

Build Toolkit:

16 Change Order Tips for Getting What You Deserve

At our May Meetup, we brought together 87 experienced subcontractors from across the US and asked them what advice they have for other subcontractors on handling change orders.

Contracts

- 1 Set Conditions the Customer Must Meet for Change Orders** - Set clear boundaries around change order work in your contracts. GCs love to ask for things last minute. You can combat this by stating that you need at least a specific number of days notice for certain types of work, along with an approved change order. Set this as a condition that needs to be met for the work to be done on your end.
- 2 Lean on Your Contract** - The well-worded, thorough, refined-and-redlined contract is the best place to squash disputes before they start. If you're in a position where a GC is resisting payment or trying to strong arm you into doing work without clear payment terms, you can always redirect them to the terms you are all contractually bound to. This is also where you can negotiate out any ambiguity in your scope.
- 3 Include the SOV in Your Contract** - Include the schedule of values in your contract, that way, you can clearly show when something is not in your SOV and is, in fact, a change that requires an order.
- 4 Know Your Scope Forward and Backward** - One of the best ways to avoid change order disputes and bill what they're worth is to be as familiar with your scope as humanly possible. That way, when something falls outside of it, you know immediately, and can point to that gap as grounds for why you need to charge more and get detailed documentation.

Project Documentation

- 5 Document, Document, Document** - When it comes to change orders, it's useful to assume that you don't get paid for the work you do; you get paid for the work you **document**. Verbal conversations don't leave paper trails, and change order requests might initially come through as phone calls. Whenever you agree to work, pricing, timelines or terms, write an email that captures the content of that conversation and CC all need-to-know parties. This way, you have something in writing while the admin gets the official documents prepared.
- 6 Get Detailed** - Be extremely detailed in your change order documentation, on everything from the nature of the work to the agreed upon timelines. It can be likened to "showing your work" on why you have to bill what you do.
- 7 Check Whose Signature Is on the Change Order** - The superintendent's signature won't always hold weight. Before proceeding on change order work, try to make sure you get the same person whose signature is on the actual contract.

Communication

- 8 **Involve the Right People** - When change orders are requested, get the GC, the PM, the supervisor and yourself on an email chain to start pricing up the change order. Find out who specifically is requesting the change to gain a better understanding of why and how it needs to be done.
- 9 **Come to the PM with Questions** - To properly handle a change order, you have to understand it. If you have questions about why the GC's team is approaching it a certain way, ask the PM about those circumstances. Assumptions can be risky. Instead, peel back the onion and try to gain a better understanding of their perspective.
- 10 **Befriend Project Decisionmakers** - When you're dealing with pushback on change orders (or even before you get there), try to locate key decisionmakers and befriend them. Build rapport in a way that allows you to make a more compelling case for why you need to charge what you need to charge on a change order.
- 11 **Take the Conversation Temporarily Offline** - If you're having trouble getting a GC/owner to see your side, it may help to speak with them offline. Consider taking a walk around the jobsite or grabbing a meal after work to discuss your perspectives in a decompressed environment to see if you can get your side across more effectively. Just be sure to summarize any agreements you come to in official documentation after the fact.

Billing

- 12 **Lump Multiple Change Orders Together** - Change orders often have lots of admin work. For that reason, if you get clusters of small change orders, it can save hours if you lump all of those requests into a single order with one set of billing and paperwork. However, construction attorneys remind subs to be mindful of the fact that starting work on a change order can cause you to waive the right to make certain contractual claims, so keep that in mind before you lump change orders together.
- 13 **Don't Be Shy to Pad Your Pricing A Little** - GCs often try to gain favor with owners by telling them how much they knocked off your price. If you know that they'll reliably, methodically try to knock you down at least 20%, don't be shy about charging what you know the change order is worth, or even be a little bit generous with your markup. They'll probably try to negotiate it down anyway.
- 14 **Don't Be Afraid to Ask for What You Need to Bill** - Sometimes, even when you've done everything needed to do with regard to documentation and performance, GCs will lag on getting you the change order document you need in order to bill. This is a good example where you have to be firm and demand the things you need from the GC.

General

- 15 **Focus Your Efforts** - Even with a strong contract and rigorous documentation, you won't get everything on your change order process wishlist. Because of that, pick your battles wisely and decide which initiatives are most important, and direct your effort there.
Come Prepared with Solutions - If there are, for example, problems with the plans or something else you need to address with a change order, don't just draw attention to the problem. Come prepared with a solution to the problems you're identifying, if possible.
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