



# REALITY CHECK



### **ASPE Mission Statement**

*The American Society of Professional Estimators serves construction estimators by providing education, fellowship, and opportunity for professional development.*

### **Officers & Committees 2000-2001**

President	Ed Alexander, CPE	Planning
1st V P	Mike Gioffre, CPE	Publicity
2 <sup>nd</sup> V P	Jim Connell, CPE	Membership
3rd V P	Bruce Gollicker	Newsletter
Secretary	Jerry Doherty, CPE	Legal/Archive
Treasurer	Jeff Coopersmith, CPE	Finance
1 <sup>st</sup> Director	Ed Lupinek, CPE	Certification
2 <sup>nd</sup> Director	Wayne Shannon	Program
3 <sup>rd</sup> Director	Buzz" Kingsley	Faxing
4 <sup>th</sup> Director	Rich Murphy	Education
5 <sup>th</sup> Director	Anne Jacobi	Awards

REALITY CHECK is published by the American Society of Professional Estimators Delaware Chapter, Inc. which is solely responsible for its content.

## **President's Message**

ASPE Delaware Chapter is alive and well!!!

Meeting attendance has averaged over 40 persons for the last year. A fair number of these persons were not members. Some have since joined the chapter. Wayne Shannon, of MiKen Builders, has our speakers lined up through the end of the fiscal year.

So far this year, four members have become Certified professional Estimators.

The Golf Outing committee is organized under the able leadership of Jim McLaughlin, of Union Wholesale, and is preparing a bigger, better and more enjoyable day of golf.

The membership committee - five members - under Jim Connell, of Barclay-White, continues to recruit new members while working on retention. They have created some very innovative tools.

Joe Connelly, of M. Davis, has joined Bruce Gollicker, of Pyro-Tech, in the production of the chapter newsletter.

A web page committee, headed by Fred Gschweng of Wayman Fire, has a chapter web page under construction. It is expected on line before the end of the year. This will be available for internal chapter use as well as reaching out to the construction community.

There has been an increase in members who are actively participating in the chapter affairs. An increased number of committees have multiple members. (The key seems to be asking members to perform specific tasks of limited duration in defined timeframes.)

Several members are already planning to attend the July national convention in Atlanta.

There are many more things going on with participation by many more members and not enough space to report it.

The nominating committee will be formed at the March meeting to recruit a slate of officers to lead the chapter in the upcoming year (starting in July). I expect there will be a number of new members as well as existing ones running for office. Don't be bashful - Get involved!!!

Ed Alexander, CPE  
ASPE Delaware Chapter #75 President

## **Dedicated to Improving the Skills of Construction Estimators...**

American Society of Professional Estimators

**Bid Shopping and Bid Peddling**

The American Society of Professional Estimators in its Code of Ethics has stated that bid shopping and bid peddling are unethical and are not to be practiced by members of the society.

**BID SHOPPING**

Bid shopping, as defined in Canon #5 of the Code, occurs “when, after the award of the contract, a contractor contacts several subcontractors of the same discipline in an effort to reduce the previously quoted price.”

In other words, if a prime bidder attempts to compel a sub-bidder to lower a previously quoted bid price, that is bid shopping. Bid shopping may occur either on bid day or after bid day; either before or after the award of the contract.

In addition to price information, the status of a sub-bidder’s competitive position or technical scope are equally sensitive. Legitimate practice precludes use of this information in haggling, trickery, or coercion of any kind. During contract negotiation, sub-bidders should not be advised, nor should they inquire, of the other bidder’s price or scope, nor of any changes that would be required to qualify them as the successful sub-bidder. After sub-bidder commitments are made, or within a reasonable time after prime contract award, sub-bidders should request. And should be advised of their competitive position, both in price and scope.

**Owner’s Participation**

Bid shopping is not confined to prime bidders and sub-bidders. Some owners also participate by encouraging prime bidders to bid shop and by bid shopping themselves. Ethical contractors will propose value engineering to lower their bid. They will not engage in bid shopping. Owners will protect the confidentiality of prime bidder’s value engineering ideas and all other pre-award submissions.

**Bid Peddling**

Bid peddling, defined in Canon #7 of the Code of Ethics, occurs when a sub-bidder “approaches a

general contractor who has been awarded a project with the intent of voluntarily lowering the original price below the price level established on bid day. This action implies that the subcontractor’s original price was either padded or incorrect.”

When sub-bidder lowers a price to get closer to or below the legitimate price, that is bid peddling. Whether or not the low price bidder has a contract, whether or not the action occurs before or after bid time, it is bid peddling.

