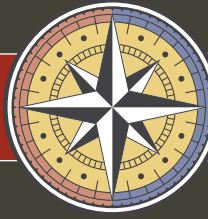


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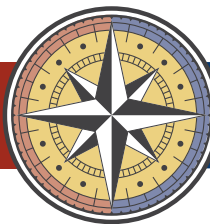


COMPASS

Tame the Change Order Beast: Smarter Project Management



THE CONTRACTOR'S COMPASS



EDITORIAL PURPOSE

The Contractor's Compass is the monthly educational journal of the Foundation of the American Subcontractors Association, Inc. (FASA) and part of FASA's Contractors' Knowledge Network. FASA was established in 1987 as a 501(c)(3) tax-exempt entity to support research, education and public awareness. Through its Contractors' Knowledge Network, FASA is committed to forging and exploring the critical issues shaping subcontractors and specialty trade contractors in the construction industry. The journal is designed to equip construction subcontractors with the ideas, tools and tactics they need to thrive. The views expressed by contributors to The Contractor's Compass do not necessarily represent the opinions of FASA or the American Subcontractors Association, Inc. (ASA).

MISSION

To educate and equip subcontractors and suppliers with the education and resources they need to thrive in the construction industry. Additionally, FASA raises awareness about issues critical to and about construction in the United States.

SUBSCRIPTIONS

The Contractor's Compass is a free monthly publication for ASA members and nonmembers. For questions about subscribing, please contact communications@asa-hq.com.

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Contributing authors are encouraged to submit a brief abstract of their article idea before providing a full-length feature article. Feature articles should be no longer than 1,500 words and comply with The Associated Press style guidelines. Article submissions become the property of ASA and FASA. The editor reserves the right to edit all accepted editorial submissions for length, style, clarity, spelling and punctuation. Send abstracts and submissions for *The Contractor's Compass* to communications@asa-hq.com.

ABOUT ASA

ASA is a nonprofit trade association of union and non-union subcontractors and suppliers. Through a nationwide network of local and state ASA associations, members receive information and education on relevant business issues and work together to protect their rights as an integral part of the construction team. For more information about becoming an ASA member, contact ASA at 1004 Duke St., Alexandria, VA 22314-3588, (703) 684-3450, membership@asa-hq.com, or visit the ASA Web site, www.asaonline.com.

CONTENT TASK FORCE

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PRESIDENT'S LETTER



Greetings ASA Members and Friends of ASA-

May is upon us now and with it comes busyness in all aspects of life; work, family, activities, home projects, vacation planning, etc. Somehow, no matter how busy our lives have become, we manage to navigate through the craziness of everyday life. Business is no different for most of us. It doesn't matter if it's bidding work, managing projects, dealing with employees, keeping customers satisfied, reading contracts, dealing with rising material costs, etc. most of us manage to get things done and keep the nose of the plane pointed in the right direction, for what we hope to be a safe landing.

In juggling the day to day issues we encounter, we should always be looking for ways to make life "easier". With that said, ASA has so many tools to offer to help you navigate through choppy waters. By going to the ASA National website, you can search for topics on just about everything to do with subcontracting and find helpful information. Past webinars can be looked at that, for example, may

show you how new policies on tariffs (which seem to be changing daily) and immigration might affect your businesses in the coming months and years.

If you are registered for the June Fly-in to DC to meet with our nation's lawmakers, you are in for a treat. If you have previously participated, you know the value in it and if you are a first timer, you will walk away feeling great about the opportunities to meet with our representatives and senators and discuss the laws that impact our industry. Mike Oscar and his team do an outstanding job at putting this together. I look forward to seeing you all there.

Coming up in September is our annual convention, SUBExcel 2025, in Oklahoma City. This is going to be a wonderful event and it is geared towards the whole family. It will be packed with Educational Opportunities, Networking, Peer to Peer Discussions, Industry Vendor Booth Visits, Fun Activities, Fantastic Speakers and of course, an Amazing Awards Ceremony. Register before June 1st and receive the Early Bird Discount. If you are a first timer, you will not be disappointed. And if you have attended before, you know what an amazing event this is, which is why you will want to attend again.

A few weeks ago I hosted a President's Forum via a virtual meeting. It was well attended and it was an opportunity for chapter leaders to come together and discuss the successes of their own chapters, as well as it lent itself an opportunity to ask questions regarding what ASA National does for its members. I want to thank

those that attended and hopefully you were able to gather a few bits of information that will help your chapters grow and provide benefit to your chapter members.

In this issue of The Contractor's Compass we're taking a deeper look at change orders. They're the bane of our existence, but also a necessity. Also, I'm excited to announce a couple of new sections: "Ask a CPA" and "Ask a Safety Expert". These will be relevant, short answers to questions you've been asking.

Construction Safety Week was earlier this month. Did your company join in the activities? Or hold an event? We all have to look out for each other to keep everyone safe. It's a good reminder for everyone to be aware of your surroundings and potential hazards. Your goal should always be that every one of your employees gets to go home everyday to their families.

I have just a little over a month left of my term as YOUR ASA National President. If there is anything that you want me to look into this coming month, please do not hesitate to ask me. I am here to serve you.

I hope you all enjoy the coming summer months ahead. Take time for yourselves and for your families. In the long run, that is truly what is most important in life. As they say, "work will always be there." God bless you all and I look forward to seeing you and hearing from you in the weeks ahead.

Ray Moya
President, ASA - 2024-25
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ASA is proud to welcome Stratus as its newest sponsor. Here's how they can help you be more productive and successful: Stratus enables Data Driven Contracting through best-in-class technology solutions, purpose-built for the MEP industry. Their flagship solution, Stratus, is an MEP workflow management tool that digitizes and optimizes your entire process from BIM to install. Stratus Flex is an application that extends the functionality of Stratus to mobile devices by enabling offline workflow coverage that targets field users who want to view and track their installation work. Stratus Works is an easy-to-use Revit add-in that provides electrical detailers with an intuitive way to increase the efficiency of their everyday tasks.

ASA SLDF WIN: Oregon Supreme Court Reverses Insurer's Denial of Coverage to Contractor Over Contract Versus Tort Issue

Under Jim Yand's (Miller Nash LLP) guidance, ASA's Subcontractor Legal

Defense Fund (SLDF) won a decision aiding contractors in securing coverage for construction defects. The Oregon Supreme Court in *Twigg v. Admiral 371 Or. 308* (2025) ruled that a commercial general liability (CGL) policy may cover claims arising from breach-of-contract if the underlying facts support a potential tort claim.

The ASA, in collaboration with the AGC, intervened with an amicus curiae due to the impact on contractors, contributing to the reversal of coverage that the trial court and court of appeals had previously determined in the case.

In their complaint, the homeowners, Twigg, identified several construction defects, including a garage floor that cracked and sloped inward, causing water to flow toward the house.

The builder engaged a subcontractor to apply a lightweight concrete overlay product but allegedly did not adhere to the manufacturer's specifications. The Twiggs asserted that the builder breached their repair agreement and proceeded to arbitration. The arbitrator found that the work was defective and awarded \$150,000.

Unable to collect from the builder, the Twiggs targeted the builder's CGL policy effective during repairs. Admiral Insurance Company denied coverage, stating the award was due to breach of contract and not an "occurrence" under the policy. Both the trial court and

Oregon Court of Appeals agreed, ruling that damages from breach of repair contract claims did not constitute an occurrence.

The Oregon Supreme Court reversed, supporting ASA's arguments. The Court stated that damages from a breach of contract are generally not covered, but coverage can apply if there is unintended property damage from conduct tied to both contract and tort law. Ambiguous terms like "accident" in policies should be interpreted in favor of coverage. This ruling benefits contractor policyholders sued for breach of contract where tort claims could also have been involved.

Courts annually decide numerous federal, state, and case laws that affect subcontractors, often interpreting contract clauses like pay-if-paid, hold-harmless, duty-to-defend, and no-damages-for-delay. Some rulings establish significant precedents that impact subcontractors nationwide. ASA's SLDF supports legal activities in cases with far-reaching effects on subcontractor interests. SLDF funds amicus curiae briefs in important appellate cases impacting subcontractor rights. Since its inception, SLDF has been involved in landmark decisions, such as the 1997 case *Wm. R. Clarke Corporation v. Safeco Ins.*, which prohibited pay-if-paid clauses in California. **[Donate to SLDF.](#)**

NTD Mechanical Appoints Landon Cantrell as Director of Engineering

NTD Mechanical, a leading commercial mechanical contractor in the Dallas-area, proudly announces the appointment of Landon Cantrell as its first in-house Director of Engineering. Over the years, Cantrell has developed significant expertise in HVAC design, project scheduling, budget management, and leadership. "I am proud and pleased to join a company with the heritage and industry stature of NTD Mechanical," Cantrell expressed. Cantrell intends to help clients improve their design-build capacity, find opportunities to integrate value-engineering at the early stages of a project, improve bid accuracy, and increase quality control.

Founded in May 2001, NTD Mechanical has established itself as a powerhouse in North Texas, achieving over \$40 million in sales through an unwavering commitment to excellence in HVAC, plumbing, and piping. The firm serves both public and private sectors and is

backed by a robust \$35 million bonding capacity.

Updated Guidance on Liens and Bonds in the 50 States from The ASA Attorneys Council - for ASA members

The American Subcontractors Association is pleased to announce updated guidance from the ASA Attorney's Council. This valuable document details the applicable law regarding Lien and Bond claims in all 50 states. This resource and many others can be accessed in the Members only Info Hub at ASAonline.com. ASA is proud to provide this information as a benefit to our valued members and kindly request that it not be shared with non-members.

[Click Here to Download Lien And Bond Claims in the 50 States](#)

Lien and Bond Claims in the 50 States: 2025 is published by FASA, The Foundation of The American Subcontractors Association, and was prepared by Eric B. Travers, Esq. and

approved by the ASA Attorneys' Council.

A lien is a claim against property to secure a debt. Liens that secure payment of debts owed to construction subcontractors for the value of work performed, and materials furnished, on a construction project, are quite common in the United States, and generally arise by operation of state law based on the consent of the land owner to have his or her land improved. A lien may be one of several legal tools at a subcontractor's disposal to ensure payment, but a lien is generally the most effective tool because it encumbers the improved real estate in much the same fashion as a mortgage or a judgment, effectively preventing resale.

A bond is a three-party instrument by which one party (the surety) guarantees or promises a second party (the owner or prime contractor) the successful performance of contract obligations owed to the second party by its principal (the contractor or subcontractor).

[Click here to browse the many other resources in the Info Hub](#)



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There Really Is **Always Something Awesome** Going on in ASA-Land!

Typically we use this space to highlight a specific event, group, or chapter. This month we would like to grab a smattering of chapters to show just how active and amazing our Executive Directors and members are at getting people together for the greater good of all.

If you are an ASA member and haven't attended a chapter event recently...commit to the next one. If you're NOT a member and want to learn more about what's going on in your neighborhood, reach out to your local chapter, follow them on social media, or check their website to find out what's coming up next. And go!

