

Getting Value with Change Orders



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Most church projects will end up with change orders during the construction of church facilities. These change orders usually come about because of changes the church leaders want to make or because of changes caused by discrepancies in the construction documents. Either way, change orders can be very costly to churches. Why is this the case? It is due to the fact that change orders are not bid out competitively. And, because the general contractor is the only contractor on the job from whom the church is going to get a price for the change order, general contractors try to make as much money as they can. They even go to school to learn how to drum up change orders and make money on them.

So, how can a church minimize getting ravaged and treated unfairly on change orders? There are two steps in controlling change order costs. The first step is to have provisions in the architect's contract and the builder's contract to deal with change orders should they come up. These provisions should be stated in the contract...before you sign contracts with the architect or builder, not after.

With the Architect, there should be language that states the Architect will be paid his fee percentage on Church initiated change orders, but will not receive any fee for architectural induced change orders (discrepancies in Construction Documents prepared by the architect).

With the Builder, there should be language incorporated which states that all change orders will be reimbursed at actual cost plus an agreed upon percentage for overhead and profit. Adding a provision that all change orders will be handled on a cost plus not to exceed basis will further protect the church with change order costs. This will ensure that the church does not pay more than a fair and reasonable cost for any change orders.

The second step is to audit the costs of the change order. Because the actual costs of a change order are unknown when it is written up and are based upon estimates, there needs to be an accurate documentation process implemented.

Change orders, other than those requested by the church, can add a significant amount of cost to a construction contract. It is important to deal with these types of change orders early on in order to avoid their high costs later.