**Comparable Price**

“Price” here means “comparable price”, the price which accurately reflects to the prime bidder a scope of work comparable to the other sub-bidders in the trade. It is the prime bidder’s responsibility to understand the complete scope of work being bid by the sub-bidders, and to determine the value of adjustments to a sub-bidder’s price which must be made to compare it with other prices. In this way, sub-bidder prices are judged “apples to apples.”

When negotiating a contract, it is the sub-bidders responsibility to provide accurate prices for legitimate scope additions and deletions, where necessary,-not to use such pricing as an opportunity to bid peddle.

Excerpt taken from: *American Society of Professional Estimators Bid Shopping and Bid Peddling*



**Dedicated to Improving the Skills of Construction Estimators...**

## **Recap on this month's topic: Construction Industry Arbitration & Mediation**

Although none of us has ever had the unpleasant experience of battling out a contract dispute in court we know of somebody that has. This time consuming and expensive process usually ends up with an unfavorable outcome leaving scars on business relationships and holes in each party's pockets.

Mr. Howard D. Venzie Jr. ESQ the guest speaker for our February meeting spoke in detail about the process of Mediation. Mr. Venzie a practicing attorney in Philadelphia since 1975 holds degrees from Villanova law and Temple. He practices before all courts of the Commonwealth of Pennsylvania, US District Court of eastern PA, and lectures frequently to state builder and contractor associations, CSI and AIA.

The lecture touched on the fact that the mediation process is considerably less expensive and most cases are settled in a few hours depending on the complexity of the issues.

A few key points:

1. Mediation settlements are enforceable as any other contractual agreement.
2. A mediator can bring a new perspective to the proceedings. Through the mediator's own knowledge of the subject matter, he or she can assist parties in exploring alternatives that they might not previously have considered.
3. Mediators are chosen based upon their knowledge and experience of the case in point.
4. The mediator's goal is breakdown the walls enough to stimulate an environment of give and take where a mutual agreement can be made.

At the closing of Mr. Venzie's lecture he said "The best advise I can offer you as construction professionals would be to send your managers or key personnel to a seminar on negotiation." Many of the disputes that arise are due to poor communication skills.

For information pertaining to mediation rules, forms, etc. visit the AAA website at [www.adr.org](http://www.adr.org)

Joseph J. Connelly CPE

## **Negotiating with Difficult People & Situations--10 Basic Guidelines**

**By James F. Hennig**

Long hours, approaching deadlines, fraying tempers...sound familiar? In the fast-paced building industry, with its wide variety of personalities and business relationships, successful negotiations can sometimes be difficult to achieve. Whether dealing with clients, contractors, suppliers, or employees, effective negotiations are critical to success.

Before getting any more specific, it is essential to have a win/win negotiating philosophy. The reason is simple. You build trust and rapport with the other party, which becomes far more valuable to you in both the short and long run than any other advantage you might gain. People like to do business with people they like. When the relationship is right, the details rarely get in the way. When the relationship is wrong, no amount of sophisticated negotiation strategy will bring about an agreeable settlement. With that in mind, let's consider one of the greatest challenges encountered in negotiating: working with the emotional, irrational, or illogical negotiator under tremendous stress. The following 10 considerations will help to overcome these barriers:

1. Separate the people from the problem. Remember, a negotiator has two interests in any negotiation—the negotiation itself and the relationship with the other party. Separate the two. A good negotiator is both tough and soft. Be tough on the facts of the negotiation, and soft on the relationship. Be firm on the problem and be gentle on the people. Generally, concessions can be made on the process of the negotiation; the environment, the timetable, and procedural details while holding firm on the important items.

2. Be reflective. One of the most effective techniques with someone who is upset is to simply reflect back to them what they have been trying to say to you. For example "Let me see if I understand you, Bob. What I hear you saying is..." Restating the other parties

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position in your own words will not only increase their comfort level, but give them an opportunity to clarify or add details. This does not necessarily mean that you agree with him, only that you understand his feelings and thoughts. Without fail, this technique works to reduce the anxiety of the emotional, irrational, or angry party. Feeling they are understood, they relax.

3. Give positive, nonverbal feedback. When someone is upset, it is amazing what you can accomplish with the effective use of body language. Lean forward, nod occasionally, use reflective facial expressions. Decreasing your eye contact, crossing arms and legs, and lack of facial expression only create increased tension or hostility. Make sure that your expressions are genuine!