And if you WERE a member, but life got in the way...attend an event and find



ASA of Southwest Florida clay shoot gathering

ASA of Arizona

- June 5 — Mixer
- June 11 — Build Her Up
- August 14 — GC Expo

ASA of Southwest Florida

- October 4 — Casino Night for a Cause

ASA of Idaho

- May 29 — Havana Nights
- June 11 — Insurance and Bonding

Kansas City ASA

- May 22 — Industry Awards and 35th Anniversary (Yes, we know this will be a past event by the time you read this, but we still had to mention!)

New Jersey Subcontractors Association

- June 16 — Golf Outing

ASA of South Carolina

- July 24 - 27, — State Convention

ASA of North Texas

- June 5 — Awards Night
- July 17 — Split Happens Bowling Tournament
- July 24 — July Membership Meeting featuring McCownGordan Construction

ASA of Western Pennsylvania

- August 18 — Annual Golf Outing

ASA of Utah

- June 23 — Think Tank Panel Discussion

ASA of Washington

- June 11, 2025 — Beer, Bones & Business Cards



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ASA San Antonio just held their biggest event of the year — their family-friendly Subfest and BBQ Cook-off, attracting 1,500 attendees!



Construction Data & Figures



All But Four States Had Construction Unemployment Rates Below 10% in March

The national March 2025 not seasonally adjusted construction unemployment rate was 5.4%, unchanged from March 2024, according to a *state-by-state analysis* of U.S. Bureau of Labor Statistics data released on April 30 by Associated Builders and Contractors. The analysis found that 19 states had lower estimated construction unemployment rates over the same period, 25 had higher rates and six states had the same rates. All states except for Connecticut, Maine, New Jersey and Rhode Island had construction unemployment rates below 10%.

National NSA payroll construction employment was 140,000 higher than March 2024. As of March 2025, SA payroll construction employment was 703,000, or 9.2%, above its pre-pandemic peak of 7.6 million.

Estimated state construction unemployment rates were lower than their pre-pandemic level in much of the country. As of March 2025, 30 states had lower construction unemployment rates

compared to March 2019 and 17 states had higher rates, while Alabama, Florida and Minnesota had the same rate.

"Although March state construction unemployment rates show a relatively healthy level of construction employment, rising uncertainty about the business climate over the remainder of this year and 2026 is weighing on contractor and developer plans," said Bernard Markstein, president and chief economist of Markstein Advisors, who conducted the analysis for ABC. "Confusion surrounding tariffs and their impact on building materials prices has increased the level of uncertainty. This is on top of continued elevated interest rates and higher labor costs. These concerns are stoking fears of a major economic slowdown and the possibility of a recession. For now, most of the construction industry is slowing or temporarily halting hiring workers as they seek greater clarity as to where the economy is headed."

Recent Month-to-Month Fluctuations

In March, the national NSA construction unemployment rate dropped 1.8% from February as the weather improved in much of the country. All but two states (Louisiana and Mississippi) had lower estimated construction unemployment rates than in February.

The Top States

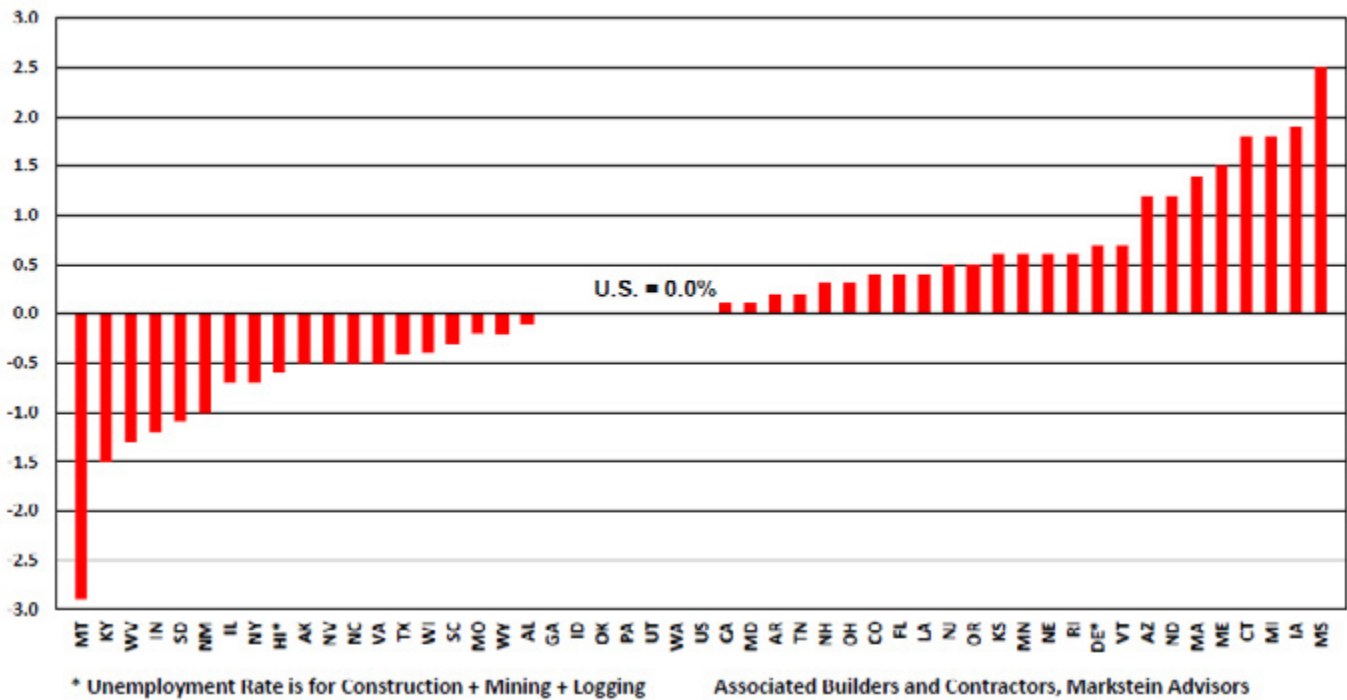
The five states with the lowest estimated NSA construction unemployment rates for March were:

1. South Dakota, 1.9%
2. Oklahoma, 2.3%
3. New Hampshire, 2.8%
4. West Virginia, 3.1%
5. Florida, 3.2%

South Dakota, Oklahoma and West Virginia all notched their lowest March NSA estimated construction unemployment rate on record. New Hampshire had its second-lowest March

Construction Data & Figures

Year-over-Year Change in March 2025 Estimated NSA State Construction Unemployment Rates



rate on record. Florida had its third-lowest March unemployment rate on record, behind its March rates in 2023 and 2024 (2.7% and 2.8%, respectively).

The Bottom States

The five states with the highest March estimated NSA construction unemployment rates were:

- 46. Minnesota, 9.8%
- 47. Connecticut, 10.0%
- 48. Maine, 10.2%
- 49. New Jersey, 12.2%
- 50. Rhode Island, 16.0%

Rhode Island, Connecticut and Minnesota had the second, third and fourth largest reduction in their monthly NSA estimated construction unemployment rates, respectively, among the states, behind Montana.

Click here to view graphs of U.S. and state overall unemployment rates (Tab 1) and construction unemployment rates (Tab 2) showing the impact of the pandemic, including a graphing tool that creates a chart for multiple

states. To better understand the basis for calculating unemployment rates and what they measure, check out the [Background on State Construction Unemployment Rates](#).

Nonresidential Construction Added Jobs in April Despite Headwinds

The construction industry added 11,000 jobs in April, according to an Associated Builders and Contractors analysis of data released today by the U.S. Bureau of Labor Statistics. On a year-over-year basis, industry employment has grown by 143,000 jobs, an increase of 1.7%.

Nonresidential construction employment increased by 8,000 positions on net, with growth in 2 of the 3 subcategories. Nonresidential specialty trade added the most jobs, increasing by 4,900 positions, while nonresidential building added 3,600 jobs. Heavy and civil engineering lost 500 positions for the month.

The construction unemployment rate rose to 5.6%, while unemployment

across all industries remained unchanged at 4.2% in April.

"The construction industry added a perfectly acceptable 11,000 jobs in April," said ABC Chief Economist Anirban Basu. "Despite weak construction spending data for March and several economic headwinds, including high interest rates, tight lending standards and trade policy uncertainty, backlog remains sufficiently elevated to keep industry employment growing for the time being.

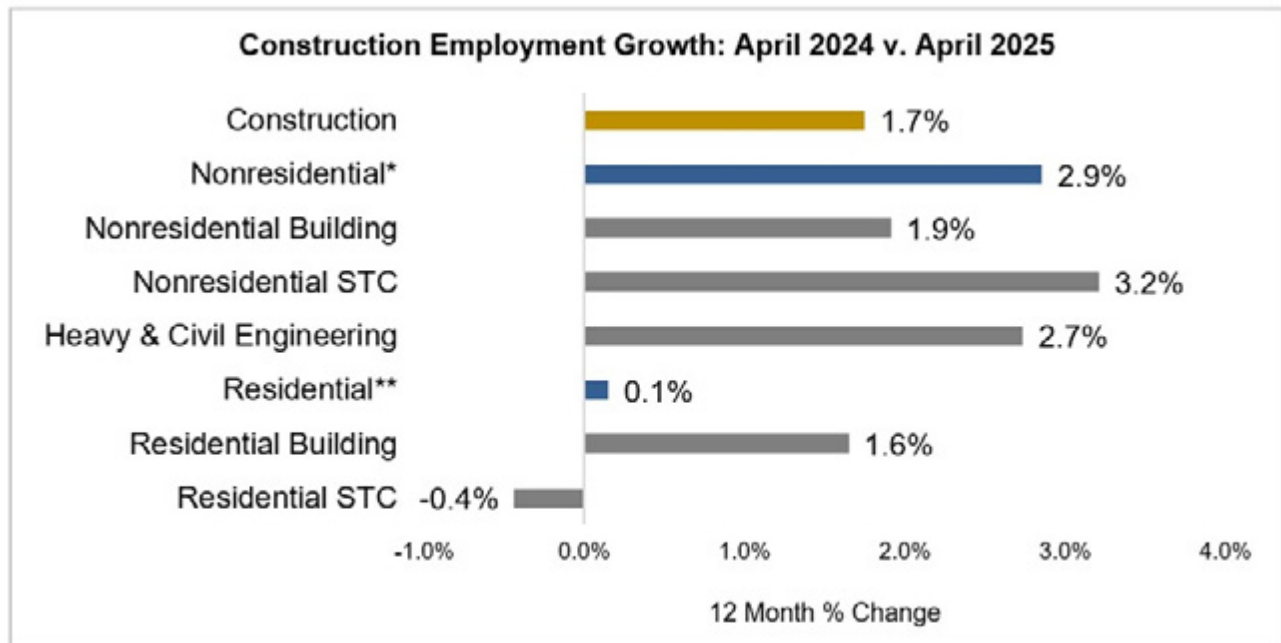
"That said, April is likely the last month of economic data largely unaffected by tariffs and tariff-related uncertainty," said Basu. "The reference period for today's jobs report is the pay period through April 12, which may exclude staffing decisions, or project cancellations or delays, related to recent trade policy developments. While the economic outlook has worsened in recent weeks, it remains unclear how the economy will respond in the coming months. For now, contractors remain broadly optimistic, according to ABC's [Construction Confidence Index](#), and industrywide staffing levels continue to expand."

