

Quantifying, Presenting, Negotiating, and Avoiding Construction Claims

Awad S. Hanna

Target Student:

Contractors, project managers, construction managers and assistant construction managers, project engineers, superintendents, and controllers.

Purpose:

To explain project managers the elements of a successful change order and claims presentation; including winning strategy narratives and verbal presentations. The course will covers how to establish entitlement, cumulative impact, and documentation..

Premise:

Experienced contractors know a change in scope, new work, additional work and impacted work when they see it. Quality contractors learn through experience and continuing education how to assemble documentation, estimates, cost analysis, schedules and other records. Many contractors and project managers are frustrated in the required methodology to take the sting of increased cost and translate it into an **approved** change order.

The Student will Learn:

How to logically and efficiently, after removing the emotion, take the facts and assemble them in a way that the client can clearly understand that your intent is not enrichment, but an equitable adjustment to the contract amount. Students will receive instruction in presenting narrative and verbal presentations that are reasonable and not inflammatory. They will be better able to demonstrate to their clients the entitlement so often spoke about.

Course Outlines

Objectives

1. Quantify the impact of change order on labor productivity.
2. Quantify the impact of other factors on labor productivity using the factor approach (Overtime, overmanning, stacking, shifts, unabsorbed home office overhead, etc.)
3. Explain the elements of a successful change order and other types of claims; including a winning strategy narrative and verbal presentation.

Recoverable Costs Resulting from Change orders

Types of Changes

Reasons for Change Orders

Why Labor Productivity Is Important

Productivity Definitions and Measurements

Why Change Orders Cost More

Quantifying the Impact of Change Orders on Labor Productivity

1. Total Cost Method
2. Modified Total Cost Method
3. Measured Mile Method
4. Hanna/CII Method

Workshop

Factors Impacts Change Order costs

1. Percent change
2. Estimated/actual peak labor
3. Overmanning
4. Overtime
5. Percent change orders related to design changes and errors
6. Change order processing time

Recommendations to owners and contractors

Factor Approach for Quantifying the Impact of Change Orders and other factors

Schedule Compression & Acceleration

Effect of Schedule Compression

1. Overtime
2. Overmanning
3. Shift Work

Effect of Delays

Presenting and Negotiating The Cumulative Impact of Change Order

General Rules for Claim Presentation and Negotiation

Contents of Successful Presentation

General Issues

Example of Cover Page

3. *Preface*
4. *Summary*
5. *Introduction of the Participants*
6. *Description of the Project*
7. *Key Facts "Phase 1"*
8. *As-bid Conditions*
9. *As-built Different Conditions*

Negotiation Principles

How to avoid the most common mistakes made contractors during negotiations.

What Should be Documented and when?