

How contractors get paid without filing a claim

Contractors and project owners both know the drill: there's a change, costs go up, the contractor or sub requests a change order and the owner or designer denies it believing the work should have been included in the bid. Bam! Claim. Lawsuit. More costs. No winners.

A La Jolla-based company, The ReAlignment Group, has proven there is a better way.

"In a lawsuit the only winners are the attorneys," says ReAlignment Group President Dick Bayer, himself a successful attorney and dispute resolution advocate. "But in the end, no matter who prevails in court or in arbitration, both the contractor and owner lose. The costs are so high, the time involved so long and the fallout of bad relationships so damaging, no one wins."

"That's why our services are so effective, as we've proven in nearly 50 projects all up and down the Pacific coast from here to Seattle," says Dan Fauchier, Executive Vice-President of The ReAlignment Group (many also know Fauchier as the EGCA's public works liaison and a long-time advocate for industry issues).

Bayer and Fauchier describe a process called "ReAlignment," which sounds like something involving front wheels or chiropractors, but is designed for construction projects. "We step in, get the warring parties together for a one-day time out, and we ask some simple questions. What's working on this project? What's not working on this project? If you continue with no change, what will be the consequences in time and money? And if you cannot resolve your disputes on these outstanding change issues, what will your battle costs be?" Bayer describes.

"That helps the parties see the facts of their situation from both sides. And surprisingly many executives who attend are hearing about some of these disputes for the first time. It just wasn't on their radar. They were not aware of the risks and they are hardly prepared for the battle they are facing," adds Fauchier.

Bayer explains, "The next question we ask is 'If you were able to turn this project around in the next two to six weeks, how good could it get? How quickly could you finish if problems were corrected? How much money could everyone save? What's the upside of working together on these problems?'"

When a project is off-track there is often a backlog of unpaid, disputed items. "This cuts off cash flow and acts like an anchor on the project and on the relationships between the owner, designer, contractor and subs," Fauchier warns. "If the parties have a prayer of turning things around and saving the relationships, they need to 'Wipe the Slate Clean'. They need to get these disputed items resolved, and quickly. We have a way of keeping things in the change order spec, not the claims spec, and getting resolution in a few weeks."

“No one wants a claim,” adds Bayer. “As soon as people hear the word ‘claim’ minds slam shut and everyone goes into battle mode. Our method avoids the posturing that inevitably comes with claims and keeps the issues in the change order spec. We’re different than other dispute resolution methods like mediation because we bring in outside experts to evaluate the facts, make appropriate interpretations and figure out recommendations for the parties on who owes what. We use the best attorneys, the best forensic claims experts, but they work for ‘the project’, for all sides, and all sides split the costs.”

By using this unique method, and by combining dispute resolution with team building, The ReAlignment Group has found a way to turn around attitudes, issues and whole projects in a very short time.

For more information call Dick Bayer or Dan Fauchier at 877-REALIGN or check out their website www.projectrealign.com.