Construction Data & Figures

Construction Employment Statistics: April 2025

	April 2025	March 2025	April 2024	1-Month Net Change	12-Month Net Change	12-Month % Change
Employment						
Construction	8,316,000	8,305,000	8,173,000	11,000	143,000	1.7%
Nonresidential	4,966,800	4,958,800	4,828,900	8,000	137,900	2.9%
Nonresidential building	922,200	918,800	904,900	3,600	17,300	1.9%
Nonresidential specialty trade contractors	2,865,900	2,861,000	2,776,700	4,900	89,200	3.2%
Heavy & civil engineering	1,178,700	1,179,200	1,147,300	-500	31,400	2.7%
Residential	3,349,400	3,346,000	3,344,400	3,400	5,000	0.1%
Residential building	956,300	957,000	940,800	-700	15,500	1.6%
Residential specialty trade contractors	2,393,100	2,389,000	2,403,600	4,100	-10,500	-0.4%
Average Hourly Earnings						
All private industries	\$36.06	\$36.00	\$34.75	\$0.06	\$1.31	3.8%
Construction	\$39.33	\$39.21	\$37.97	\$0.12	\$1.36	3.6%
Average Weekly Hours						
All private industries	34.3	34.3	34.2	0.0	0.1	0.3%
Construction	39.0	39.3	38.7	-0.3	0.3	0.8%
Unemployment Rate						
All private industries (SA)	4.2%	4.2%	3.9%	0.0pp	0.3pp	
Construction (NSA)	5.6%	5.4%	5.2%	0.2pp	0.4pp	

Source: U.S. Bureau of Labor Statistics. Note: SA: Seasonally adjusted. NSA: Not seasonally adjusted



Source: U.S. Bureau of Labor Statistics *Includes Nonresidential Building, Nonresidential STC, and Heavy and Civil Engineering
 **Includes Residential Building and Residential STC



FEATURE

How Change Orders Derail Construction Schedules and Put Subcontractors at Risk

From an interview with Adrienne Smoot-Edwards, Regeneracy, Inc.

In theory, change orders in construction projects are simply adjustments—modifications to scope, timeline, or materials that allow for flexibility as a project evolves. In practice, however, change orders can create chaos—especially when it comes to

project schedules. For subcontractors, they're not just inconvenient—they're a major threat to timelines, cash flow, and long-term business viability.

Adrienne Smoot-Edwards, president of Regeneracy Inc., a historic restoration

firm based in Washington, DC, has seen firsthand how disruptive change orders can be. "People don't realize how one change order can throw off an entire schedule—sometimes for months," she says.



The Domino Effect of Change Orders

A construction schedule is often built like a domino setup. Each trade's timeline depends on the completion of the one before it. When a change order is introduced—even a seemingly minor one—it can delay that entire sequence.

Let's say a subcontractor is scheduled to restore original woodwork in a historic building. A change order suddenly expands the scope to include custom detailing. That extra detailing might require new materials, design approvals, or specialized labor. But unless the change order is formally approved, work can't proceed. The subcontractor either pauses entirely or risks not being paid for the additional effort.

"Now you're stuck," says Adrienne. "You either wait—which delays everything—or you start the work and cross your fingers you'll be paid later. Neither option is good."

Waiting for Approval... and Waiting Some More

One of the biggest scheduling issues around change orders isn't just the work itself—it's the **approval process**.

Subcontractors often aren't allowed to bill for change order work until the general contractor (GC) has formal, documented approval from the owner. That can take weeks or months. Meanwhile, the subcontractor is expected to keep showing up, stay on schedule, and not cause delays.

"Your original scope might be done," Adrienne explains. "But you can't finish because of that pending change. You're stuck in limbo. You've got crews sitting idle, or bouncing between jobs, trying to keep busy while waiting for that green light."

This uncertainty creates ripple effects that throw off not just that subcontractor's timeline—but everyone else's too.

The Myth of "Just One Change Order"

Many project owners and even some

GCs underestimate the compounding effect of change orders. They'll say, "It's just one detail," or "It won't take long." But that single change can cause delays across multiple trades—especially if it involves structural revisions, material substitutions, or updated design reviews.

"Everything in construction is date-driven—except payment and change order approvals," Adrienne points out. "We're expected to stay on track no matter what, but the process isn't built to support that."

The scheduling impact can be massive:

- **Trades pile up:** If a finishing trade gets delayed by a pending change, everyone who comes after them is also pushed back.
- **Crew inefficiency:** Subcontractors may need to reassign crews, leading to demobilization costs and lost productivity.
- **Rework risk:** If work proceeds before change order approval, there's a chance it may need to be redone—wasting both time and money.
- **Compressed timelines:** Once approvals come through, subcontractors are pressured to "make up" lost time—often without consideration for the lost productivity.

The Emotional and Operational Toll

Beyond the logistics, delayed change orders take a toll on team morale and jobsite dynamics. Crews may show up ready to work, only to find there's nothing they can do until decisions are made. Tension builds between subs and GCs, and communication often breaks down.

Adrienne notes that some GCs expect subs to absorb the delay: "They say, 'Don't worry, we'll issue the change order soon.' Meanwhile, we're juggling schedules, rescheduling material deliveries, and trying not to lose our workforce."

In many cases, subcontractors aren't compensated for the delay itself—only for the additional scope. That means they're eating the cost of lost time, disrupted schedules, and jobsite inefficiency.

The Bigger Picture

For subcontractors operating on tight margins and multiple overlapping projects, change order-related delays create logistical nightmares. Workforces need to be carefully managed. Materials can't sit in a warehouse forever. Equipment needs to move from job to job. And when one project stalls, it can throw the entire calendar off.

These delays don't just affect the current job—they threaten the subcontractor's ability to stay competitive and keep future commitments.

"Sometimes I have to turn down work because my current job is tied up in change order hell," Adrienne says. "It's not just about one project anymore—it's about our whole pipeline."

How the Industry Can Do Better

To minimize the damage change orders inflict on schedules, the construction industry needs to take several critical steps:

- **Faster approval processes:** Owners and GCs need streamlined systems for reviewing and authorizing changes.
- **Clear communication:** Subcontractors should be involved in discussions around schedule impacts, not just pricing.
- **Schedule adjustments:** Project timelines should be revised to account for approved changes—not just glossed over.
- **Delay compensation:** Subs should be compensated not just for extra scope, but for the real impact to their schedule and business operations.

Until then, change orders will continue to be one of the most disruptive forces on a construction site—especially for the subcontractors who keep those projects moving.

As Adrienne puts it, "We're told to stay on schedule at all costs. But how can we stay on schedule when the process itself is working against us?"



FEATURE

A Payroll Perspective on Simplifying Your Change Order Process

by Jack Biltis, eBacon Inc.



Change orders. Just the phrase can send a shiver down the spine of even the most seasoned construction professional. While often viewed as an operational headache impacting project timelines and budgets, the ripple effects of a disorganized change order process extend significantly into the realm of payroll.

For payroll managers and accountants within subcontracting firms, poorly managed change orders can translate into a vortex of confusion, errors, and ultimately, increased administrative burden and potential compliance issues. We at eBacon are deeply entrenched in the workforce management and payroll challenges of the construction sector and understand these pain points

thoroughly. Let's explore how simplifying your change order process can bring much-needed order and efficiency to your payroll operations.

The Hidden Payroll Costs of Chaotic Change Orders

Think about it. A change order isn't just about adding a new wall or switching materials. It often involves changes in labor, equipment, and potentially even the prevailing wage requirements for a specific task. When these changes aren't clearly communicated or documented, the payroll department is left scrambling. Did the crew work overtime on that changed scope? Are there new employees involved with different pay rates or classifications? Without a

streamlined process, payroll teams can find themselves:

- **Manually tracking down information:** Chasing project managers, superintendents, and even individual crew members to understand the labor implications of a change order becomes a time-consuming and frustrating exercise.
- **Dealing with retroactive adjustments:** Incorrect paychecks due to missed changes necessitate tedious and error-prone adjustments, impacting employee morale and increasing the risk of compliance violations.
- **Struggling with cost allocation:** Accurately allocating labor costs to specific change orders becomes a nightmare, hindering accurate project costing and potentially impacting profitability analysis.
- **Facing prevailing wage complexities:** Changes in scope can trigger different prevailing wage requirements. Without clear documentation linked to the change order, ensuring compliance becomes a significant challenge, potentially leading to costly penalties.

These hidden costs erode efficiency, increase the risk of errors, and divert valuable time away from strategic payroll functions.

Establishing Clear Communication Channels for Payroll

The cornerstone of a simplified change order process from a payroll perspective is clear and consistent communication. Payroll needs to be integrated into the change order workflow early on. This doesn't mean payroll needs to approve every change, but they need to be

informed promptly and accurately about any changes that impact labor. Consider establishing dedicated communication channels, whether through email notifications, shared documentation platforms, or regular inter-departmental meetings. Key information that payroll needs to receive includes:

- A clear description of the changed scope of work.
- The start and estimated end dates of the changed work.
- The specific crew members assigned to the changed work.
- Any changes in pay rates, job classifications, or prevailing wage requirements associated with the change.
- The cost codes that should be used for labor allocation related to the change order.

By ensuring payroll is in the loop from the beginning, you proactively mitigate potential discrepancies and delays.

Standardizing Documentation: Payroll's Best Friend

Standardized documentation is crucial for simplifying any process, and change orders are no exception. Implement clear and concise forms or digital templates for documenting change orders. These documents should include dedicated sections that explicitly address the labor and payroll implications. Consider including fields for:

- Labor hour estimates for the changed work.
- Specific employee assignments and their associated pay rates.
- Applicable prevailing wage rates and classifications.
- Cost codes for accurate labor allocation.
- Approval signatures from relevant parties (project management, client, etc.).

Ensuring these documents are consistently used and readily accessible to all relevant departments, including payroll, is vital for accuracy.

Leveraging Technology for Enhanced Payroll Accuracy

While direct integration with project management software might not be universally implemented, construction companies can still leverage technology to improve payroll accuracy related to change orders. Utilizing robust payroll software with features designed for the complexities of the construction industry can significantly help. Look for systems that offer:

- **Detailed employee records:** Maintaining accurate information on employee pay rates, classifications, and prevailing wage applicability is fundamental.
- **Flexible pay rule management:** The ability to easily apply different pay rules based on job codes or specific project requirements is crucial when dealing with change orders that might alter the nature of the work.
- **Robust reporting capabilities:** Generating reports that break down labor costs by project, cost code, and employee can help in accurately tracking the financial impact of change orders.
- **Compliance features:** Staying on top of evolving labor laws and prevailing wage regulations is essential in the construction industry.

Implementing a payroll system tailored to the nuances of construction can provide a solid foundation for managing the financial aspects of change orders.

Training and Collaboration: Bridging the Gap

Effective change order management requires collaboration across departments. Conduct regular training sessions for project managers, superintendents, and other field personnel on the importance of accurately documenting the labor implications of change orders and communicating them promptly to payroll. Emphasize the downstream impact of incomplete or inaccurate information on payroll processing, employee pay, and compliance. Foster a culture of collaboration where project management

and payroll work together seamlessly to ensure accurate and timely processing of payroll related to change orders.

