



Scope of Services 101

By Alfred Zarlengo

You wouldn't go to your dentist for oral surgery without asking exactly what procedures he or she will be performing and what it will cost, would you? Unfortunately, this is exactly the trap that many architectural and engineering consultants fall into – neglecting to provide a specific list of services that they will perform as part of their contract.

Outlining your scope of services is important to helping reduce professional liability and risk, as well as boosting your bottom line. To avoid surprises, it is important to nail down exactly what you are going to do, including a list of additional services you recommend and services you will not do, as part of the overall contract negotiation.

Stop Scope Creep Early

To recognize scope creep or work not included in the contract, a good rule of thumb is to provide weekly progress reports showing the client what is being accomplished on a project. Using this tool helps catch scope creep early, enabling you and your client to go back and add that scope of work as an addendum and agree on an additional fee for the service.

Unfortunately, those consultants who delay remedying the situation early find themselves and their clients at odds. Managing a client's expectations is critical in maintaining a good working relationship over time.

Outlining the Scope of Services

Take time to itemize all of the services required to meet the client's project objectives. Be specific in what services you will be offering. For example, a design firm might perform an initial architectural rendering to give the client a conceptual idea, but additional documents that require specs on sewer and power lines, and other items will be charged separately.

Your goal is to develop a final scope of services that clearly sets forth:

- 1) Services that you will perform for the agreed-to fee

- 2) Additional services you can perform for an additional fee
- 3) Recommended services you will not perform per the client's refusal
- 4) Required services that will be performed by a third party, such as the contractor or subconsultants.

The fourth item – required services performed by others – is often overlooked but very important to spell out. As the prime consultant on a project, you can be liable for failing to ensure a required service was performed up to standard, even if you were not contracted to provide that service directly. This is true even if the third party performing the services enters into a contract directly with the client.

Sample Scope of Services

A useful tool to reach agreement on a reasonable scope of services is a checklist. You can use the basic services listed in the standard American Institute of Architects (AIA) or Engineers Joint Contract Documents Committee (EJCDC) agreement as a starting point, and then customize it to fit your own practice. Services can be listed by project phase.

For example, an architect might categorize services as pre-design, schematic design, design development, construction documents, bidding/negotiation, construction-phase/observation and post-construction. The following checklist is adapted from the Coalition of American Structural Engineers (CASE):

- 1) Pre-design Phase – a timeline and number of site visits expected.
- 2) Schematic Design Phase – structural criteria for geographical studies and systems.
- 3) Design Development Phase – may include preliminary framing, layout and structural drawings.
- 4) Contract Document – assist in establishing testing and inspection requirements.
- 5) Construction Administration – respond to building department and peer review comments

Reviewing this checklist with the client prior to signing the contract will go a long

way in providing full disclosure and managing expectations.

Incorporating Scope into the Contract

The easiest way to incorporate the scope into your contract is to formalize the checklist as an addendum or exhibit added to the contract, with an appropriate reference within the body of the contract.

A separate addendum should be prepared to itemize what you consider to be critical services you offered to perform but that will be performed by others or will not be performed at all. Note in your contract that you offered to perform these services but the client declined to utilize your services in these areas.

Try to include an indemnity clause that holds you harmless from any damages, liabilities or costs arising out of or connected to you not providing these services. If you are unable to get the client to agree to a formal indemnity agreement, note in your contract that you assume no responsibility to perform any services not specifically listed in your scope of services.

Arming yourself with a basic scope of services checklist will help better prepare you to ask the right questions to negotiate a contract that meets everyone's expectations, helps to reduce professional liability, and increases your fee. ■

Alfred Zarlengo is an Account Executive in the Professional Liability department at Van Gilder Insurance Corporation, a privately held insurance brokerage firm. Zarlengo specializes in design professionals and environmental consultants, and is a member of the Professional Liability Agents Network (PLAN), which contributed information for this article. Alfred may be reached at azarlengo@vgic.com.

A similar article was submitted by Mr. Zarlengo and appeared in the McGraw Hill's ENR Mountain States Daily Journal.