

## EFFECT OF CHANGE ORDER ON THE CONSTRUCTION PROJECTS

By

#### MOHAMMED ELSAYED ABDEL-HAMID SALEH

B. Sc., Military Technical College 1991M. Sc., Ain Shams University1998

#### A Thesis

Submitted in partial fulfillment for the requirements of the degree of Ph. D. in Structural Engineering

Supervised By

#### Dr. Ibraheem Abdel -Rasheed

Prof. of Construction Project Management Department of Structural Engineering Faculty of Engineering-Ain Shams University

#### Dr. Mohammed Ahmed El-Mikawi

Associate Prof. of Construction Project Management Department of Structural Engineering Faculty of Engineering-Ain Shams University

Cairo 2012

**STATEMENT** 

This dissertation is submitted to Ain Shams University in

partial fulfillment for the requirements of the degree of Doctor

of Philosophy in Structural Engineering.

The work included in this thesis was carried out by the author in

the Structural Engineering Department, Ain Shams University.

No part of this thesis has been submitted for a degree or a

qualification at any other University or Institution.

Date: / /2012

Name: Mohammed El Sayed Abdel-Hamid Saleh

Signature:



# AIN SHAMS UNIVERSITY FACULTY OF ENGINEERING STRUCTURAL ENGINEERING DEPARTMENT

Abstract of the Ph.D. Thesis submitted by: Eng. Mohammed El-Sayed Abdel-Hamid Saleh

Title: Effect of Change Order on the Construction

#### **Projects**

#### Supervisors:

Prof. Dr. Ibraheem Abdel –Rasheed Ass. Prof. Dr. Mohammed Ahmed El-Mikawi

#### **ABSTRACT**

A Change Orders in the construction projects have a very serious problems and bad effects on the quality, time, and cost of the projects. The basic steps of this study were made questionnaire from (33) expertise in sports construction projects to rank the Change Order reasons list according to some factors such as impact on project cost and time, deviation from execution plan of the project, frequency of occurrence. Youth Sport Center Construction Project (YSCCP) in Egypt as example of sports construction industry have faced quit number of Change Orders leading to cost increasing and time extension. (9) Groups of youth sport center construction projects experienced (151) Change Orders. These groups of projects were utilized to contemplate different causes of Change

Orders, the frequency of their occurrence, the responsible of this Change Order, the cost of Change Orders, and the time extension attributed to these Change Orders. It was found that, there is a relationship between project cost and construction time within construction projects. This study tried to develop a time-cost relationship model to be valid on the Youth Sport Center construction project. The model was included Change Orders categories; Work disciplines (Civil work, Electrical work, Structural work, Architectural work) and Project parties (Owner, Consultant, Contractor, Local Authorities).

*Keywords:* Change Order, Construction, Impact, Cost, Time, Sports Facility

#### ACKNOWLEDGEMENTS

The author would like to declare his genuine thanks and gratefulness to doctoral advisor, **Prof. Dr. Ibraheem Abdel –Rasheed** professor of Construction Project Management Ain Shams University, for his valuable guidance and assistance during the long course of this work.

The author is also very grateful to **Associate Prof. Dr. Mohammed Ahmed El-Mikawi** professor of Construction Project Management, Ain Shams University, for his inspiration, encouragement, excellent guidance and endless support through all phases of this research.

In Addition, special thanks and appreciation to my family for their never-ending love and support at all times.

I am also thankful to everyone, who made it easy for me.

### Contents

LIST OF FIGURESvi
LIST OF TABLESxiv
Chapter (1) 1
Introduction
1.1. General
1.2. Change Order Effect on Project and Parties 4
1.3. Change Order Definition
1.4. Change Order Causes 7
1.5.Problem Statement9
1.6. Scope and limitations
1.7. Research objectives
1.8. Deliverables
Chapter (2)
Literature Review
2.1. Introduction
2.2. Identification of Change Order
2.3. Causes of Change Orders
2.4. Causes of Change Orders Attributed to the Construction Project Parties 17
2.5. Predicting Change Orders
2.6 Change Order Compensation 21

2.7. The Effect of Change Order on Productivity
2.8. The Effect of Change Order on Cost and Time24
2.9. Changes Order Always Cost More
2.10. Reduction No of Change Orders before Design
2.11. Reducing Change Orders During Construction
2.12. Industry Change Order Rates
2.13. Reducing Change Order Claims
2.14. Similar Studies
2.14.1. Effective Project Management
2.14.2. Cumulative Impacts of Change Orders33
2.14.3. Circumventing Claims
2.14.4. Accuracy and Contingency34
2.15. Summary
Chapter (3)
Research Methodology and Data Base Collection
3.1. Introduction
3.2. Problem Statement
3.3. Scope of Research40
3.4. Objectives of Research
3.5. Methodology40
3.6. Back Ground Information on the Youth Sport Center Construction Project.

