

STAY UNDER BUDGET:

Top 5 Tips to Eliminate Price Escalation in Construction

In today's economic conditions, the following best practices can help project owners avoid cost overruns and set the foundations for a successful construction project.





Review Proper Subcontractor Bid Documentation

that specifically name the project.

pricing ties into the scope of the project.

Ensure that subcontractor bids and especially all supplier

Require dated supplier quotes with pricing and quantities

- Understand whether fixed pricing and labor and equipment rates account for escalation.
- In the case of price escalations, review the revised supplier
- quotations carefully they should compare and reference the original pricing.





the guaranteed maximum price—having fewer allowances is preferable. Be specific in defining which scopes of

Work with the contractor to stay within

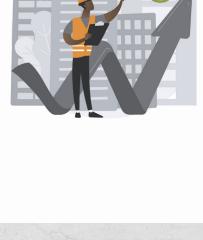
- work and costs are subject to price escalation. Track all contract allowances monthly.
- Require monthly project budget updates from the contractor and audit the project budget regularly.



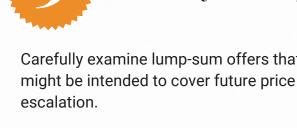




Challenge your contractor to be creative in



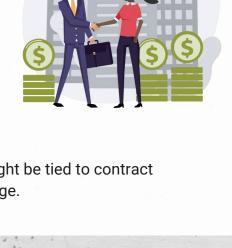
- looking for any way to minimize potential price increases.
- Compare off-site and on-site storage options. Ask if paying additional fees or potential material deposits upfront can prevent future escalation.



Carefully examine lump-sum offers that

Be Wary of Proposed "Deals"

- Avoid fixed-price deals that don't offer transparency, especially if the deal is subject to potential escalation.
- Carefully examine offers that could include potential hidden overcharges and additional markups.
- Question price reduction offers that might be tied to contract conversions or change contract language.



Set Your Construction Project Up for Success

Visit our Construction Advisory page to see how Armanino's team can help you implement effective safety measures to mitigate financial risk, keep projects

under budget, and set the stage for a successful construction project.



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