

Managing Construction Company Relationship During a Building Boom

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South Florida, and in particular, Miami-Dade County, has experienced a construction boom in the last decade that rivals that of any other big city nationally. The explosion of development has not slowed down and may actually be picking up, not only in terms of units but in terms of scope as well.

Indeed, the rest of the Sunshine State is also experiencing a tremendous uptick in development since the pandemic, especially the Tampa-to-Orlando corridor in Central Florida. At the same time, the construction industry has suffered from a labor shortage, which has been well documented by countless content pieces, articles, seminars, and more over the years, with many industry members grappling with a declining quality and quantity of workers. The industry is now also bracing for the looming retirement of the baby boomer generation, a massive departure of the workforce that will require diligence and planning for the sector's leaders to overcome.

Many of these concerns are heightened in South Florida, where some claim there is a potential for chaos simply because the area is experiencing a boom in construction. Without the help — surely a recipe for delays, defects, liens, litigation, foreclosures, and bankruptcies alike. It remains true that the same mistakes and oversights that led to those problems 10 years ago will continue to cause problems for businesses now, whether short-staffed, over-staffed, or all stages between. Drowning out that industry noise is critical to a successful operation and project.

Contract Consideration and Negotiation

All construction projects involve the same fundamentals of cost, time, and scope. In a world where more and more processes are becoming automated, with a number of employees bidding upon and negotiating projects at all times, it is likely for executives to forget about another universal, fundamental element associated with each and every construction project: the parties' relationship.

Sales training usually preaches selling on value while your customer so he or she believes that the job will be done competently and with integrity, which dovetails into making things right if and when they go wrong. More times than not, that relationship and trust will win the job.

Accordingly, any executive team should have the ability to assess its current workforce in conjunction with the needs of the project. The ideal place to start is one in which the current workforce's ability to competently deliver the project on time and under budget is not in question, while considering factors outside of the workforce's control. There is no reason for a company to over-promise and under-deliver or to have to cut corners throughout the project, thereby jeopardizing its relationship with the customer and increasing its risk exposure in a multitude of areas, i.e., workmanship, delays, non-payment, change-order disputes, bond claims, etc.

Every construction agreement and negotiation allows for these considerations. All contractors should have a schedule they feel comfortable with. If an owner or developer has a tighter schedule in mind, that merits discussion regarding potential adjustments to items such as cost, fee, general conditions, liquidated damages, and early completion bonuses in addition to the schedule.

Likewise, the owner should have a timeline in mind for the project. If the owner has a tighter schedule in mind, that merits discussion regarding potential adjustments to items such as cost, fee, general conditions, liquidated damages, and early completion bonuses in addition to the schedule.



About the Author

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