4. Take notes. Especially when people are upset or complaining, taking notes communicates interest and caring and tends to reduce the other party's concerns. Taking notes can even be used effectively on the telephone, saying something like "Excuse me, could you slow down just a minute, I'm jotting down your concerns so I can be sure I understand the situation completely." What a difference! All of a sudden the person realizes you care, and down go the barriers previously erected.

5. Never respond to a hostile remark with a hostile remark. A study of competitive negotiation scenarios generally reveals less success when hostility is the response to hostility. Good negotiators have trained themselves not to fall into the trap of responding in a like manner in the hostile environment. One of the most effective approaches is to continue to probe concerning the hostility, trying to get to the core of it and allow the other party to keep venting hostility until none remains. In some cases it is useful and even necessary to respond aggressively or forcefully. However, by controlling your feelings, and leaving out hostility, you maintain the relationship and your personal integrity.

6. Rarely issue an ultimatum. An ultimatum may back you, or the other party, into a corner. It makes compromise and saving face for either party difficult in the future. Notice I say "rarely", rather than "never", because there are certain situations where a "take it or leave it" strategy is more powerful, and worth the increased risk.

7. When the other side is hostile or injured, express sorrow and empathy without accepting responsibility. For example, "Tom, I'm sorry you are in this unusual predicament. It must be very difficult for you." Sorrow and empathy can be expressed without accepting responsibility for the problem, but nevertheless reducing anxiety on the part of the other party. When you assist the other party in expressing feelings, you often open the communication channels and improve negotiating ability.

8. Eliminate the words, "but", "fair", and "reasonable" from your vocabulary. The word "but" can always be replaced with the word "and" without changing your meaning. For example, "I like your proposal, but I'd like to suggest..." can more effectively be stated, "I like your proposal and I'd like to suggest..." The words "fair" and "reasonable" also should be removed from your negotiating vocabulary. They are filled with emotion and can be easily replaced with the word "acceptable". Instead of saying, "Would it be fair if..." or "would it be reasonable if?" say "Would it be acceptable if...?"

9. Don't take personal offense. Most great negotiators know the danger of taking personal offense. Normally, when one party takes personal offense, the situation begins to escalate and, before you know it, is totally out of hand and unrecoverable. Think of it this way--- no one can make you mad---no one can make you take personal offense. All they can do is to take actions that could facilitate your taking offense. However, only you can take it. In most cases, don't, and you will have an infinitely greater chance of reaching an acceptable conclusion.

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10. Recognize feelings as facts. When the other party feels hurt, offended, taken advantage of, unappreciated, or any other positive or negative emotion, that should be considered as fact. That is the way they feel. Initially, it is not important whether they “should” or “should not” feel that way. First, understand exactly how they feel and why, and acknowledge their feeling as a fact. Then decide the appropriate course of action.

The application of these techniques can greatly improve the outcome of a difficult negotiation. By acting with integrity, consistency, and a true concern for people and your relationships with them, you will be rewarded with greater success in even the most challenging negotiations.

### **Negotiating an Impasse**

“We’ve reached an impasse! There is no way to continue! The negotiation is over!” How many times have you come to this point when working with a client, a contractor, a supplier or an employee? My observation of many negotiations leads me to believe that more often than not there are ways over, under, around, or through the obstacles presented, if at least one of the parties is willing to have an open mind and explore possibilities. Negotiation skills are critical in these situations. The slight edge principle certainly applies here, “There’s very little difference between people, but the little difference makes a big difference”(W. Clement Stone).

Here are 25 creative alternatives to use when an impasse occurs. When one or more of the following techniques are applied, the negotiations can often be saved to the benefit of both parties.

1. Take a recess. Break and help release tension.
2. Recap or summarize. Review progress and agreements to point of impasse.
3. Use doomsday tactics. Explain the dire consequences of not reaching an agreement.

4. Express feelings. Clear the air for further progress.
5. Introduce another issue. Make it one that may be easy to solve to get back on track.
6. Agree on principle. Get agreement on anything to build momentum.
7. Disclose something. Sometimes disclosing otherwise confidential information can help.
8. Create a hypothetical situation. It can increase creativity in problem solving.
9. Use empathy. It is effective with relationship-oriented negotiators.
10. Include a quick close tactic. Throw in a bonus when close to final agreement.
11. Appeal to an ally. Utilize a team member or third party.
12. Use humor. Loosen up a tight situation.
13. Illustrate. Put facts and figures. Agreements and disagreements, in black and white.
14. Provide a conditional concession. Give something with a condition.
15. Change location. A change of scenery can stimulate creativity.
16. Change the shape of the money. Change payment.
17. Change specifications. Rearrangement of the terms of agreement can provide a fresh approach.
18. Change the negotiator or a team member. A new person can provide a fresh approach.
19. Provide a guarantee. This will help to overcome a risk involved.
20. Bring in an expert. New ideas plus the power of an expert can add momentum.
21. Change levels. Negotiate up or down one level of authority.
22. Refer to a joint study committee. It keeps negotiations open with added input of additional people.