Regular Audits and Process Review

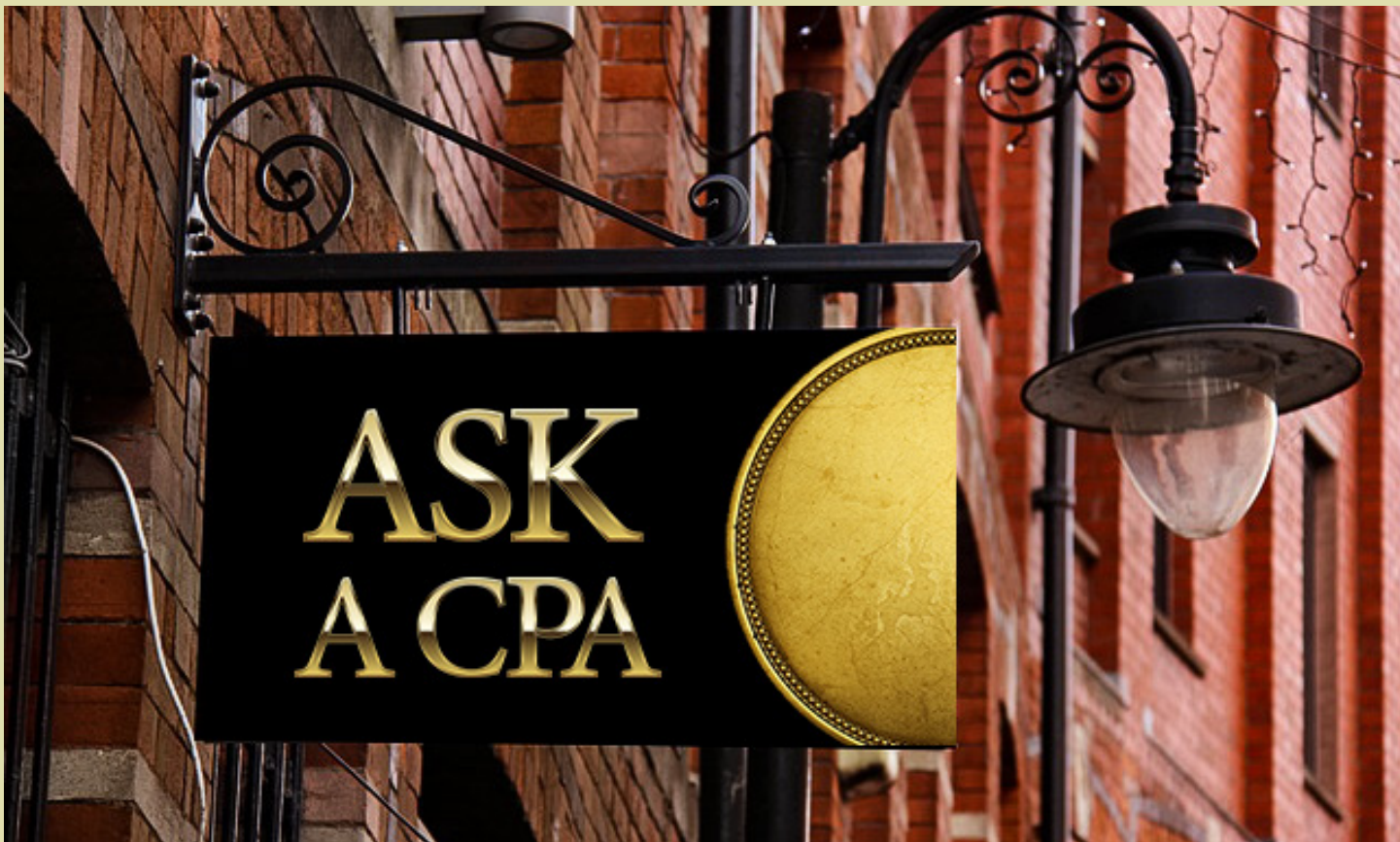
Even with well-defined processes, periodic audits are essential to identify bottlenecks and areas for improvement. Regularly review your change order process from a payroll perspective. Are there recurring issues or discrepancies related to change order labor? Gather feedback from your payroll team and project management to identify pain points and implement necessary adjustments to your workflow. Continuous improvement is key to maintaining an efficient and accurate system.

Building a Foundation for Efficient Payroll

Simplifying your change order process from a payroll standpoint is not just about avoiding headaches; it's about building a more efficient and accurate payroll operation. By focusing on clear communication, standardized documentation, and leveraging the right payroll technology, construction subcontractors can significantly reduce errors, improve compliance, and free up their payroll teams to focus on more strategic initiatives. Establishing these foundational elements will contribute to the overall financial health and stability of your business. For more insights into managing the complexities of construction payroll, explore resources available at www.ebacon.com.

About the Author

Jack Biltis is the co-founder of eBacon, bringing over 20 years of experience in payroll, insurance, and administrative services. At eBacon, a leading construction payroll software company, Jack focuses on innovative technologies that help businesses streamline workforce management operations and improve profitability. Learn more at eBacon.com.



Navigating Owner Transition in the Construction Industry: A Blueprint for Sustainable Success

by Heather Parbst, CLA

In the construction industry, where relationships, craftsmanship, and reputation often span decades, transitioning business ownership is a deeply personal and high-stakes event. Yet, many construction business owners delay this critical planning, risking the stability of their company, employees, and legacy. With an aging ownership demographic and an increasingly complex operating environment, a thoughtful, strategic approach to owner transition is no longer optional — it's essential.

Why Does Owner Transition Planning Matter?

Construction businesses especially rely on owner relationships and reputation. Whether it's bonding capacity, subcontractor trust, client loyalty, or deep field knowledge, much of the business value is wrapped up in the owner. This creates both an opportunity and a vulnerability. Without a plan to transfer that relational and operational capital, a company's value can evaporate the moment the owner steps away.

Owner transition isn't just about exit.

It's about sustainability. Successful transitions preserve the core values and operational excellence that built the company, while evolving it for future market demands. Transition done well doesn't just hand over the keys — it builds a bridge from past success to future growth.

What Are the Common Transition Paths in Construction?

There are four common types of ownership transition in construction:

1. **Internal Transition to Family or Key Employees (Management Buy-Out/ Employee Stock Ownership Plan):** This is often the preferred route for owners seeking to preserve the company culture and legacy. However, internal transitions require years of planning, including leadership development, financial structuring, and aligning incentives. In family transitions, generational dynamics add a layer of complexity that must be addressed with open communication and clear governance.
2. **Sale to a Third Party (Strategic Buyer or Private Equity):** Construction firms can attract outside buyers — especially those with specialized niches or recurring contract relationships. However, most strategic buyers want a business that can run without the owner. Without institutionalized systems and a second layer of leadership, these deals fall apart or sell at a discount.
3. **Merger or Joint Venture as a Step Toward Exit:** For some construction firms, merging with a complementary company offers a way to scale, diversify, and ease the owner out gradually. This option requires careful cultural alignment and clear strategic intent to avoid post-merger dysfunction.
4. **Orderly Wind-Down or Liquidation:** In cases where there is no viable successor or sale opportunity, some owners opt for an orderly business closure. This path, while often emotionally difficult, can still preserve value if planned in advance. This is a viable form of transition, and sometimes the most beneficial option.

So What Are the Key Success Factors?

Start early – three-to-five years out (or even longer): Transition planning is not a one-time event; it's a long-term strategy. Early planning allows time to grow business value, groom successors, and align the financial and operational structures to support a smooth transition.

Develop the next level of leadership:

Strong successor candidates are developed, not discovered. Invest in leadership training, delegate key responsibilities, and involve high-potential employees in strategic decisions. The confidence of your bonding company, clients, and employees often hinges on their trust in the next generation. Don't discount the importance of this if you are choosing an external sale path. Buyers evaluate your leadership team.

Separate ownership from management (and from family if you are in a family business): One of the most common pitfalls is assuming the next owner must also be the next CEO. These are different roles. A successful transition plan may involve a professional management team running the business while ownership transfers behind the scenes. And for family businesses, having clear boundaries around how family members interact with the business can make all the difference.

Create a Culture of Transparency: Transition breeds uncertainty, and uncertainty can erode morale. Communicate your plans with key stakeholders early and often — especially your leadership team. Transparency builds trust and buy-in.

Engage Outside Advisors: A strong transition team often includes a CPA, transaction attorney, valuation analyst, financial planner, wealth advisor, and transition advisor. These professionals bring objectivity and technical insight to a process that is otherwise deeply personal. Ideally, they should also understand the construction industry's specific risks and nuances.

What Are the Special Considerations in Construction?

Bonding and Surety Support: Bonding capacity can make or break a construction firm's ability to survive an ownership change. Owners should communicate with bonding companies to preserve surety support post-transition.

Customer and Subcontractor Relationships: Much of a construction company's value is intangible. Personal relationships drive repeat business

and loyalty. Create opportunities for successors to co-lead projects, handle client relationships, and take a public-facing role long before the transition date.

In Closing

The construction industry's strength is its people, its relationships, and its grit. But grit alone doesn't guarantee a smooth transition. Owner transition is a strategic inflection point — one that must be approached with as much care as managing a complex job site.

Construction owners who start early, develop their people, and build systems beyond themselves are the ones who leave a lasting legacy. They don't just hand off a business — they pass on a foundation others can build on.

If you're a construction business owner, the question is not if you'll transition, but how. And if done right, that transition can be your most powerful project yet.

About the Author

Heather Parbst is a leader of the Owner Advisory team at CLA, Heather specializes in guiding business owners and leaders through successful ownership transitions. With over 20 years of expertise in psychology, facilitation, training, and consulting, Heather brings a unique perspective on organizational dynamics, leadership, and family business dynamics. Her work spans various industries and sectors (particularly construction, manufacturing, and family businesses). Heather focuses on owner transition advisory, women's leadership and entrepreneurship, family business dynamics and succession, business value acceleration and scaling, executive and entrepreneurship coaching, and professional speaking. She holds multiple certifications, including Certified Exit Planning Advisor, Certified Professional Coach, and Change Management.

For more information on owner transition planning in the construction industry, contact Mike Reeves at mike.reeves@CLAconnect.com or 505-314-1622, or Heather Parbst at heather.parbst@CLAconnect.com or 407-244-9385.



ASK THE SAFETY E+PERT

Standing Tall on Safety— *A Closer Look at Fall Protection in Construction*

by Carley Smith, Carley Smith Safety Services



Each year, falls continue to be the leading cause of death in the construction industry. In support of OSHA's National Safety Stand-Down to Prevent Falls in Construction, it's a great time to revisit the Hierarchy of Fall Protection. The questions I answered below are designed to prompt safety professionals, insurers, and the work force to critically assess their approach to fall risk.

What Is the Hierarchy of Fall Protection?

