

Mobilization Funding

Key Takeaways: Change Orders for Subcontractors

- To limit the amount of change orders on a project, be **proactive** and **focus on the details** throughout the original bid process, especially as it relates to your scope of work.
 - Your scope of work will determine your Schedule of Values (“SOV”)
- **Be specific in your SOV**
 - Outline pricing for each line item and make certain it is clearly defined
 - Include measurement details where possible
 - Review design plans in detail to ensure they provide you with enough details, and include question areas that need more clarity **before you lock it into your bid number**
 - List the assumptions you used for methods with the GC. (This helps them understand what you are thinking and how you came to your questions or need for further clarity.)
 - Example: “My price is based on the assumption of xx materials, with xx labor, needed to execute the line of work highlighted in the design plans.”
- Create and implement a **policy** for how your company will handle change orders and train your team on how to follow the policy.
- **Detail in your subcontract the way you will come up with a price** for the change order request
 - Include labor rates, overhead and profit %
- **Contract language**
 - **Language to include:**
 - When you will submit a change order to your customer
 - When you will expect an answer
 - When you will follow up or escalate to a manager one level up
 - When you will agree to start the work
 - When you will choose *not* to perform work
 - **Language that must be removed**
 - Example: Make sure you cannot be terminated for refusing to perform change order work that has not been approved, and that the payment for work performed will be paid
- Make sure to **have the names and contact information for the leaders of the GC and Owner** in the event you need to escalate a conversation above the field
- Receive a **redacted copy** of the **General Contractor’s Agreement** before you start the project
 - If this is a bonded job, get a copy of the GC’s **Payment and Performance Bond** as well
- **Review the subcontracts in detail**, prior to signing, as it relates to what all parties are agreeing to within the change order process (it may be in your interest to have an attorney review with you). Once contract is signed own the agreement and execute on the commitments.
- **Be willing to walk away** from a **project if you do not get the contract language your company needs** for COR management.



For more information on the construction industry topics, connect with Scott Peper on LinkedIn @ [Scott Peper](#) or visit our [MF YouTube](#) channel.

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