

Obligation Specification



the facts

Best Design was hired to provide interior design services for a hotel renovation. The firm put together a mock room for the hotel owner's approval, which included sample colors, furniture, furnishings and equipment. The design was approved by the hotel owner.

Risk Factor #1

Final approval of the furnishings was left to one person with no checks and balances in place to make sure the correct items were approved for purchase.

When the actual swatches for the bed throws were received, they were approved by an employee who did not compare them to the samples in the mock room. The swatches did not match the original design, and as a result, the throws did not match the rooms. When the sample mirrors and bed bases arrived, Best Design did not seek the owner's approval. Instead, they approved the items themselves. When the entire shipment arrived, the mirrors and bed bases were the wrong shapes and sizes.

the result

The hotel owner filed suit against Best Design, alleging the hotel incurred costs and expenses for bed throws, bases and mirrors that were the incorrect color, size and shape. They also claimed expenses for storing the incorrect items. Total damages claimed were \$186,000. Best Design acknowledged the wrong colors and mirrors were approved and the case was settled for \$160,000.

Risk Factor #2

The designer should ensure the purchases are correct and approved before they are shipped to the client.

In addition to their interior design services, designers purchasing furniture, furnishings and equipment increase their exposure. The design firm has an obligation to make sure the items purchased meet the specifications of the project owner. A separate agreement for the purchasing of furniture, furnishings and equipment, that clearly outlines the approval process, can help reduce errors similar to the ones described above.



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