



Fire Suppression Services Incorporated
3802 South 2300 East, Salt Lake City, UT 84109. Ph (801) 277-6464

Mob-DeMob. Mobilization and Demobilization

Summary

Generally, contractors are not entitled to an additional/separate payment for mobilization and demobilization costs.

Presumably, when you bid the project you included your expected mobilization and demobilization costs in your price.

However, mobilization and demobilization costs can become an issue when you have to demobilize before finishing the project and especially if you then have to remobilize and demobilize again.

Are you entitled to the additional mobilization and demobilization costs? Perhaps.

Extra costs related to mobilization and demobilization is an issue that you would be wise to address in your contract documents.

This typically comes up as a problem when a payment has been missed and one contractor suspends works under the contract and then takes the further step of demobilizing.

If you have not yet reached a payment milestone in the contract then you may be stuck absorbing the costs, which could be substantial on a large project, especially if heavy equipment is involved.

Having to absorb the demobilization costs can be a problem because if you didn't finish the entire contract the profit margin on the completed portion may not justify the demobilization costs.

If your contract is silent on early demobilization you can make the argument that you are entitled to payment. But you could lose the argument.

Rather than risk it, put a provision in your contract that specifically states that if you have to suspend work, for any reason, and have to demobilize before completion, then you are entitled to recover your demobilization costs.

Of course the next thing may be remobilizing to complete the project after the payment is (hopefully) made.

Again, the remobilization costs could significantly eat into your profit margin.

Therefore, your contract should also provide that if you have to remobilize you are entitled to recover the remobilization costs.

These small changes to your contract can be accomplished in a few simple sentences but the cost savings could be enormous. You will see all of these in our Terms & Conditions file in the \companies\common folder\paragraph to add to your bid

These provisions, in my experience, are typically accepted by the other side because they only kick in if there is a breach.

For example, a general contractor would only get the demobilization and remobilization costs if the owner breached the contract.



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Employee Training Manual

Mobilization-Demobilization

Contract Terminology

Similarly a subcontractor would only get the demobilization and remobilization costs if the general contractor breached the contract.

Thinking of these small issues before you complete your contract can be the difference between breaking even and making a profit.