



**CHANGE ORDER PRICING AND BEST
MANAGEMENT PRACTICES: A
PROFESSIONAL DEVELOPMENT SEMINAR**

Frequently, change orders cause a significant disruption to a construction project. The disruptions cause changes in the planned schedule and increase costs through rework and decreased labor efficiency for the contractor. Productivity and profit will suffer from this loss in labor efficiency. Owners have the right to initiate changes on their project after the contract has been signed. The difficulty arising from change orders is determining an equitable adjustment for the parties involved. Contractors need to be compensated for impacts that the change-directed work have on their estimated baseline efficiency. Owners believe that the additional costs of the changes should be minimal due to the similar nature of the work.

This seminar is focused on three areas. First, proper management of change orders which involves setting up mechanisms to handle the change orders as they occur on the project. Proper management attempts to preempt later disagreements. Second, legal considerations involve prior case studies and acceptable theories of recovery. The third area of focus in this seminar is how to quantify loss of labor efficiency and price change order including forward pricing. Few studies have been undertaken in this area including the widely acceptable Hanna/CII study. The course is divided into multiple topics, including:

1. Change order [definition, types (formal, constructive, and cardinal), contract language]
2. Why change order cost more and typical recoverable costs
3. Change Orders Pricing (3 levels)
4. Theories of recovery (total cost, modified total cost, measured mile and Hanna method)
5. What cost can be added, at what percent and why (20 legitimate cost items)
6. Change order and schedule compression including the impact of overtime, overmanning and shift

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‘The Rockstar of Construction Training.’ Dr. Awad Hanna is the Boldt Company Professor and Chair of the Program in Construction Engineering and Management at the University of Wisconsin, Madison. He is the most cited researcher in Construction Productivity, and has taught thousands of seminars on construction techniques and management skills in the United States, Canada, and worldwide. Dr. Hanna is a distinguished researcher and author in the fields of Labor Productivity, Company Productivity, Project Management, Estimating, Change Orders, Lean Construction, Project Delivery Systems, and more.