3.7. Conter	its of Youth Sport Center Construction Project	. 42
3.8. Develo	pment of the Change Order Data Base	43
3.8.1.	Change Order Data Base Coding	. 44
3.8.2.	Information Fields for the Change Order Database	. 45
Chapter (4)		. 60
	of Main Reasons of Change Order during Construction Project	
4.1. Introd	uction	. 60
4.2. Chang	e Order Identification and Classification	61
4.3. Exper	Background	. 62
4.3.1.	Company Ownership Types	. 62
4.3.2.	Company Nationality	. 63
4.3.3.	Company Representative Role	. 63
4.3.4.	Respondent Designation	. 64
4.3.5.	Respondent Experience of Experts	. 66
4.4. Causes	s of Change Orders	. 66
4.5. Measu	rement of the Change Order Parameters	. 73
4.5.1.	Change Order Probability and Degree of its Cost Impact:	74
4.5.2.	Data Analysis Method	. 74
4.5.3.	Analysis of Results:	76
4.5.4 of Chan	The Results of Statistical Analysis for Probability and Imp ge Order in Youth Sport Center Construction Projects	act

		op Twenty Change Orders which have Great Impact on the	
	_	esponsible for Great Change Order Impact	
		idation of the Questionnaire Results using the YSCCP Data	
Cł	napter (5)		. 123
Αı	nalysis and [	Discussion	. 123
	5.1. Genera	al	. 123
	5.2. Additiv	ves and Deductive Change Orders	. 123
	5.5. The Re	lationships between Additive Change Order Variables	. 135
	5.6. Reas	sons for Additive Change Orders	. 140
	5.6.1	Additive Change Order due to Additional Work	. 145
	5.6.2	Additive Change Orders Due to Design Revisions	. 150
	5.6.3. Ad	Iditive Change Order due to Differing Site Conditions	. 154
	5.7. Addi	itive Change Order Categorization Based on Work Disciplines	. 157
	5.7.1.	Additive Change Orders Attributed to Civil Work	. 160
	5.7.2.	Additive Change Orders Attributed to Structural Work	. 164
	5.7.3.	Additive Change Orders Attributed to Electrical Work	. 168
	5.7.4.	Additive Change Orders Attributed to Architectural Work	. 171
	5.8. Additiv	ve Change Orders Attributed To Project Parties	. 175
	5.8.1. Ad	Iditive Change Orders Generated by the Owner	. 179
	5.9. Empirio	cal Model for Prediction of Construction Time	. 183
	592	Change Orders Due to Different Reasons	189

	5.9.3	Change Orders due to Different Work Disciplines	193
	5.9.4	Change Orders due to Different Participating Parties	197
Cha	apter (6)		200
Соі	nclusion an	d Recommendation	200
6	5.1. Conclu	sions	200
6	5.2. Recom	mendations	206
REI	FERENCES .		208
Арі	pendix		212

## LIST OF FIGURES

<u>FIGURE</u>		PAGE
Figure (1.1)	Difference between the Actual time and cost expended to complete the project and the estimated base time and cost	8
Figure (2.1)	Main Causes for Construction Project Change Order	24
Figure (2.2)	General Causes of Change Order Attributed to the Project Entities	25
Figure (4.1a)	Frequency histogram for the numbers of companies' ownership-	64
Figure (4.1b)	Percentage of frequency for the numbers of companies' ownership	64
Figure (4.2a)	Frequency histogram for the numbers of companies	64
Figure (4.2b)	Percentage of frequency for the numbers of companies' nationality	64
Figure (4.3a)	Frequency histogram for the numbers of companies' representative	65
Figure (4.3b)	Percentage of frequency for the numbers of companies' representative role	65
Figure (4.4a)	Frequency histogram for the numbers of respondent designation	66
Figure (4.4b)	Percentage of frequency for the numbers of respondent designation	66
Figure (4.5a)	Frequency histogram for the numbers of respondent experience	67
Figure (4.5b)	Percentage of frequency for the numbers of respondent experience	67
Figure (4.6)	Effect of distribution of additional Client request during the project life cycle	80

Figure (4.7)	Effect of stopped, disrupted or interrupted work during the project life cycle	81
Figure (4.8)	Effect of Owner financial difficulties during the project life cycle	81
Figure (4.9)	Effect of accelerated performance requested by the Owner during the project life cycle	82
Figure (4.10)	Effect of delays from the Owner's acts during the project life cycle	83
Figure (4.11)	Effect of initiated value engineering change during the project life cycle	84
Figure (4.12)	Effect of design revisions (change) by the Designer/ Consultant during the project life cycle	87
Figure (4.13)	Effect of design errors or omissions by the Designer/ Consultant during the project life cycle	88
Figure (4.14)	Effect of design deficiencies during the project life cycle	88
Figure (4.15)	Effect of unanticipated works during the project life cycle	89
Figure (4.16)	Effect of discrepancies in the contract drawings during the project life cycle	90
Figure (4.17)	Effect of unavailable specified products during the project life cycle	90
Figure (4.18)	Effect of work required to be performed on one particular method while specifications allow one or more methods during the project life cycle	91
Figure (4.19)	Effect of incomplete scope definitions during the project life cycle	92
Figure (4.20)	Effect of over inspection during the Project life cycle	92
Figure (4.21)	Effect of differing site conditions during the project life cycle	93
Figure (4.22)	Effect of work method restrictions during the project life cycle	94
Figure (4.23)	Effect of construction errors by the Contractor during the project life cycle	98