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23. Use a mediator or arbitrator. A mutually agreed upon third party can be of great assistance.

24. Add options. Options often provide great incentives.

25. Postpone. It leaves door open rather than a walkout or termination of negotiations.

The next time you are faced with a "brick wall", perhaps one of these tools can effectively get you through to the other side.

James, Construction Business Review, Volume 8 Number 2, 2000.



### **GENERAL MEETING MINUTES**

The February meeting for the general membership of ASPE Delaware Chapter 75 was called to order at 6:30 pm, February 7, 2001. A quorum was recognized.

The meeting was conducted in association with the Delaware Chapter of ASHRAE.

Opening remarks were made by Delaware ASPE Chapter president Ed Alexander. Ed noted that all proceeds from tonight's meeting will be split between the participating associations. After brief opening statements, all members introduced themselves, and the company they were representing.

ASHRAE announced that an upcoming seminar will be held to discuss new piping designs for refrigeration systems. The seminar will be open to any interested party and the exact date and time will be published in the newsletter.

### **ASPE CHAPTER BUSINESS**

ASPE Chapter president, Ed Alexander, stated that the next ASPE general membership meeting

will be held at 5:30 pm on Wednesday, March 14, 2001 at the Christiana Hilton.

Jeff Coopersmith, **Finance**, reported the current account balance of \$6968.75, excluding tonight's proceeds. The winner of the 50-50 raffle was Sean Dougherty (ASHREA). The meeting was well attended by ASPE members, with thirty-three members in attendance.

Ed Alexander presented new member certificates to: **Tom Clover, Snyder Crompton, and Randall Ferry, Cutting & Coring, Inc. Congratulations and welcome.**

Chapter President, Ed Alexander, presented the first honorary membership to long time supporter, Mr. Larry Lewis. Mr. Lewis works for the State Attorney Generals Office and has spent many hours of his own time as a guest speaker.

### **PROGRAM**

ASPE Delaware President, Ed Alexander, introduced Mr. Howard Venzy the guest speaker for the evening. Mr. Venzy gave a presentation titled "Mediation in the Construction Industry in the new Millennium".

The general meeting adjourned at 8:40 pm.

### **ASPE February BOARD MEETING**

The February meeting of the Board of Directors of the American Society of Professional Estimators, Delaware Chapter 75, was called to order at 6:00 p.m. on Monday, February 19, 2001. Subs were served again.

#### **Meeting Attendees:**

Ed Alexander  
Jeff Coopersmith  
Ed Lupinek  
Jerry Doherty

Other attendees: Wilson Davis, and Fred Gschweg  
Location: Bancroft Construction Office, Wilmington, Delaware.

Chair: Ed Alexander

A motion to accept the previous meeting minutes was made, and accepted by attendees. The January Board meeting minutes were accepted without exception.

### **General Business**

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1. Chapter Secretary, Jerry Doherty, noted that a quorum was not present from current sitting Board members and that all decisions requiring full board approval will be deferred until Chapter President, Ed Alexander, can poll absentee members.

2. Ed Alexander reminded all committee heads they must prepare to submit their committee's work for ASPE National awards. Reports should first be submitted to Mike Gioffre for Compliance with National's criteria. If we are to meet the goals approved by the Board, it is essential that each committee support Mike's efforts.

3. Ed Lupinek, **Certification Chair**, reported that four candidates have signed up for the next certification cycle. The candidates are: Walt Husar, and Jeff Taylor of Conti Electric, Al Kruscheski of Bancroft Homes, and Paul Flannigan of Radius Services.

4. Jim Connell submitted a report stating that at the January 2001 membership meeting, the Ethics Committee presented a very successful program involving a series of skits highlighting various unethical construction practices. Bruce Gollicker, Rich Murphy, and Jim Connell presented the skits.