In simple terms, it's a structured approach used to control fall hazards in the workplace—especially in construction, manufacturing, and industrial settings. The hierarchy prioritizes methods of eliminating or minimizing fall risks by effectiveness, starting with the most reliable,

elimination of the hazard. Then working into passive solutions and ending up with those that rely more heavily on human behavior and compliance; like fall restraint, fall arrest systems, and administrative controls.

How often do employers follow the Hierarchy of Fall Protection VS skipping straight to PFAS as PPE?

I can attest that far too often; employers bypass the top levels of the Hierarchy of Fall Protection and go straight to issuing PPE—usually a harness and lanyard—as the default solution. This happens for a few key reasons: time pressure, lack of planning during the design phase, or a misunderstanding of what constitutes true compliance versus best practice.

PPE (like personal fall arrest systems, PFAS) is one of the last lines of defense—not the first. The hierarchy is structured to prioritize elimination of the hazard altogether, then passive systems like guardrails or hole covers, followed by fall restraint. These options either remove the hazard or prevent the fall entirely, which is safer and less prone to human error.

Unfortunately, many job sites treat PPE as a "one-size-fits-all" fix, when it should be a backup after higher-level controls have been deemed unfeasible. What we really need is a stronger emphasis during planning stages—designing fall hazards out of the job entirely when possible. I'd venture to say if your first thought is a PFAS, you probably missed a safer opportunity upstream.





What steps can an employer take to eliminate fall hazards before resorting to personal fall arrest equipment?

With 28 years in the field, I've learned that the most effective fall protection strategy is to plan for elimination from the start. Before we ever put someone in a harness, employers should be asking: "Can we do this work without exposing someone to a fall hazard at all?" and there are definitely a few proven steps that work.

We can use design principles to eliminate the hazard early by engaging safety professionals during the design and pre-construction phases, not just on the jobsite. Instead of installing skylights that require routine rooftop access, the design team could suggest non-fragile roof panels or install walkable skylights that eliminate fall-through risks. Design parapet walls at least 42 inches high to double as guardrails and remove the need for temporary edge protection. In

multi-story buildings, include permanent anchor points in the structural drawings so fall protection is built in, not bolted on later, offering both in-process construction and later-facilities maintenance access points to be used post construction. Eliminating the need to work at height is the most foolproof form of fall protection.

How can engineering controls and emerging technologies help employers reduce reliance on personal fall arrest systems?

Considering engineering controls like modifying structures to allow safe access or the addition of permanent access platforms, catwalks, or guardrails could also be investments that pay off in both safety and productivity; even substituting with technology can have an impact. The use of drones for inspections, extendable tools for elevated measurements, or even robotic systems where feasible

are innovations that keep boots on the ground. And it's worth mentioning, even something as simple as reordering tasks can prevent exposure. For instance, installing edge protection systems before allowing all trades access, can remove the risk of a fall altogether.

Ultimately, employers must stop viewing fall arrest as the first option, it should be the last resort when all other controls have been evaluated and ruled out. The safest fall is the one that never happens.

If you'd like to learn more about the Hierarchy of Fall Protection, explore training opportunities for your team, or discuss fall protection strategies in construction, feel free to reach out. We're always here to support safer job sites. Stay safe out there.

Authored by: Carley Smith, President and Owner of [Carley Smith Safety Services](#)



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Change Orders Without Chaos: Simplify Your Process

by Eric Travers, Kegler Brown Hill + Ritter



For subcontractors, change orders are a fact of life on construction projects. They can stem from design revisions, unforeseen conditions, impacts from general contractor (GC) decisions or interference from other trades, or owner-driven scope expansions. While change orders almost by definition mean more work—and potentially more revenue—they can be costly and spiral into chaos if not handled properly.

Missed deadlines, denied claims, and strained relationships with GCs are all-too-common pitfalls. The key to navigating this minefield? A streamlined process that protects your rights, preserves your claims, and ensures you're compensated for time and money.

Here's how subcontractors can simplify change order management

with a practical, no-nonsense approach, drawing on resources like the American Subcontractors Association (ASA) and focusing on the big concerns and hidden traps.

Subcontractor's Big Concerns

Subcontractors often find themselves using, and at the mercy of, a contract document given or handed down to you by the GC. Inside of that there is the additional overlay of the prime contract between the GC and the owner. Many subcontracts flow these prime contract provisions down and incorporate these terms by reference, leaving you bound by potentially two sets of notice provisions, documentation requirements, and waiver

clauses, one of which you may have had a chance to negotiate (the Subcontract), and one of which you surely didn't negotiate.

A few key issues stand out:

1. **Strict Notice Deadlines:** Prime contracts often require notice of a change or claim within days—sometimes as few as 48 hours. Miss this window, and you could waive your right to compensation, even if the scope change and extra work was unavoidable.
2. **Waiver Traps:** Language like “payment for work performed constitutes full compensation” can quietly kill your claim for unanticipated costs if you're not careful. This language can be almost anywhere: in the Subcontract itself, in a flow down clause, a payment application or a lien release required as part of a payment application.
3. **Scope Creep Without Clarity:** Verbal directives or vague emails from the GC can lead to disputes over whether work was “extra” or part of your base scope.
4. **Cash Flow Crunch:** Delays in approving change orders—or worse, doing work without approval—can tie up your funds and labor, threatening your bottom line.

These aren't hypothetical risks.

According to ASA's “Subcontractor's Negotiating Tip Sheet,” unclear change order processes are a leading cause of payment disputes. The good news? You can take control with a few practical steps.

Hidden Traps to Watch For

Before diving into solutions, let's spotlight some traps that can derail even the savviest subcontractor:

- **The “No Written Change Order, No Pay” Clause:** Many prime contracts (and subcontracts) state that extra

work isn't compensable unless approved in writing beforehand. If you proceed on a handshake, you're gambling. If the GC objects to you refusing to proceed with a change on a 'verbal' point out to them that you are simply following their own contract requirements.

- **Flow-Down Provisions:** These clauses bind you to the GC's obligations to the owner. If the GC misses a notice deadline to the owner, your claim might be dead on arrival, even if you notified the GC on time.
- **Cumulative Impact:** Small changes might not seem worth a fight, but their combined effect—delays, inefficiencies, overtime—can crush your profitability if not documented.
- **Silence as Acceptance:** Some contracts deem unreported changes "accepted" if you don't flag them within a tight timeframe.

These traps thrive on inattention. A proactive process is your best defense.

Simplifying Your Change Order Process: Practical Tips

Here's how to cut through the chaos and protect your interests, step by step.

1. Know Your Contract Cold

Start by reviewing your subcontract and the prime contract (ask for it if it's incorporated by reference). Highlight notice periods, change order procedures, and waiver language. ASA's "Subcontractor Negotiating Tips: A Compilation" is a goldmine here—it walks you through red flags like "pay-if-paid" clauses that could tie your compensation to the GC's cash flow. If the terms are brutal, negotiate before signing. Can't change them? At least you'll know the rules of the game.

2. Document Everything, Every Time

Documentation is your shield. For every potential change—whether it's a site condition, a GC directive, or a drawing revision—log it immediately. Use a simple change order request form (ASA offers templates) that includes:

- Date of the event or directive
- Description of the change

Impact on schedule and cost

- Who authorized it (or who you notified)

Snap photos, save emails, and keep a daily log. If the GC says, "Just do it, we'll sort it later," send a quick email confirming the conversation. This paper trail proves you gave notice and preserves your claim.

3. Master the Notice Game

Prime contract notice provisions are often unforgiving—48 hours to report a differing condition, 7-days for a delay claim. Set up a system to track these deadlines. A shared calendar with alerts or a project management app like Procore can keep you on top of it. When in doubt, over-communicate. Send written notice to the GC via email or certified mail, referencing the contract clause (e.g., "Per Section 8.3, this is notice of a potential change"). Don't assume a verbal heads-up counts.

4. Price It Right, Up Front

Don't wait for the GC to dictate terms. Submit a detailed change order proposal with labor hours, material costs, equipment rates, and a schedule extension if needed. Use industry standards where appropriate for backup. If the GC balks, you've got a starting point for negotiation—and proof you didn't sleep on your rights. ASA's "Contract Changes and Claims: Preparation and Presentation of Change Order Proposals" white paper can guide you on what to include.

5. Avoid the "Work Now, Fight Later" Trap

If the GC won't issue a written change order, don't start the work unless it's an emergency. Instead, send a "Notice of Directed Work" stating you'll proceed under protest and reserve your rights to compensation. This sidesteps the "no written order, no pay" trap while keeping the job moving. Check your state's prompt payment laws too—some protect you from nonpayment for authorized work.

6. Track Cumulative Impacts

Small changes add up. If you're hit with multiple revisions or delays, document their ripple effects—lost productivity, remobilization costs, overtime. Submit

a consolidated claim when the dust settles, backed by your logs. Courts and arbitrators often recognize these impacts if you've got the evidence.

7. Lean on Subcontractor-Friendly Resources

ASA's website (asaonline.com) offers tools like sample letters, contract addenda, and webinars on change order best practices. Pair that with good industry software to centralize your records. These resources level the playing field against GCs with deeper pockets.

The Payoff: Time, Money, and Sanity

A streamlined change order process isn't just about avoiding chaos—it's about getting paid for the work you do. By staying ahead of notice deadlines, documenting religiously, and pricing proactively, you'll preserve your claims and dodge waiver traps. More importantly, you'll keep cash flowing and relationships intact. The GC might grumble about your paperwork, but they'll respect your professionalism.

Change orders don't have to be a nightmare. Treat them as a business opportunity, not a burden. With the right system, you'll be able to better turn chaos into control and keep your focus where it belongs—on the job—without sacrificing the bottom line.

About the author:

Eric Travers, Esq., is a seasoned construction attorney at Kegler Brown Hill + Ritter, bringing extensive experience in guiding contractors through complex legal challenges, including payment disputes, contract negotiations, and change order issues. Eric's practical, results-driven approach makes him a trusted advocate for construction businesses seeking to negotiate contracts and change orders, and fairly and efficiently navigate the intricacies of project disputes with his client's best interests in mind.



FEATURE

Change Orders Simplified: A Six-Step Framework for Subcontractors

by Claire Wilson, Sitaline



Change orders are a fact of life in construction. If you've worked in the industry for any length of time, you know that no project—regardless of how meticulously planned—ever goes exactly as expected. In fact, an [*analysis by the AIA of over 18,000 construction projects*](#) found that 100% of them required at least one change order, with many needing more than ten.

For subcontractors who shoulder much of the project risk, [*mastering the change order process*](#) isn't optional—it's essential for protecting profits and minimizing risk. Without a structured approach, change orders can quickly become a source of cash flow problems, strained client relationships, and even legal disputes.

Understanding the Change Order Landscape

Before diving into strategies, let's clarify what we're dealing with. A change order is an official amendment

to a construction contract that alters the contractor's scope of work. Unlike a simple invoice addition, a change must:

- Record all details of the change
- Provide evidence for why the change was necessary
- Receive formal approval from all parties involved

Change orders are typically priced or structured in [*these four main ways*](#):

1. Lump Sum: Used when the change has a definite price that will increase or decrease the project cost.
2. Zero Cost: For scope changes that don't affect expenses but may impact scheduling.
3. Time and Materials (T&M): For when costs can't be quantified upfront, usually due to unforeseen circumstances.
4. Unitary Cost: Negotiated before work begins, thus commonly used for anticipated changes.

