's and RFP's are required to get the pricing. There generally is a percentage that is added to the cost of item(s). To avoid change orders we really need to start at the beginning of the project. Having your drawing, selections, contract and scope of work all can help avoid change orders.

Drawings:

Having your drawings complete including all changes which can include "redlines" to the plan. Making sure that you thoroughly review your plans with the designer so that all the items that you requested are on the plans and that you understand the room size. Using a design build company can also reduce or eliminate change orders. Because the builder is also the designer decisions and corrective actions happen faster and can in most cases remove the change order fee.



Scope of Work:

You should ask for a detail scope of work from your contractor. A scope of work will lay out exactly what is included in the price.

A good scope of work will list:

- Materials will be used. This includes the framing, sheathing, siding, doors, windows, roofing and interior finishes to name a few items.
- List out what labor is included.
- Exclusions
- Owner responsibilities

The scope of work can accompany the initial bid which will allow you to compare the bids and make sure that each bid is equal.

Selection Sheet



A selection sheet is vital to the construction process. Making selections early can solidify the contract price and avoid overages. Part of a selection sheet will be to select your plumbing fixtures, lighting fixtures and flooring to name a few. These items generally are listed as allowances in the budget. Deciding early, lets you know if you have used all, some or more than the allowance.

Self-Control

When building new or remodeling it is easy to get caught up in the excitement that comes with it. "I am going to do this and this and this", "I want this and that and oh that too". Knowing your budget and staying within it prevents change orders. This not to say that you should splurge on an item or two, try and

see if you can offset the cost by spending less one item so you can buy the other item.

How do you avoid additional costs?

I would like to change Additional Costs to Unforeseen Costs. These are costs that cannot be predicted without extensive disruption to your home if you are remodeling. If building a new home spending a few extra dollars in the beginning could save you money during the construction. As with Change Orders no one likes to come across unforeseen costs. When remodeling a home especially older homes, unforeseen costs can show up more frequently than building a new home.



When remodeling a home unforeseen costs can show up as:

- **Water damage/Rot:** This is the most common cause of a U/C. During the bid process concealed damage cannot be seen. Once discovered the affected area needs to be repaired/replaced and not just covered up.



- **Structural Issues:** In some cases, an older home may have been remodeled in the past. During the prior remodel the remodeler may have taken short cut or undersized structural elements that have caused sag in floors and ceilings.
- **Building Code requirements:** In some cases when remodeling there may be items that do not meet the current building codes. Code officials can require that the home be brought up to current code. This can apply to the electrical, plumbing, HVAC as well as the building. During the permit process the different reviewers of the plans may pick up on this and will be marked on the plans.
- During the demolition phase other items may be uncovered and the Official Code can require that the item be brought up to code.

How to prevent these costs

While it is nearly impossible to prevent these there are still a few things that can be done to bring some of these to light so that they are included in the budget.

Inspect! Inspect! and Inspect! one more time. When considering the work walk around your home and look around. Be sure to take notes so that you can share these areas of concern with your prospective contractors.

Hire a structural engineer. An engineer will be able to take your list of concerns such as visible rot, sagging or bouncy floors and investigate and render an opinion on what he thinks should be done as part of the remodel.

In areas of rot or suspected insect or rodent damage you may want to remove some of the cladding, sheetrock or siding to get an idea of the extent of the damage. Once removed the area can temporarily cover and repaired as part of the remodel or if you decide not to move forward you can repair the damaged area at minimal cost.



When building a new home there generally fewer opportunities for unforeseen costs, however things can show up. One of the most common areas that U/C can arise is the lot itself as it relates to the foundation.

Bad soil can cause the cost of the foundation to rise. When we talk about bad soils or bad dirt, we are referring to the ground not able to support the house due to poor

compaction. Today we have many ways to correct the soil or bypass it all together. Some are more cost effective than others, but it is still a U/C

A plan bust is another area of U/C. A plan bust is where a structural plan and the architectural plan do not match up or during the review process something was missed. A plan bust generally will show up once the framing of the home starts.

Weather can be area of U/C. Extend periods of rain can increase the erosion control budget, require labor to do preventative and protective work that may be in the budget. Weather can also cost time. If you are paying interest on a loan this does begin to add up.

