

4 CONSEQUENCES OF AN UNREALISTICALLY LOW BID

When an organization puts a construction project out for a bid, they want to make sure they are getting a fair and reasonable price for a high quality job. Often, an agency may be legally obligated to abide by competitive bid laws that require the agency to choose the lowest responsive, responsible bidder. But when a bid comes in too low—when the project specifications are unattainable with the amount being bid—there can be serious ramifications for the organization and the construction project at hand. Here are four consequences of an unrealistically low bid.



When folks warn “You get what you pay for” they are usually letting the listener know that the low price being paid will come with some repercussions. Perhaps the bidder who submitted an impractical price is inexperienced. This can affect the quality of the work to be done. If the low bid was purposeful, the contractor may be forced to swap out requested materials for cheaper alternatives, or may have to find other methods to make it work. Either way, a bid that’s far too low can result in a project poorly constructed.



When a bid comes in too low, it sets up the project for pricing problems down the line. The improper planning will affect either the owner or the contractor, but in the end, someone will end up paying. The low bid may be due to miscalculations, omissions or even, sadly, deliberate misrepresentation.

When the initial bid is unrealistically low, the final price can—and usually does—end up much higher. This is because additions and other modifications to the original scope of work must take place for the project to be completed. The change orders then cause even more headaches as they are identified. Negotiating the change order costs is a frustrating practice for all parties involved, often with neither the owner nor the contractor convinced that a fair price has been reached.



| 3 | CONFLICT IN THE RELATIONSHIP

The friction of the pricing disputes and dissatisfaction with quality can then carry on to have negative impacts on the relationship between contractor and owner. This discord can affect the project, during initial planning stages, construction and even post-construction.



| 4 | TIME DELAYS

All of the aforementioned consequences increase the chances of delays and setbacks to the project. Work stops while prices are negotiated, the construction quality is inspected or disagreements are resolved. Interruptions can cause further damage, cost more money, or prevent money from being earned.

These four consequences can be mitigated by using accurate and up-to-date data to create precise project estimates.

RSMeans from The Gordian Group provides easy access to construction cost estimating data, placing reliable information in the hands of those who need to craft a thorough project estimate. This eliminates the risk of cost overruns and helps to keep the project budgets and timelines on track. RSMeans keeps contractors and facility owners updated with the latest material, labor and equipment costs. Steer clear of these four hefty consequences of unrealistically low bids with dependable cost data from RSMeans.