



Business Basics

Scheduling for Builders by Jerry Householder, NAHB, 15th and M Streets NW, Washington, D.C. 20005; 74 pages; 1987; \$17 (\$13 NAHB members) plus handling; paperback.

A schedule, says Jerry Householder, is like a list, except that it shows you the flow between items. In *Scheduling for Builders*, Householder shows how to use bar charts, arrow diagrams and "precedence networks" to plan and schedule your work, and monitor in-process tasks. The benefits include lower overhead (when construction is sped up), less interest payments, and better relations with your subs.

According to Householder, planning means outlining required steps and noting such variables as long lead times. Based on your plan, you can schedule events using any technique. Bar charts use a calendar format and therefore require a time estimate for each phase. Arrow diagrams show the relationships between elements, and allow differentiation between "hard" constraints (such as not being able to put the roof on until the deck is installed) and "soft" or discretionary ones. "Dummy" arrows are used for simultaneous activities. Precedence networks use labeled boxes instead of arrows to represent activities. The latter two methods allow identification of "critical path" elements.

Among examples of each method are comments on its application, usefulness, and practical tips (such as coloring in completed tasks). Monitoring and revising your schedule helps predict cash flow and gives early warning before you have to start "crashing" a job. All in all this is a clear, concise and very understandable introduction to the CPM method of scheduling.

The Builder's Guide to Contracts and Liability by The NAHB Builder Liability Task Force, NAHB, 15th and M Streets NW, Washington, D.C. 20005; 48 pages; 1987; \$12.50 (\$10 NAHB members), paperback.

Contracts and Liability is a useful guide to minimizing your exposure to liability claims through the use of proper written agreements. The book-let's raison d'être is perhaps best indicated by the author's advice (repeated in virtually every chapter) that readers should consult their attorney and not rely exclusively on the text. One senses a certain paranoia about litigation.

The practical advice starts with a construction and sales checklist. Right away I found myself wondering whether it was really necessary for the owner to date and initial the checklist indicating attendance at a prebid conference. Might not this early attempt to assure a "paper trail" intimidate the owner and put him or her on guard for a continuing adversarial relationship?

Next we take a clause-by-clause look at an owner/builder agreement with commentary on each subject. The authors state that their proposed language is aimed at lowering the builder's risk, and is preferable to the conventional AIA Document A201 contract form. This discussion is supplemented by a one-page specifications checklist, which is followed by

chapters covering express and implied warranties, the Magnuson-Moss Act, limited warranty strategies, inspections, punchlists, and forms of agreement between builders and their subs. Useful, timely, dry, and a boon to lawyers looking for work, *Contracts and Liability* will open your eyes and maybe stiffen your spine when it comes to documenting your transactions with clients.

Construction Liabilities by K. Gibbs, P. Halls, G. Hunt, S. Nelson, S. Sklar, and D. Wells. Professional Educational Systems, Box 1208, Eau Claire, WI 54702; 154 pages; 1985; \$28.50 (includes handling), paperback.

Written for lay readers by a national team of lawyers, the five chapters of *Construction Liabilities* provide a broader and deeper perspective on the legal aspects of building than the NAHB booklet reviewed above. Pros and cons of various contractual arrangements are the focus of the first chapter. They range from standard owner/architect/contractor form to design/build and so-called fast track methods, including how to set contract sums. AIA (American Institute of Architects) and AGC (Associated General Contractors) forms are briefly compared, although the text is out of date when it says only the AGC offers a design/build option.

Chapter 2 delves into claims for extra compensation, stressing the importance of time, liquidated damages, and claim areas such as spec changes, varying site conditions, and delays or suspensions of work. The difference between change orders and "constructive changes" is considered, along with examples of other grounds for contractor claims. For instance, slow payment by the owner can be grounds for compensation due to delay.

Chapter 3 surveys mechanic's liens—their definition, advantages, who gets priority, common problems with solutions, how to file, and a (probably dated) schedule of requirements by state. The author notes that mechanic's liens were initiated into U.S. law by Thomas Jefferson and James Madison, adding that filing one is therefore "almost patriotic." Who says the law has to be dry?

Chapter 4 furnishes the low-down on insurance—property, builder's risk, liability, and workers compensation.

Last, we come to proof of damages—creating the "paper trail" that leads to successful claims. Here we learn about the contractual parties, essential clauses affecting claim resolution, the basis for contractors' rights to damage, and punitive vs. compensatory awards. The elements of a damage claim are described along with steps to take throughout the job to ensure you aren't left holding the bag. As the author of this final installment

says, "No other relationship of relatively short duration has as many parties, as many contractual relationships, and as much opportunity for disputes, real or imagined" as construction. If this statement rings true, or if you are mystified or intrigued by any of the foregoing subjects, this book's for you. Other volumes in the series by Professional Education Systems include *Construction Documentation*, *Liabilities*, *Construction Management*, and *Resolving Construction Disputes*.