Material costs seem to always be on the rise. A budget is created, and the work begins. If the budget was created last year and the work started this year material costs will have changed. We recommend a budget review 30 days prior to the start of construction to try a catch any significant changes in the material costs and see if there are way to offset them.

How to prevent these costs

The more you are prepared the less of a chance there is for a U/C.

If your lot is an infill lot, an area known to have rock, near water or perhaps has an unnatural depression, it would be advisable to some environmental testing done. Generally, to consists of digging test pits or drilling core samples. In both cases this allows you to see what the soil is like.

A thorough review of the plans. Prior to start or during the permitting stage it would best to set up a meeting with the Architect, Structural Engineer and the General Contractor to do a plan review. This will ensure that you have the most accurate set of plans.

Budget review. If you going to build in an area that gets a lot of rain, make sure that the budget has money available to handle what Mother Nature and throw at you and an interest carry as well. During the budget review you may discover items that are missing or have changed.

Delays what are they and how do you prevent them.

Delays are the fastest way to kill a good project. Delays cost money, disrupts the flow of the project, and can cause tension between the contractor and the subcontractor and more importantly between the Owner and Contractor. What causes delays and how do we prevent them?

Let's look at some of the common delays.

The Weather: The weather can have an impact on the project. Extended periods of inclement can slow or even completely stop a project. A construction project is most vulnerable at the start of construction until the house is dried-in. If it is raining day after day and you are trying to grade the lot, you cannot. You cannot grade it the rain it just causes a mess. Depending on the amount of rain you may have to wait days, so the lot dries out enough to get equipment on it. Once the project is framing you can work between the rainy days.

"Just in Time" scheduling: What this is scheduling after a phase is completed and scheduling the next item. What this does is prevents the schedule from gaining momentum and adds time because the subcontractor may not be available for days or even weeks and the project just sits.

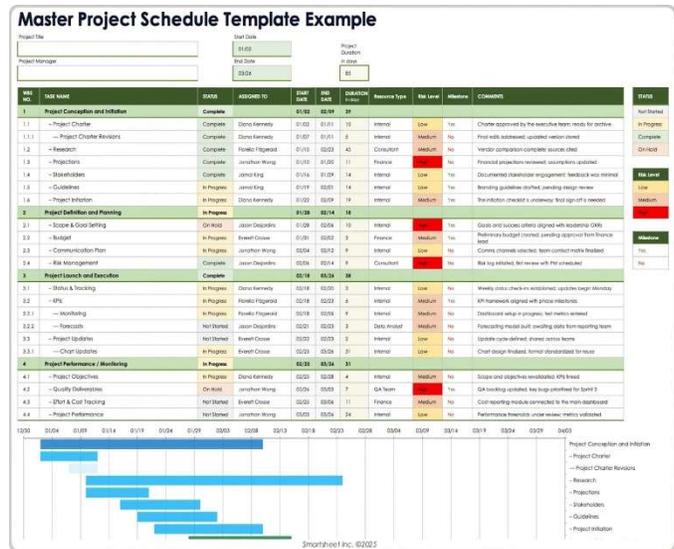
Not knowing material lead times: Most materials are readily available and can be obtained in a couple of days. Some materials can take 6-8 weeks or long to get. Not having materials on the project, they are needed not only cause a delay but can end up costing money in form of trip charges from the subcontractor.

So how do you prevent delays?

There are two ways to prevent delays. The selection sheet and naturally a schedule.

The Selection sheet should be completed prior to the start of the project. This allows the contractor to see if there any long lead times to get materials. Windows, doors, cabinets tile and some flooring can have long lead times and the sooner a selection is made the less of an impact it will have on the schedule.

The schedule: It should go without saying that a schedule needs to be in place at the start of the project. A schedule is no good if it is not updated. Maintaining and updating a schedule helps you understand where the project is but also helps the contractor. Tracking rain delays on the schedule helps everyone understand that delay. When the schedule is updated weekly (we prefer the middle of the week) the contractor can look 2-3 weeks ahead, giving subcontractors time to get your project on their schedule.



Conclusion

Preventing change orders, unforeseen costs and delays are not always avoidable during the span of a project. All projects are unique and have an inherent set of challenges that go with them. Proper preparation, common sense and discipline can help avoid some of the challenges that come with construction.