Understanding what constitutes a change order and recognizing its different structures is key to effectively managing them and protecting your business's interests.

The Cost of Poor Change Order Management

For many subcontractors, the true cost of inadequate change order processes often goes unnoticed—until it's too late. Consider these common scenarios:

- Your project manager (PM) authorizes additional labor or orders materials before receiving written approval, and the GC later refuses to pay.
- Communication breakdowns between the field and back office teams lead to failure in billing for change orders or negotiating them effectively.
- Pending change orders create cash flow forecasting problems, affecting your ability to plan for future projects.
- Excessive time spent manually tracking change orders across multiple projects drains productivity.

Any of these sound familiar? You wouldn't be the only one. The good news is that you can head off each of these challenges with a well-structured change order process.

Six Steps to Change Order Success

Using best practices we've gathered from the trade contractors we work with—combined with a little of our own industry knowledge—this framework can help streamline change orders at your company.

1. Identify and document changes immediately.

The moment a potential change is identified in the field, document it thoroughly. This includes:

- Taking photos or videos of the relevant site area(s)
- Recording conversations with GCs or owners about the change, including screenshot texts and emails when possible
- Noting any verbal directives or acknowledgements

Your PMs should be equipped to capture this information on the spot, rather than try to reconstruct it days later. If you aren't using software to do this, create a folder to store all this information so you don't have to go digging for it later.

2. Create complete and accurate change order requests.

When finished, a change order request should include:

- A project-specific cover sheet that includes the project name, address, and relevant contact information
- Detailed description of the planned work and proof that it wasn't included in the contract
- Itemized breakdown of costs
- Schedule impacts
- Supporting documentation as backup

Remember that you're essentially making a case for why you deserve additional compensation or time. The stronger your documentation, the higher your approval rate.

3. Submit according to contract requirements.

One of the most common mistakes subcontractors make is failing to follow the submission requirements outlined in their contracts. Which brings me to my first rule for managing anything that can affect your cash flow (change orders included): always, always review your contract.

For change orders specifically, pay particular attention to:

- Notification timeframes (many contracts require change order notification within 24-48 hours)
- Required submission formats
- Chain of command for approval
- Documentation requirements

Missing any of these prerequisites can invalidate your otherwise legitimate change orders, holding up the capital you need.

4. Systematically track and follow up.

After submitting, keep tabs on the status of each change order request:

- Log all submitted change orders in a centralized system.
- Set reminders for timely follow-ups.
- Share your change order log with GCs on a monthly basis to ensure alignment.
- Escalate delayed approvals according to your contract terms.

Even though the squeaky wheel gets the grease, persistence works better than complaints.

5. Close the loop with billing.

Once a change order is approved, make sure it's included in the next billing cycle:

- Update the Schedule of Values right away.
- Immediately notify the back office team.
- Include the change order in the next pay application.
- Maintain documentation of the approval for verification purposes, and even consider including it with your pay app submission to avoid miscommunication on the GC side.

Breakdowns here occur pretty frequently, typically resulting in revenue leakage. Remember that over-communicating and over-documenting never hurt! Consider creating a change order approval checklist that both field and office teams must complete to ensure nothing falls through the cracks.

6. Leverage technology for efficiency and insights.

Many subcontractors still rely on spreadsheets and email to manage change orders. While this approach is alright for smaller operations, it becomes increasingly unsustainable as businesses grow.

Modern change order management tools can offer significant advantages:

- Automated form generation based on GC-specific requirements
- Real-time visibility into change order statuses across projects
- Consistent pricing via built-in rate tables
- Centralized documentation storage for both field and office teams
- Data-driven insights into change order trends and approval rates

The right technology can seriously streamline this process, helping you stay ahead of the curve as change orders become more frequent and complex.

A Final Takeaway

Remember that each approved change order represents revenue you've rightfully earned. And while the chaos of change orders may never disappear entirely from construction, there is definitely room for improvement. Tightening your process and investing in tools that bring the field and office together isn't just good business—it's essential for long-term survival in an industry where margins are already thin.

About the Author:

Claire Wilson is the co-founder and COO of Siteline, a billing software for subcontractors. Previously, she was a project manager at Tishman Construction in New York City, where she worked on major projects like Hudson Yards and JP Morgan's Corporate Headquarters. She is an active CFMA San Francisco member, serves on the Bay Area Subcontractors Association board, and has spoken at numerous regional and national construction conferences. Claire holds a BS in Civil Engineering from Bucknell University.

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How Capital-Conscious Subcontractors Are Getting Ahead—and Staying There—Year Over Year

by Billd Staff

Billd's 2025 *National Subcontractor Market Report* reveals subs with a strong capital strategy are more profitable, have stronger supplier relationships (and better pricing), and win more bids than their competitors.

Billd surveyed more than 800 construction professionals to produce the fifth annual National Subcontractor Market Report. The responses from this year's survey highlight that while long-standing industry struggles are still present, subcontractors are becoming more resourceful in how they overcome them.

- Nearly two-thirds of subcontractors report being slow-paid by general contractors (64%)
- 75% percent of subcontractors come out of pocket to cover material costs and 86% come out of pocket for labor before they receive payment on a project

The GCs surveyed in the report believe it only takes subcontractors 30 days to receive payment, while subcontractors report waiting 56 days on average for payment. That 26-day gap represents a financial burden for the businesses waiting for payment while still covering large upfront payments necessary for new projects.

"This year, the report sheds light on the disconnect between how GCs and subcontractors view the problem of slow pay in the industry," said Chris Doyle, founder and CEO of Billd. "When polled, GCs put the average DSO at 30 days, while subcontractors report 56 days on average. More troubling is that subcontractors don't know if payment will come on day 30 or day 56. The only thing predictable is that payment for subcontractor's work is unpredictable. This forces them to take a new approach to working capital. Their best solution: a proactively planned capital strategy"

The status quo within the industry

has widespread repercussions on subcontracting businesses and owners' personal finances. Nearly 3 out of 4 subcontracting business owners do not take monthly or quarterly profit distributions from their companies in addition to their salaries, and 30% of owners report dipping into personal savings to cover a cash deficit in their businesses.

But the biggest takeaway from the report? There's a class of subcontractors who are finding ways to operate within the limitations of the industry. They are not only finding ways to maintain profitability, but they are also significantly outperforming their peers.

The key traits from these best-in-class subs? They employ a construction-savvy capital strategy that includes: proactively securing both diversity and capacity in their working capital options, using outside funding to bring stability to cash flow (instead of relying only on cash reserves) to predictably pay material invoices, and accounting for the cost of capital in bids. As a result, these subs are winning confidence in the eyes of their GCs by eliminating cash flow burdens and positioning themselves to take on larger, more complex projects.

The financial impacts from implementing these strategies are undeniable:

- Subs who account for the cost of capital in their bids are 41% more profitable than their counterparts who don't account for the cost of capital, a drastic rise from the 11% increase in profitability reported in 2024.
- The survey results show that accounting for the cost of capital doesn't have a negative effect on bid win rate. In fact, the report showcases the opposite: 32% of subcontractors who account for the cost of capital report winning half or more of their bids. By comparison, 19% of subs who don't account for the cost of capital

report winning bids half or more of the time.

- 81% of subcontractors report having supplier terms that are 45 days or less. However, subs wait 56 days on average to receive payment after submitting an approved pay application. For subs who pay out of terms, suppliers report increasing their unit costs by an average of 11%. This cost ultimately reflects in their bids, potentially making them less competitive.

"As the Champion of the Sub, Billd has made it our mission to shine a light on the severity of the problem and offer proof that there are solutions," Chris said.

This year's report also details:

- The widespread impact of payment delays and resulting cash flow deficits, including the fact only 57% of subcontractor business owners believe they have enough working capital to cover unexpected costs
- The strategies subcontractors are using right now to manage their capital and the risks associated with insufficient working capital funds, including how 35% of respondents choose which invoices they can pay and which to delay
- Growth projections subcontractors expect in 2025 and their goals for the next 5 to 10 years

Download your [*free copy of this year's report*](#) to see the full report and discover the insights from high-performing subs.

About billd:

Billd is revolutionizing the way the commercial construction industry thinks about money. We provide subcontractors with purpose-built capital solutions designed for the industry's unique challenges. Together, we empower businesses to protect their cash for improved predictability and profitability.



FEATURE

Change Orders Without Chaos: Top 5 Communication Tactics to Help Field Leaders Adapt Efficiently

by NCCER Staff



It's a story all subcontractors and specialty trades contractors are all-too-familiar with: A project is on time, sticking to the cost projections and otherwise running smoothly when all of a sudden—a change order comes in.

Change orders can be unpleasant to deal with, requiring project stakeholders to quickly pivot from established plans to align with the new scope. Accommodating a change can be a source of tension and various headaches, including strains on labor, materials and budget.

But change orders are an inevitable reality of working in the construction industry. Adjusting fluidly is a necessary part of the business.

To that end, having the right people with the right skills in the right positions amid a change order can make the difference between a project getting derailed or being able to adapt in stride. Field leadership positions such as superintendents and foremen are crucial in the process, making sure both clients

and crews have the information they need. Effective communication between all parties is key to accommodating changes and helping projects proceed.

Here are five tactics field leaders can utilize to amplify their communication and avoid preventable chaos arising from change orders.

1. Clarify the Scope Daily

Frequent check-ins are an important aspect of effective communication in construction leadership, especially when it comes to managing potential changes.

Short, daily scope reviews with crews can help ensure everyone is on the same page at the beginning of each day. Any new developments or modifications to the scope of upcoming work can be addressed and relevant adaptations can be made in a timely manner.

These open opportunities to discuss the work and answer questions can help prevent small misunderstandings from growing into larger problems and costly rework.

2. Use a “Change Radar” Mindset

Proactive observation is a key responsibility of field leaders. Continuously monitoring for factors such as unexpected site conditions, material availability issues, or other concerns can help foremen identify a potential need for a change order as soon as possible.

By always having a “change radar” mindset, leaders can say something as soon as they see something and expedite critical communication with relevant stakeholders. The faster a necessary change is identified, then the quicker it can be implemented – limiting the amount of work and materials wasted fulfilling the previous plans.

3. Close the Loop with Clients and General Contractors

As the stewards of the construction project, superintendents are the conduit between project owners and contractors. It's important to establish consistent and frequent communication rhythms between all parties. This can help to



set clear expectations, provide timely updates and ensure all aspects of the project are moving forward in unison.

Keeping clients, crews and other stakeholders aware of potential changes and setbacks as soon as possible will allow the right questions to be asked early, fostering smoother transitions during project adjustments.

4. Take Thorough Documentation

Documentation is an essential component of communicating status updates about a project.

Both written notes and photo documentation should be taken at the job site daily. This can showcase the progress of the work, as well as help illustrate and reinforce the need for any contractor-requested changes.

Additionally, any meetings between the client and the superintendent, as well as between the superintendent and contractor teams, should have notes taken, distributed for review, and verified for accuracy and understanding. Having this paper trail adds an additional level

of protection against misunderstandings and helps create a “source of truth” that any party can return to if needed.

