

Implementing Effective Change Order Management

In the construction industry, change orders refer to modifications made to the original contract scope, schedule, or budget. Effective change order management is crucial to ensure that construction projects are completed on time, within budget, and to the satisfaction of all parties involved. This article aims to provide homeowners with practical guidelines on implementing effective change order management.

Understanding Change Orders

Change orders are changes made to the original [construction contract](#), which alter the scope of work, cost, or schedule. The purpose of a change order is to accommodate changes requested by either the owner, architect, or contractor.

There are different types of change orders, such as:

- Additive change orders, which add new work to the original scope of work.
- Deductive change orders, which deduct or delete work from the original scope of work.
- Time extensions, which provide additional time for the completion of the work.

Some typical reasons for change orders include:

- Design changes requested by the owner or architect.
- Unforeseen site conditions or soil problems.
- Owner-initiated changes in scope or design.
- Material or equipment changes.
- Regulatory changes or code updates.

It is important to have a clear understanding of change orders to effectively manage them in a construction project.

Change Order Management Process

A clear change order management process is essential to effectively manage change orders in construction projects. The process should include the following steps:

1. **Change order request:** The process begins with the owner or contractor submitting a request for a change order. The request should include a detailed description of the

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proposed change, its impact on the project scope, schedule, and cost, and any relevant supporting documentation.

2. **Review and approval process:** The change order request should be reviewed by the relevant parties, such as the project manager, owner, or engineer. The review process should ensure that the change is necessary, feasible, and within the project budget and schedule. If the change is approved, the change order should be documented and signed by all relevant parties.
3. **Documenting and tracking change orders:** All change orders should be documented and tracked to ensure that they are properly managed and accounted for in project schedules and budgets. The documentation should include a description of the change, the reason for the change, the impact on the project scope, schedule, and cost, and any other relevant information.
4. **Communication and notification of changes to relevant parties:** Effective communication is key to managing change orders. All relevant parties should be notified of any changes and their impact on the project. This includes the owner, contractor, subcontractors, and any other parties involved in the project.

Legal and Contractual Considerations

Change orders can have significant legal and [contractual implications](#). As such, it's important to consider the following factors to ensure that the change order process is managed effectively and compliantly.

Review of contractual obligations: Prior to initiating any change order, it's important to review the existing contract and ensure that the proposed changes align with the original scope of work. This includes evaluating any clauses related to changes in scope, pricing, timelines, and other relevant details.

Making sure that the project follows regulatory requirements: There might be certain regulations that are applicable to the project depending on its nature, which need to be complied with. For example, if the project involves hazardous materials or environmental impacts, there may be specific laws and regulations that must be considered when proposing change orders.

Mitigating risk of [disputes](#) and legal action: Change orders can often be a source of disputes and legal action, particularly if the terms and conditions of the change order are not clearly defined. To mitigate this risk, it's important to ensure that all change orders are thoroughly documented and reviewed by all relevant parties. This includes ensuring that all parties have agreed to the proposed changes and that the revised scope, pricing, and timelines are clearly defined in writing. Additionally, it's important to ensure that all relevant stakeholders are aware of the change order and have provided their consent.

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Best Practices for Change Order Management

Change orders can be complex and require diligent management to ensure that they are processed accurately and in a timely manner. The following best practices can help ensure effective change order management:

1. **Establish clear change order policies and procedures:** Develop written policies and procedures that outline the steps involved in processing a change order request, including who is responsible for each step, timelines for review and approval, and the documentation required for each change.
2. **Provide proper training and resources for staff involved in change order management:** Ensure that staff members who are responsible for managing change orders receive proper training and have access to the necessary resources, such as templates, forms, and guidelines, to enable them to effectively manage the process.
3. **Regularly review and update change order processes and documentation:** Continuously evaluate the effectiveness of the change order management process and identify areas for improvement. Update policies and procedures, as necessary, to ensure that they remain current and effective.

By adopting these best practices, homeowners can streamline the change order process, reduce errors and delays, and ensure that changes are properly documented and communicated to all relevant parties. Effective change order management can help to minimise the risk of disputes and legal action and ensure that projects are completed successfully, on time, and within budget.

Technology and Tools for Change Order Management

Effective change order management requires a streamlined process that ensures transparency, accountability, and timely resolution of issues. Technology can play a crucial role in facilitating the change order management process. There are various software and tools available in the market that can assist with change order management. These tools can help to automate workflows, track changes, and provide real-time visibility into the status of change orders. Implementing technology for change order management can increase efficiency, reduce errors, and enhance collaboration among project stakeholders. However, it is important to carefully evaluate and select the appropriate technology based on the project's specific needs and requirements.

Effective Change Order Management: Ensuring Success in Construction Projects

In conclusion, effective change order management is crucial to the success of any construction project. By understanding the nature and purpose of change orders, implementing proper

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processes and policies, considering legal and contractual obligations, and utilising available technology and tools, stakeholders can minimise the risk of disputes, delays, and cost overruns. As a solicitor and [construction lawyer](#), I strongly recommend that homeowners, contractors, and project managers prioritise effective change order management practices to ensure project success.

As a bonus resource for our readers, I invite you to download our "Builder License and Insurance Verification Checklist." This tool can assist homeowners in verifying that their builders have the proper licences and insurance coverage before commencing a construction project.

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