Builder's Guide to Construction Financing by James Newell. Craftsman Book Co., 6058 Corte Del Cedro, Carlsbad, CA 92009; 295 pages; 1979; \$15.25, paperback.

James Newell has all the qualifications you could want for somebody writing on construction financing. For years he was a mortgage loan agent and appraiser for saving institutions. Currently, he is a land agent and appraiser for the State of California. In addition he is a licensed real estate broker and has a degree in business administration from UCLA. Unfortunately, he doesn't have a knack for easy-to-follow writing.

Thirteen chapters discuss do-it-yourself property evaluation procedures (for use before you approach lenders), "consolidation" loans, loan-to-value ratios, brokers, "hard money" lenders, "hypothecation" loans, equity loans, doing your homework for a construction loan, mechanics liens, tract financing mortgages for condos and coops, and other subjects. Based on my reading, I could only conclude these were very arcane.

Newell assumes that readers already have a substantial background in these matters, and understand basic financial mechanisms and terminology. Specialized words are often introduced into the text before a definition is provided and no glossary is included. Examples are few and Newell offers at least one lengthy verbal description of a mathematical procedure where a worked example would have been simpler and easier to follow. Sample forms are given in minuscule print.

This certainly isn't a "bonehead's" guide to financing, and though you can usually pick up a few tidbits from any reference in your area of expertise, I found myself wondering whether even knowledgeable readers would gain much from it.

—Paul Hanke

Free & Cheap

In Plain English: Keeping with New Jersey State's home improvement regulations, Construction Service Company of Bloomfield, N.J., has created Simple Language Contract Guidelines aimed at the protection of both contractor and homeowner. Tips concerning the contractor's legal position and collection are included. For a free kit, contact Construction Service Training Center, Bernard Petrick, Managing Director, 414 Broad St., Bloomfield, N.J. 07003; 201/748-8300.

How to Give "Experts" Testimony: A booklet containing 13 "Recommended Practices for Design Professionals Engaged as Experts in the Resolution of Construction Industry Disputes" was endorsed by 14 national associations including the ASFE (Association of Engineering Firms Practicing in the Geosciences) and the Interprofessional Council on Environmental Design (ICED). For a copy, send \$5 to ASFE, 8811 Colesville Rd., Suite G106, Silver Spring, MD 20910.

Hazard Awareness: Compliance Guidelines for a Company Hazard Communications Program is a 60-page manual from the Mechanical Contractors Association of America (MCAA) and the Sheet Metal and Air Conditioning Contractors National Association (SMACNA). It includes information required by the HCS (Hazard Communications Standard) on all hazardous chemicals in the workplace. To order, send \$20 (\$10 for members) to MCAA, 5410 Grosvenor Lane, Suite 120, Bethesda, MD 20814 2122. Request publication 1910-9E and include a self-addressed mailing label.

Conservation Summary: A 13-page report summarizing the implications of the FY'89 federal budgets on existing energy conservation programs, (and new laws affecting building energy efficiency) has been released. Entitled *Washington Update for the Conservation Professional*, it also covers funding and legislation in such areas as energy research and development, low-income weatherization and acid rain emissions. Available for \$5 from Home Energy (formerly Energy Auditor & Retrofitter), 2124 Kittredge, Suite 95, Berkeley, CA 94704; 415/525-5405.

Tax Facts: The Accounting Firm of Coopers & Lybrand, in cooperation with NAHB, has produced *Home Builders, Developers, and Real Estate Investors: Dealing with the Tax Laws*, a booklet that includes overall methods of accounting, installment sales, in-kind exchanges, and long-term contract rules. To order, send \$5 to Government Affairs Division, NAHB, 15th & M Streets, N.W., Washington, DC 20005; 800/368-5242.

Liability Bible: A ten-page guide *Limitation of Liability in Design Professional Contracts*, discusses issues concerning the usage of such clauses and provides standard samples. To order send \$7 (\$5 for members) to the American Consulting Engineers Council (ACEC), 1015 Fifteenth St., N.W., Suite 802, Washington, DC 20005; 202/347-7474.

Superior Service: A free 16-page pamphlet, *Customer Service: Making the Vision a Reality*, offers guidelines for creating a successful customer service plan, and techniques for selecting employees. Available from London House, Inc., 1550 Northwest Highway, Park Ridge, IL 60068; 800/221-8378. London House also offers additional free information concerning aspects of business management.