5. Debrief Every Change

Each time a change order comes in and is implemented, construction field leaders can use it as a coaching opportunity for their teams.

Was the change implemented successfully? Why or why not? What was done well, and where did issues arise? How can we modify our change process in the future to help us become more agile?

Taking this self-reflective approach between crews and leadership after change orders—or for other notable moments during a construction project—is a healthy and beneficial way for a company and its employees to communicate transparently and level up their long-term performance.

Building the Right Skills to Manage Change

Effective communication is key to managing scope changes without chaos. However, overseeing all the complexities of a construction project takes a variety of other unique skills as well. Ensuring field leaders like superintendents and foremen have the right abilities and qualifications is an important step toward completing a project successfully.

Leadership development is a valuable investment for any construction company. Education and training options like NCCER’s *Construction Superintendent Certification Program* and *Construction Foreman Certification Program* offer a turnkey solution for upskilling and certifying talented candidates for these crucial roles. Courses covering communication, change management, safety, ethics and more can help field leaders be outstanding stewards for their projects.

Help your construction field leaders build the right skills for the best project outcomes.



FEATURE

It's Called "Delegation" – Basic Risks and Considerations for Delegated Design on Projects

by William Underwood, Jones Walker, LLP



The use of delegated design on projects can create many practical benefits. But it can also create additional pitfalls and risks for contractors accepting delegated design responsibilities. Recognizing and understanding these various considerations is important for

contractors taking on delegated design roles. This article examines some of these considerations and provides practical advice to address them. However, this article does not cover the entire waterfront of delegated design issues, nor does it address every single potential pitfall or consideration.

Rather, it highlights certain issues for contractors to consider on projects with delegated design components.

Under a traditional design-bid-build model, the contractor is generally entitled to rely upon the design it is given (which is typically complete). And the contractor is generally not

responsible for defects or errors in that design (a concept often referred to as the Spearin doctrine, based on the famous case of that name). Typically, that design is prepared by the design professional of record (DPR), who remains responsible for the adequacy of that design.

However, there are various instances in which it might make more sense to “delegate” certain design components to a contractor. This is particularly true given the ever-increasing specialization of materials, processes, sub-components, etc. used on construction projects. And in certain instances, the contractor may be better positioned to develop select portions of a design, particularly if it is highly specialized in nature.

In that instance, the DPR generally provides the contractor with specific performance criteria for certain portions of the design. And the contractor must then actually develop that portion of the design to meet those criteria. Again, the contractor may be in the best position to develop that portion of the design—hence, its delegation to the contractor in the first place.

While a delegated design structure may allow for better project execution by allocating specific design responsibilities to the best-positioned parties, it can also create various pitfalls and other hurdles. And it is important for contractors to recognize these issues so that they can better address them during the contracting and execution phases of the project.

Practical Pitfalls

While a delegated design model can certainly offer benefits, it also creates additional practical pitfalls for consideration.

There are more moving parts to control (and more cooks in the kitchen), as additional entities beyond just the DPR become responsible for portions of the design. This can lead to a potential increased risk for design gaps, which then must be addressed during the execution of the project. This can then

cause project delays and increased costs—subjects that often make for costly disputes.

To that end, while it may be relatively straight-forward to identify which components of the design were actually delegated (more on that below), many gray areas can still exist. For example, which party is responsible for areas of the delegated design that connect to, or otherwise interact with, other design components that remain within the DPR’s design scope? Sometimes, these interfaces can be complex. And it is not always clear who is responsible for these areas. And even if it is clear, there are still practical considerations regarding necessary coordination between the contractor and the DPR to address interfaces and other potential gray areas.

A delegated design model can also necessitate additional steps in the design process, which can also lead to delays in project execution. For example, because the DPR does not complete the delegated portion of the design, the owner must wait for the contractor to develop and submit those items. That process can take time, and it generally will not begin until the contractor has familiarized itself with the project and the subject performance criteria (and it can also take time for the DPR to fully develop the performance criteria for the contractor to use). In other words, delegated design creates additional steps in the design process. And these additional moving parts can create additional risk.

Further, if there is an issue with the delegated design portions, it may not be immediately clear which party is responsible for that issue. Did the contractor’s design contain an error? Was something in the original performance specifications incorrect? Something else? Again, with additional cooks in the kitchen, it can be more difficult to quickly resolve design-related issues and disputes. In turn, this can lead to project delays, increased costs, and a higher likelihood of formal claims and litigation.

Finally, liability questions can also arise when the DPR reviews and approves of delegated design components developed by the contractor. Does the DPR (or owner) assume some level of responsibility for the delegated design if it reviews and approves the design? Or does the contractor remain responsible? While contract terms may offer guidance, the answer is not always clear. And different courts have arrived at different answers to this question. In those situations, the analysis is usually driven by the specific language of the contract and the surrounding factual circumstances—in other words, the parties usually lack a clear set of brightline rules to apply. And that can lead to uncertainty (and increased risk associated with that uncertainty).

Considerations to Help Mitigate Risk

Again, this article does not cover all the risks and considerations for delegated design components. But the following sections provide some practical guidance that may help reduce risks associated with the above pitfalls.

Negotiate and Understand Key Contract Terms

Recognizing delegated design risks at the outset of the Project can allow contractors to draft and negotiate contract terms to better address these risks.

As a general matter, contractors should understand the terms of their contracts—including (in this context) the terms governing liability for the delegated design. At a basic level, this includes contract sections that define and outline the scope of the delegated design. This allows the parties to better identify and understand what portions of the design have been assigned to the contractor, and which portions remain with the DPR. Careful thought and detailed consideration of this scope can help potentially reduce future risk. (To that end, ConsensusDocs updated

delegated design provisions in its form contracts within the past several years).

Contractors should also consider terms regarding review and approval of the delegated design by the DPR (for example, does review and approval free the contractor from liability for errors in the delegated design? Note, usually not), as well as liability for the performance specifications themselves (as a general rule, the contractor is usually entitled to rely on those—but do not assume that is always the case). Again, identification and consideration of these issues upfront can help the parties draft better contracts that reduce risk during the project.

Know the Applicable Laws, Rules, and Regulations

Contractors should be familiar with the state laws and regulations governing their contracts. And how those laws impact the allocation of risk for design liability. For example, the New York State Board of Regents has published Rules for Unprofessional Conduct for the Design Professions, including rules governing delegated design components.^[1] These rules outline certain requirements that must be met when design components are delegated. And there are numerous other jurisdictions that have various statutes and regulations that may impact delegated designs on projects.

Delegated design can also create potential issues with state anti-indemnification statutes and their impact on contractual indemnification clauses. A number of states have “anti-indemnification statutes,” which can limit a design professional’s indemnification obligations.^[2] While a contractor might not otherwise be subject to these limitations (and therefore, is exposed to broader indemnification obligations), that might not be the case for liability related to the delegated design portions of the

contractor’s scope of work.

Overall, even if a contractor carefully negotiates the terms of its contract to address risks with a delegated design, those efforts may be wasted if the contract does not comply with applicable laws and regulations. And the contractor might not enjoy the contractual protections that it otherwise thought it had.

Maintain Open and Frequent Communication

Even if a contractor has an extensively negotiated contract and an intimate understanding of the applicable laws, issues can still arise. And sometimes the easiest way to address these issues is to maintain open and frequent communication with the DPR and the owner. (Considerations for good and practical project communications is an entirely separate topic). Strong project communication can help identify issues early on in the process, before they become bigger and harder to manage. And it can better help all interested parties resolve those issues quickly and efficiently.

This includes communication not only with the DPR, but also with the owner—who has a vested interest in seeing the project reach successful completion. And while good communication may not solve every issue, it can certainly help prevent small problems from becoming big problems.

Conclusion

Again, this article does not cover every imaginable delegated design issue, nor does it address every single potential pitfall or consideration. But it does highlight certain issues for contractors to consider on projects with delegated design components.

Delegated design components can create many benefits for project execution. But they also create

additional risks. Understanding these risks—and practical ways to mitigate them—is important for contractors working on projects with delegated design components.

[1] See generally, *Rules of the Board of Regents, Part 29, Unprofessional Conduct*

[2] See e.g. O.C.G.A. § 13-8-2, which limits a design professional’s indemnification obligations only to damages caused by its “negligence, recklessness, or intentionally wrongful conduct.”

About the Author:

William Underwood is a partner on the Construction Team and head of the firm’s Atlanta office. He focuses on construction litigation, alternative dispute resolution, and contract drafting, review, and negotiation. The Construction Industry Team at Jones Walker LLP is one of the most highly regarded and award-winning construction law practices in the nation. Our experienced construction attorneys understand the complex dynamics between — and the unique priorities of — project participants and can craft effective solutions that minimize disputes, manage risks, and help keep projects moving from conception to completion.

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SOCIAL MEDIA NEWS YOU CAN USE

AI Generation— Prompting Some Prompts



Sheri Kitchen wrote (with the help of AI) a super-helpful article in last month's Compass, focusing on [*how AI can help*](#) write emails, create safety meeting content and plans, or summarize jobsite reports and notes to save time and check items off your to-do list just a little faster. So fine. You open up ChatGPT or click on one of those AI pop-ups in Word or Google (yes, they can be annoying, but still not as bad as "Clippy"). Now what? You've got a blank box to fill.

What's the best way to fill in those blank boxes - called prompts? Prompts are your input into the AI system to obtain specific results. You want a good "what" and "how" text in the AI, so it generates useful responses for you. Think of it as a machine you're programming with words.

- 1. What's your topic?** Safety training email. To-Do list so site visit reports get filed on time. Best way to tie a shoe so it doesn't come undone. Whatever.
- 2. Provide context.** Profession, years of experience, tone (professional, friendly, humorous, angry), audience (colleagues, interns, non-professionals)
- 3. Be specific.** Try adding a year, specific region of the country. Give a precise task, examples, rules and constraints. Being specific and providing more details helps you understand your prompt better and generates a more customized response with fewer errors.

Think of it more like a problem. What are you trying to do? "Write a humorous limerick that focuses on the importance of

wearing safety gear at all times while on a job site in Tampa." Here's what I got back within 5 seconds. It won't win any awards, but it's something to start with. And you can always ask it to redo - using certain words, phrases, tones. Or make it better yourself.

**A worker down in hot Tampa Bay,
Skipped his hard hat one steamy day.
A wrench took a dive,
He barely survived—
Now he's never bare-headed,
come what may!**

Feel free to adjust and refine your prompts as you go. You might not get the results you're looking for with your first prompt, but think about adding a word or changing how you phrase something. Don't abandon a prompt because it didn't work the first time — try making some minor changes and see what you come up with. There are also AI generators for AI prompts. They help you organize your thoughts in an AI-friendly way. Some to check out:

▪ [Musely.ai](#) ▪ [Docsbot.ai](#) ▪ [Feedough](#)

Take five minutes - on your phone, or whatever - check out [Claude](#), [ChatGPT](#), or another app you've heard about, and ask it to do whatever it is you're thinking about, but just didn't know where to start. Now you do.



