

# Managing Change Orders When Building a New Home

Building a new home is a dynamic and exciting process. As professional homebuilders, our goal is to make the process smooth and transparent for our clients. Once the job is underway, things happen quickly, so we work with clients to make decisions well ahead of time to help ensure they get their new home on schedule and on budget, as promised.

Most of the big design decisions are made before the first scoop of dirt is moved, but that is rarely the end of the decision-making process. Once construction is underway, owners often think of a few things they'd like to change. Adjustments may range from adding a room to a change in kitchen cabinets, choosing different flooring in the bathroom, or just adding an extra light switch or two.

We document such requests, called “change orders,” to make sure that all parties have a clear understanding of the scope and cost of the change. It is important for the homeowner to understand how change orders affect the building process. When homeowner and builder communicate well, the impact of change orders on the construction schedule and budget can be minimized.

A change order made after construction begins always has a cost. The cost may be the time and labor to make the change or it may be the price of additional materials or products required—sometimes both.

In addition, the timing of a change order affects the cost. Changes late in the building process typically cost more than earlier ones. Some changes may be cost-prohibitive, such as altering the foundation or adding a basement once we've started building a home's structural frame.

We respect our clients' desires to get exactly the house they want. And we know that some finishes (or even floor plans) may be hard to visualize until they're actually installed or built. From long experience, we know that changes will happen and, consequently, we aim to be systematic about managing change orders. Our process ensures good communication and provides assurances between everyone involved. It also helps us stick to the schedule and minimize additional costs.

**The change order process:** The most effective change order processes follow a general pattern that creates a paper trail and provides reliable cost information up front, including:

- **Centralization.** Change order requests are managed by Dan to help ensure effective communication between everyone involved. This includes specialty trade contractors, suppliers, our job site managers, and, of course, our clients. We discourage homeowners from making special requests directly to a trade contractor, as this is a quick route to misunderstandings and disrupted schedules.
- **Documentation.** Client requests are transferred to an electronic or paper-based change order form that initiates a paper trail and helps ensure greater accuracy and clearer communication.
- **Terms.** We anticipate the types of changes our clients may make. We have a good idea of the cost and time most changes require. As a result, we can often communicate the terms quickly so that homeowners can make an informed decision in plenty of time to make the change or decide against it.
- **Confirmation.** It's important to everyone involved that no change occurs without a client signature. Clients must approve the cost and terms, as well as the style, finish, or other details about the change. This also ensures that clients are made aware of how the change may affect their move-in date or other aspects of the construction schedule.
- **Inspection.** We may ask clients to visit the new home's job site when the change is being made to make sure they are satisfied and don't have any questions.
- **Payment.** Costs for change orders will be billed separately, as soon as the change order has been approved and signed.

By following this simple but thorough change order process, our clients can be sure that any changes they consider—whether minor or substantial—will be handled in a timely fashion without confusion, miscommunication or unnecessary cost