Figure (4.24)	Effect of construction omissions by the Contractor during the project life cycle	98
Figure (4.25)	Effect of remedial work by the Contractor during the project life cycle	99
Figure (4.26)	Effect of work out of sequence by the Contractor during the project life cycle	99
Figure (4.27)	Effect of material & equipment late delivery by the Contractor during the project life cycle	100
Figure (4.28)	Effect of following new or different schedule by the Contractor during the project life cycle	10:
Figure (4.29)	Effect of Contractor financial difficulties during the project life cycle	10:
Figure (4.30)	Effect of lack of skilled labor during the project life cycle	10
Figure (4.31)	Effect of increased risks by the Contractor during the project life cycle	10
Figure (4.32)	Effect of lack of coordination by the project management during the project life cycle	104
Figure (4.33)	Effect of difference in contract interpretation by the project management during the project life cycle	10
Figure (4.34)	Effect of errors in contract documents by the project management during the project life cycle	10
Figure (4.35)	Effect of Third party permits during the project life cycle	10
Figure (4.36)	Effect of Governmental actions during the project life cycle	10
Figure (4.37)	Effect of restrictions in site access by the Local Authorities during the project life cycle	10
Figure (4.38)	Effect of utility relocation during the project life cycle	10
Figure (4.39)	Effect of Stakeholders during the project life cycle	11
Figure (4.40)	Effect of unexpected events during the project life cycle	11
Figure (4.41)	Effect of acts of God during the project life cycle	11

Figure (4.42)	The top Twenty change orders which have great impact on the construction project
Figure (4.43)	Percentage of frequency for the causes which gives great impact on the project
Figure (4.44a)	Frequency of change orders attributed to project parties
Figure (4.44b)	Percentage of frequency for change orders attributed to different reasons
Figure (5.1)	Distribution of total additive and negative change orders in the study projects
Figure (5.2)	Net cost increasing due to total additive and negative change orders in the Study Project
Figure (5.3)	Distribution of additive change order in the study projects
Figure (5.4)	Original cost vs. cost increasing in this study projects
Figure (5.5)	Original duration vs. time extension in the study projects
Figure (5.6a)	The Relationship between Original Cost and Cost increasing (Linear Equation)
Figure (5.6b)	Figure 5.6.(b) The Relationship between Original Cost and Cost increasing (Quadratic Equation)
Figure (5.7a)	The Relationship between Original duration and Time Extension (Linear Equation)
Figure (5.7b)	The Relationship between Original duration and Time Extension (Quadratic Equation)
Figure (5.8a)	The relationship between total cost increasing and total time extension (Linear Equation)
Figure (5.8b)	The relationship between total cost increasing and total time extension (Quadratic Equation)
Figure (5.9)	Frequency of additive change orders attributed to different reasons

Figure (5.10)	Frequency of cost increasing attributed to different reasons	140
Figure (5.11)	Frequency of time extension attributed to different reasons	140
Figure (5.12a)	The relationship between original cost and cost increasing attributed to the additional work (Linear Equation)	143
Figure (5.12b)	The relationship between original cost and cost increasing attributed to the additional work (Quadratic Equation)	143
Figure (5.13a)	The Relationship between Original Duration and Time Extension Attributed to the additional Work (Linear Equation)	144
Figure (5.13b)	The relationship between original duration and time extension attributed to the additional work (Quadratic Equation)	144
Figure (5.14)	The Relationship between Original Duration and Cost Increasing Attributed to the additional Work (Quadratic Equation)	145
Figure (5.15a)	The relationship between original cost and increasing cost attributed to the design revisions (Linear Equation)	147
Figure (5.15b)	The relationship between original cost and increasing cost attributed to the design revisions (Quadratic Equation)	148
Figure (5.16a)	The relationship between original cost and increasing cost attributed to the differing site conditions (Linear Equation)	150
Figure (5.16b)	The relationship between original cost and increasing cost attributed to the differing site conditions (Quadratic Equation)	150
Figure (5.17)	Distributions of additive change orders to work disciplines	153
Figure (5.18)	Cost increasing distributed to different work discipline	153
Figure (5.19)	Time extension to different work discipline	154
Figure (5.20)	The relationship between original cost and cost increasing attributed to civil work	156
Figure (5.21)	The relationship between original duration and time extension attributed to civil work	156