LEGALLY SPEAKING

Change Orders, Lien Releases, and Claims, Oh My! How (Sub)Contractors Can Ensure They Protect Their Rights to What They Are Owed

by Michael Metz-Topodas, Saul Ewing LLP



Despite construction project's fundamental premise—contractors should receive payment for work properly performed—too many subcontractors have lived through too many horror stories about projects where that does not happen. Such scarring experiences can lead subcontractors to use “protective” pricing—bidding or offering prices for project work high enough to “cover” any potential losses from underpayment. Such practice hurts not only subcontractors because over-pricing risks losing work, but also all construction industry stakeholders

because it raises prices for everyone. For a more efficient, reliable, stable, and predictable business environment, subcontractors should instead ensure they receive payment for all work performed by understanding and enforcing their contract terms, especially those regarding change orders, lien releases, and claims.

Change Orders

Most subcontracts include a process for preparing, submitting, and executing change orders, also known by their more common legal term—written

amendments to an agreement. Such amendments typically address work not covered in the original subcontract agreement. Subcontractors need such change orders where project circumstances or a contractor's direction require them to perform any construction beyond the original scope of work. Otherwise, subcontractors risk performing such work for free, which harms all industry stakeholders.

Some subcontracts permit subcontractors to request change orders if done timely. Those time requirements can range from weeks to a few days,

so project managers should familiarize themselves and their teams with such deadlines. In preparing the change order request or reviewing a change order for execution, subcontractors should ensure the document makes a full and accurate description of the work the subcontractor will perform and in a way that makes it clear such work falls outside the original scope of work. In exchange for such extra work, the change order should provide for not only additional compensation, but also a suitable extension of time to any deadlines the subcontractor has to complete its project work. Should the other party reject a change order request, even partially, or demand a subcontractor execute a change order that does not meet these standards, the subcontractor should consider only agreeing to such a change order under certain conditions. Most change order forms have language by which the subcontractor agrees that the change order represents a full and final resolution of the work described in it. To counter this provision, the subcontractor can issue a notice that it executes the change order only to keep the project progressing, but it reserves its right to dispute the work required and obtain additional compensation or time to perform.

Lien Releases

In dealing with lien releases, subcontractors should keep mindful of three issues: (1) whether they are executing an unconditional or conditional release, (2) whether the release pertains to liens or a broader set of claims, and (3) whether the release excludes any pending claims. Unconditional releases take effect immediately upon execution and often before the subcontractor has received a payment. Conditional releases do not take effect until payment to a subcontractor is made or, better yet, until the subcontractor receives payment. Many jurisdictions bar unconditional releases before a contractor receives payment, but some owners require them once payment is submitted. For either type, the language must state expressly

that the contractor does not waive any rights to any liens, claims, or other actions unless and until it has received payment. Similarly, subcontractors should understand what they are releasing (all claims or just liens or a combination) and from what point in time does the release take effect (last date of work performed, date of most recent payment application). Due to lien releases' typically broad scope, subcontractors should ensure before executing a lien release that they identify any pending claims or unexecuted change orders as preserved and exempt from the release's scope. Failing to do so would likely mean a subcontractor loses all rights to pursue such claims, including in litigation. Should the lien release form not provide for such exceptions and the owner prohibits amending the form to include them, the subcontractor should consult counsel about other available legal measures to take under applicable law.

Claims

In addition to safeguarding claims from inadvertent waiver under a release of liens, subcontractors need to take measures during a project to preserve, prepare, and present such claims. Almost every construction contract has claim notice requirements with precise deadlines, such as the AIA A201's obligation to notify the other party of a claim within 21 days of the situation creating the claim. Although in certain jurisdictions failing to provide notice does not forever bar the claim, proper notice makes a claim easier, and less costly, to pursue.

Preparing claim involves a process that starts the moment the claim arises, not the day or so before it is submitted. Subcontractors making a claim should track all associated costs, both direct (such as labor and materials) and indirect (such as overhead). Subcontractors must ensure they keep records of tracked costs that are contemporaneous, detailed, verifiable, and calculable. Those records can include invoices, T&M sheets, daily work tickets, certified payrolls, time sheets, job

cost reports, and daily reports. No matter what, subcontractors should not lose sight of the old adage: if it is not written down, it did not exist.

By following these the measures to preserve and prepare the claim, presenting the claim becomes a more user-friendly process. Typically, contractors prepare a letter or report outlining the events leading to the claim, the contractual basis for the claim, and the calculation of total costs—all supported by volumes of back-up documentation and data. Most construction agreements establish a multi-step claim procedure and dispute resolution process that could include: a meeting among the parties to resolve the claim, a decision on the claim by a project neutral, mediation between the parties, and arbitration or litigation. Competent construction counsel can guide a subcontractor through this process.

Conclusion

While change orders, lien releases, and claims provide valid grounds for concern on any project, understanding the risks they pose to project success can help position subcontractors negotiate such risk and enhance project success.

About the Author

Michael Metz-Topodas is a partner in the Construction Group at Saul Ewing, LLP. His practice includes construction litigation, day-to-day project and claims counseling, contract review, drafting and negotiations, bid preparation and bid protests, and OSHA compliance and enforcement defense. Mr. Metz-Topodas represents general contractors, subcontractors, owners, designers, and suppliers on private, public, and federal projects. He counsels clients and handles construction disputes involving delay and inefficiency claims, design and construction defects, unforeseen site conditions, project scope disputes, bid protests, and payment claims, including mechanics liens, bond claims, and Miller Act claims. He can be reached at michael.metz-topodas@saul.com.

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FEATURE

Change Orders and Lien Rights: What You Don't Document Could Cost You

by Patrick Hogan, handle.com



Change orders are a reality on almost every job. But for subcontractors and suppliers, even a small change in scope can put payment and lien rights at risk if not properly documented. When timelines are tight and communication is informal, it's easy to agree to a change over a call or text and keep moving.

But if that change isn't backed by

proper documentation, you may be setting yourself up for a dispute you can't win.

This article walks through the payment risks tied to undocumented or mismanaged change orders and shows what steps you can take to stay compliant and protected.

Change Orders That Don't Make It to Paper

A verbal go-ahead from the GC or site supervisor often feels like enough to proceed. But unless that approval is followed up with a signed change order, you're working on assumptions, exposing you to risk. Payment terms, lien

waivers, and notice requirements don't automatically adjust to changes in scope, yet many contractors treat them like they do.

Here's what can happen when the paper trail falls short:

- You submit a pay app or invoice for the added or revised work, but it later gets disputed or delayed because it wasn't on the original contract.
- A conditional waiver that doesn't reflect the updated amount is issued, leading to underpayment or waiver of rights for unpaid work.
- A lien is filed, but it doesn't hold up because the change order work wasn't clearly included in the contract documentation.

The core issue? Construction is a document-driven industry. If you can't prove what was agreed to - and when - you lose leverage.

Impact on Lien and Notice Requirements

Many states have strict requirements around notice and lien deadlines. A major issue with undocumented change orders is that they blur the lines on when your work began and ended, and what work you're claiming payment for.

Two common problems:

1. Shifting Project Dates

If your last date of work changes due to added scope, it may reset or shift your lien filing deadline - but only if it's documented. Otherwise, you may miss your deadline without realizing it.

2. Scope Disputes

If a GC or owner disputes whether a change was authorized or part of the original agreement, they may claim your lien is invalid because it includes work not covered under contract.

In states like California, where preliminary notice is tied to scope and timing, failing to send notice for added work can invalidate your right to lien. In others, like Texas, the clock for filing a lien depends on the last month you furnished materials - but if those materials were added in an informal change, it's harder to prove that timing.

Lien Waivers and Change Order Chaos

Lien waivers are another risk area. A typical waiver form - especially unconditional ones - states that you waive your lien rights for work through a certain date and for a certain amount. If a change order hasn't been processed and paid for before you sign the waiver, you may inadvertently waive your right to recover for that work.

A few common waiver mistakes tied to change orders:

- Signing too early: You issue an unconditional waiver based on scheduled pay but haven't been paid for the new scope yet. If there's a delay in processing the CO, you lose leverage.
- Failing to cross-check: Field teams approve work, but office teams issue waivers without cross-referencing CO status, leading to misalignment.

The solution isn't just legal review - it's better internal coordination and document tracking.

Best Practices for Managing Change Orders and Lien Rights Together

1. Don't Rely on Verbal Approvals

Every change should be acknowledged in writing, ideally with a signed CO. At a minimum, get written confirmation via email or a formal ticketing system. Texts don't cut it in court or during payment disputes.

2. Link Change Orders to Notices and Waivers

Update preliminary notices if the added work changes your project scope, timeline, or furnishing dates. Some states allow amendments while others will ask you to send new ones. Always consult state resources and stay updated with ever-changing notice requirements for states you work in.

Track which COs are pending, approved, and invoiced - and make sure lien waivers match the updated totals to avoid signing away rights.

3. Train Field and Office Teams on CO Protocol

Field teams often authorize work before a CO is formalized. Make it standard practice to document what was added, when it was approved, and who signed off. Office staff should cross-check CO status before issuing waivers or processing billing.

4. Use a Centralized System

If you're still tracking change orders, waivers, and notices in spreadsheets or emails, you're opening yourself up to error. A digital system helps keep timelines aligned, alerts you to missing documents, and ensures changes are reflected in [*lien deadline tracking*](#).

5. Flag Unpaid Change Orders Early

If you've invoiced for a change order and it hasn't been paid or it's still under review, don't issue a waiver covering that amount. Flag it internally and communicate with your customer to clarify what's being paid and what's not.

Ensure Payments on Change Orders

Change orders aren't just about scope - they're about risk. When documentation falls behind, your right to get paid takes the hit. For subcontractors and suppliers, staying ahead means treating change orders as a core part of your lien and payment compliance process.

If you want to protect your margins, preserve your lien rights, and avoid payment disputes down the road, start treating every change order like it would be disputed or unpaid, because it is not unusual, and you don't want to lose out on payments for work done.

About the Author:



*Patrick Hogan is the CEO of [*Handle.com*](#), where they build software that helps contractors and material suppliers with*

lien management and payment compliance. The biggest names in construction use Handle on a daily basis to save time and money while improving efficiency.

Most Popular Attractions: State by State

As one of the largest and most diverse countries in the world, The USA boasts an amazing amount of tourist destinations ranging from the skyscrapers of New York and Chicago, the natural wonders of Yellowstone and Alaska to the sunny beaches of California, Florida and Hawaii. As most people already know, the USA is home to some of the most spectacular scenery in the world and some of the most recognizable icons on the globe.



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WEDNESDAY, JUNE 11, 2025 | 12:00 - 1:00 PM EST



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4. Using shared experiences to build relationships



Presented by: Bobby Giurintano

Born in Long Island and raised in Staten Island, Bobby has always been driven by two passions: hockey and business. While his dreams of a professional hockey career didn't pan out, he channeled that same dedication into the business world. With over two decades of corporate sales experience, Bobby joined Double Play in January

2024 as Vice President of Business Development. Partnering with his longtime friend Andrew, he's focused on propelling Double Play to new heights.

In his free time, Bobby enjoys cheering on his favorite hockey team (Go Devils!), exploring great restaurants, and spending quality time with his rescue pitbull, Millie.



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