5. Tony Ricciardi, **Faxing Committee**, submitted a partial report to highlight the coverage of our faxing efforts, and requested approximate counts from participating companies. The report is as follows: Nason Construction:200 faxes monthly; Bancroft :300 faxes monthly; EDIS:150 faxes monthly; Miken Builders: ???; Barclay White: ???. Ed requested that all make an effort to expand downstate efforts.

6. Jim McLaughlin, **Golf Outing Chair**, submitted the following report: All preparations for the 2001 golf outing at Delcastle Country Club have been completed. Selection of a date must be completed as soon as possible. Available dates are: 6/14, 6/21, 6/28. The Board selected Thursday, June 14<sup>th</sup> as the best date. Ed will poll all Board members to confirm selection approval.

7. Jim Connell, **Membership Committee**, submitted this not so brief report: Our committee has issued over two dozen application packets to potential new members in the last month. I have received copies of four membership applications that have been sent to national, two of the four were from membership applications sent out, which is a success rate of 10% if my records are correct. We need to set up a system in which we can track these applications going to national. This will help my

committee know if we are getting responses back or not, and if follow up action is required. All applications should be sent through me so that I can keep accurate accounting of membership. I have asked National to send me a current membership list to update my files, but there may be some in the pipeline I don't know about.

8. Bruce Gollicker submitted a report stating that Joe Connelly has joined Bruce on the **newsletter**.

9. Ed Alexander reviewed the status of the **Nominating Committee**. This committee will be formed at the March general meeting. Ed has requested that the committee get nominating persons ready for all Board positions. Ed also requests that current Board members contact him to determine interest in continuing for another term. Ed will not be returning for another term as president. By the April general membership meeting, a complete, and final announcement of elections will be made.

10. Jeff Coopersmith, **Finance Chair**, stated that our current bank balance is \$6968. Ed Alexander made a motion to direct \$1,500.00 to the National Scholarship fund. After brief discussion, it was discovered that a \$500.00 contribution to National to meet awards requirements, was all that was required. Jerry Doherty made a motion to appropriate moneys for two local \$500.00 scholarship funds for the balance of the proposed \$1,500.00 contribution. Ed Lupinek seconded the motion. Ed Alexander will work in committee to identify the local programs and report back to the full board with his recommendations.

11. Fred Gschweng presented an update of his progress toward completion of ASPE Delaware's **web site**. Fred provided handouts of the proposed home page. The following reports are required to allow Fred to complete the page along with the responsible committee member: Listing of Board Members, Ed Alexander; Listing of Member Companies, Jim Connell; Narrative on continuing education and certification, Ed Lupiunek; set-up form provided by National, to allow for membership application, Jim Connell, membership committee. Fred anticipates another two months before completion. The Board commended Fred for spending a large amount of his personal time in creating the web page.

The meeting was adjourned at 7:30 pm.

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# 2001 Annual Convention

Wyndham Atlanta Hotel

July 25th - 28th

# 2001 Annual Convention

**Wanted:** Additional raffle prizes. Wouldn't it be nice if we had 2<sup>nd</sup>, 3<sup>rd</sup>, etc. prizes for our monthly raffle? Some suggested items are sports tickets, shirts, and hats, booze, discount certificates, etc.

## ASPE Delaware Chapter Advertising Rates

Size	(1) Month	(3) Mths	(6) Mths	(9) Mths	(1) Yr
Business Card	\$7	\$20	\$38	\$54	\$70
(2) Bus. Card	\$13	\$38	\$68	\$95	\$120
1/3 Page	\$20	\$60	\$105	\$150	\$190
1/2 Page	\$26	\$80	\$140	\$195	\$240

### Newsletter Reminder Notes:

Copy must be submitted in Windows 95, Word 6.0 or earlier format, by e-mail, hand delivered on disk or is ready to scan.

All submissions must be received on or before the first of the month.

**Got Something to Say?** We want to hear your editorials, comments, and stories. If you run across an interesting article that would benefit the membership, please submit it to Bruce Gollicker, Pyro-Tech, fax (410) 392-8113. Deadline for submission is the last Friday of the month.

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**We know you're busy,  
So as a reminder.....**

Unless otherwise noted, *Chapter meetings* are the **Second Wednesday** of each month. *Board Meetings* are the **Second Wednesday** of each month. Deadline for submission to the Newsletter is the last **Friday** of each month.

**Have Your Product/Service Recognized  
by 76 Estimators in  
50 Delaware Market Companies**

**Delaware Chapter ASPE**  
**P. O. Box 3515**  
**Greenville, DE 19807-0515**

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