

I shouldn't have to tell you about the importance of having a signed, written agreement on hand before you begin a project. The concept has probably been drummed into your head by your firm's principals, who had it drummed into their heads by the folks they used to work for, their professional liability insurers, and legal counsel. And, for what it's worth, I concur completely: If you do not have a written agreement for a commission, do not begin to render services. Period. But as for the notion that nothing is more important than having a signed, written agreement on hand before starting a project, I disagree. Something is more important, by far. It's called the contract formation process, and to say that it results in a signed, written agreement would be like saying that winning an Olympics competition results in a medal: There's a lot more to it than that.

Arguably, one could say that all projects begin with a contract formation process, even those where the process amounts to a five-second telephone conversation consisting of "Can you come out to the site?" and "Okay." That's not a good contract formation process, to be sure, and the oral agreement that results can be troublesome, indeed, as documented in *ASFE Case History No. 80*, where a \$200-fee project generated a loss likely to have been in excess of \$200,000, not including legal expenses.

The contract formation process is seldom a problem on major projects, because so much needs to be discussed between representatives of the client and the civil engineer. Often, the contract formation process occurs over several meetings, where the two parties discuss the scope of service and the agreement's terms and conditions, including schedule and fee. The individuals involved get to know one another and gain a much better understanding of where each other is "coming from," establishing a relationship that generally can help a project progress in a somewhat trouble-free manner.

Exactly that kind of relationship should be established no matter what size the project is, but – in fact – it often is not created when a small project is involved. Instead, believing that "nothing is more important than a signed, written agreement," all too many project managers send a proposal to a new client and begin providing services when the proposal

is returned, signed, and thus is a contract. How about meeting with the new client's representative instead, to discuss the risks involved, to adjust the representative's unrealistic expectations, and to otherwise create the type of relationship that should exist between a competent, concerned professional and a client representative who needs to know more in order to achieve realistic results? All too often that doesn't occur, which is why – as documented in numerous ASFE case histories – the biggest risks stem from the smallest projects. That being the case, why don't firms take smaller projects more seriously? I have to believe that some are just not aware what the facts are, and so continue with business – risky business – as usual. Some firm representatives regard small projects as boring, unchallenging, commodity-type efforts ("You've seen one, you've seen them all"), so they pursue them in a less-than-concerned manner, even though their viewpoint may be 180 degrees from the client representative's.

Then there's the fact that small projects result in small benefits (i.e., profit) for the firm, thus leading to the wholly erroneous thought that "We don't have enough profit in this one to spend an hour holding the client representative's hand." But evaluating a project in terms of prospective profit is the wrong approach. Profit is the upside. What's the downside? Downside is the risk and, knowing that the smaller the project, the bigger the risk, only a fool would approach a small project in the wrong way. In essence, because it is a small project, you have no choice but to establish an effective contract formation process, because – otherwise – the risk is (or certainly should be regarded as) intolerable.

And, of course, there's always "We don't have time to meet with the client representative, because the service is needed *now*." (Translation: "The client has planned poorly, making last-minute service essential. This creates serious risk, but we're going to accommodate the client anyway, accepting a significant risk for a tiny fee and even tinier profit.") But that's the client's problem, not ours... unless you accept the project, of course.

And let's not forget engineers' perennial lack of self-confidence, especially as it manifests itself in sales. Why is it that so many seem to fear that, if they refuse to accept

a project, no matter what its size, no matter what the client's reputation, they may go out of business tomorrow?

ASFE has steadily pushed the concept, If you can't do it right, don't do it at all, because that's how one "prosper through professionalism." You need to begin every project with an effective contract formation process, and – when newer client and client representatives are involved, you need to put more time and more effort into the activity. If for any reason you are unable to do that – because you don't have the time, or the budget, etc. – then, by all means, respectfully turn the project down. If you can't do it right, you're going to do it wrong. Learn from others' mistakes. Or learn from your own. It's your choice.