



Just recently [ENR](#) Magazine (one that I read regularly and highly recommend), published an [article](#) stating that contractors and subcontractors are bidding at or near cost in a race to get work. In a post at his great blog, my friend Tim Hughes (@vaconstruction on Twitter), [posted](#) on this same topic, stating

The availability of some increased government funding in a tight market, a highly aggressive bidding environment, and the nature of competitive government low bidding delivery methods collectively appear to create the perfect storm for claims and litigation.

This aggressive bidding environment requires contractors and subcontractors to find work in a field with a present glut of supply to go with a smaller demand and lower materials costs causing states to [push projects](#).

In short, the temptation (and possibly the need) to cut overhead and strip costs to be a low bidder is great. The thought of bidding at or near cost may cross your mind. However, as a construction professional, you need to be very careful when these thoughts arise. The present environment will lead to more risk and a higher likelihood for claims.

As a business proposition, we all know that the lower the margin, the lower the margin for error and delay. With this lower margin for error, you need to make sure that the [construction contract](#) that you sign has a lower risk to you.

If you are a contractor or subcontractor, you won't be able to count on [change orders](#) to make up any issues that you may have with the original bid. If you are an Owner, be ready for change order requests. For these reasons the contract that you sign at the beginning of a construction project and your business sense are more important now than ever.

In short, a good set of [attorney](#) reviewed documents and an eye to being selective in what projects you take are necessary to deal with the potential issues of a tight economy where money is king and disputes are more likely to arise.

Image from [FreeFoto.com](#).

Please check out my [Construction Law Musings Blog](#) for more on Virginia construction law and other topics.