

# Bidding vs. Negotiated Contracts

**All contractors are not equal.**

**Resist the temptation to choose a contractor based on the lowest bid.**

Having contractors bid on your job may not be the most effective way to choose the best contractor for you. The abilities of contractors, how they bid and how they run their jobs can vary greatly.

**Negotiated Contracts are a very positive alternative with little to no downside.**

## Competitive Bidding

- More risk to owner
- More risk for contractor
- Sets up adversarial relationship among contractor, architect/engineer and owner
- Contractor protects self interest
- Gets low cost bids
- High charges for change orders
- No contractor involvement during planning stage
- Requires good estimator
- Emphasizes price
- Assumes that the quality workmanship will be the same with all contractors
- Price is the deciding factor
- Legal costs can be much higher

## Negotiated Contract

- Less risk to owner
- Less risk for contractor
- Sets up "TEAM" relationship among contractor, architect/engineer and owner
- Contractor works for owner
- Emphasizes quality
- Reasonable charges for change orders
- Heavy involvement of contractor during planning
- Requires good conceptual estimator
- Emphasizes service
- Chooses contractor and subcontractors on the basis of work and track record
- Considers experience, quality, reliability, on-time completion and creativity
- Legal costs usually lower.