

Avoiding Change Order Nightmares Part One

There was a definite sound of panic in the voice on the telephone: "Mr. Malinowski, we have a real problem! We know you're not involved in this project, but maybe you can help us anyway. Our Contractor has just finished tearing off the roof of our house, and he presented us with a \$2,000.00 change order for work that was part of our original understanding. Here it is Friday at 4:30 p.m., and storms are predicted for the weekend! What should we do?"

While change orders have a nightmarish reputation, sometimes projects are WORSE off without them. The bad rap comes from the fact that yes, it's true that there **are** contractors who make big bucks on change orders. These predator types wait until their customer has lost all negotiating power, and then they pounce with massive requests for additional money!

Fortunately, in my involvement in literally thousands of residential projects over the last twenty years, I have seen few instances of gouging this dramatic. The key, I believe, to avoiding a nightmare change order is to give serious thought to who you include in your project team. If you have a realistic budget, and have set up a win-win contractual relationship from the get-go, 85% of the problem is solved before it even comes up.

Even a careful selection process, however, cannot eliminate all risk. In fact, on every project on which I have been builder I recall at least one "bad apple" subcontractor who has presented me with outrageous requests for additional money, often in the face of poor

workmanship and flaky performance. From a strong bargaining position--being in control of the job site and the check book--it has not been that hard to take these instances in stride, although they are stomach wrenching. Having an architect to take that stomach ache for you is one of the reasons we get hired!

But truly frightening change orders are rare when you are working off of a complete set of plans and specifications, and have a team of knowledgeable experts looking out for your interests. Routine change orders, while not "rare," are nothing to be afraid of.

Join me next month for more on Change Orders – don't let them scare you!!!

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