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7 Ways Subcontractors & Suppliers can WOW General Contractors

By George Hedley

Being a general contractor is a hard way to make an easy living. There are lots of moving parts totally out of your control. On every job we have over 5,762 chances to make a mistake, miss a schedule or tick off customers. Things aren't perfect including the plans, specifications, field conditions, inspectors, subcontractors, suppliers, deliveries, conflicts, and payments. Our customers expect everything to go exactly as scheduled, with perfect quality, no hiccups or extra costs. **WOW**, I am getting depressed just thinking about trying to accomplish this!

The problem with the construction business is every party wants to make more money by providing the minimum. Scope of work is clearly defined and most contracts are awarded to the lowest qualified bidder based on price. The bidder who offers better service for more money rarely gets the contract. This causes every general contractor, subcontractor, and supplier to balance providing great service and exceptional quality while making a fair profit.

I am a general contractor & developer of commercial and industrial projects from \$2,000,000 to \$15,000,000 in size. On every project we select from our database of over 3,000 companies to eventually hire at least 35 subcontractors and buy from 5 to 10 suppliers. The bottom-line when choosing subcontractors and suppliers is all of them are almost the same except for price. Very few contracting companies do anything different than the others. They give you what you pay for, the minimum, no more and no less. Because of this, sadly, we usually award based on price.

1. Man the job

It is easy to get jobs you can't handle - bid them cheap! When bidding, be prepared to properly man projects with enough qualified trained workers. A larger job may take 15 men to maintain the schedule. If you only have 20 men on your entire crew, don't bid it and hope you can find enough help when you need them. I want trained crews lead by jobsite foreman who:

- Have ongoing training
- Speak English
- Can make decisions
- Can read the plans
- Understands codes
- Knows the contract
- Run a safe job

2. Be well financed

I've heard many a time, "I've got to get paid by Friday or I can't make payroll." This is not the general contractor's problem. All general contracts and subcontracts include payment procedures for every project. Generally when you invoice by the 25th, you will get paid by the following 15th through the 30th of the next month. This is how the construction business works.

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Subcontractors and suppliers who are undercapitalized, usually don't have enough working capital or an adequate bank line of credit to handle the work they can get. This causes a cash-flow crunch, which doesn't allow them to hire enough help to get their jobs done on time. This creates stress and causes their businesses to run inefficiently. This makes everyone upset including the general contractor, construction manager, and project developer while it hurts the other subcontractors on the job. The underfinanced subcontractor then makes their problem become their customer's problem, which ends up in lost profits and no repeat work.

To run a successful subcontracting business, I recommend at least 20% of your annual sales volume in working capital plus a bank line of credit of at least 15% of your annual sales as a backup. When a subcontractor hits me up for money, I ask them what their line of credit is. When they answer they don't have one, I know I am dealing with a poor business owner who doesn't know how to run a profitable business.

3. Manage the contract

Step one: **READ THE CONTRACT!** Most subcontractors never read their subcontracts. Like a dog in heat, they are so excited to get awarded a job, they'll sign just about anything! I take care in writing specific and complete subcontracts to clearly lay out how I want the project managed. Most subcontracts include clauses which clearly define how to:

- Provide proper notice
- Get paid for extras
- Proceed on changes
- Proceed when not paid
- Present a change order
- Delay the project
- Keep the schedule
- Communicate
- Attend meetings
- Submit items for approval
- Get paid
- Handle Disputes

What makes me really upset are subcontractors who ask for change orders 13 weeks after the extra work was completed. I want subcontractors and suppliers to manage per the contract and follow it to the letter.

4. Be Pro-Active

Typical subcontractors wait for the general contractor's field superintendent to call and inform them to start work on the project. For example, a superintendent calls the plumbing contractor on Wednesday and says, "Okay, we need you next Monday." The subcontractor replies: "Gosh, Monday, I can't start on Monday, I wish you'd called me earlier. I am really busy right now and I don't have the submittals approved yet."

A pro-active subcontractor is on top of every job they have a contract to build. They don't wait for customers to call. They take responsibility for monitoring all their projects by visiting jobsites early and staying in touch with project superintendents on a regular basis. When they get the call to start, they're ready, the materials are approved and available, the foreman is familiar with the project, and they are ready to man the job as required to maintain the schedule.

Be pro-active rather than re-active. Go see the general contractor, sit down and ask how you can make the job run perfectly for them. This almost never happens. Visit the job site, walk the job with the superintendent one or two months before you're supposed to be there. Stay in touch with the project manager or field superintendent on a weekly basis to monitor progress. Ask: "How can we help you meet your project goals?"

5. Manage the jobsite

It would be really special if subcontractor and suppliers treated our jobsites like their own homes. In your home you don't leave trash all over the place. You don't leave a project unfinished. You don't borrow your neighbor's phone, power or toilet without asking. You don't damage other people's work and sneak away without telling someone you'll fix it. You don't create unsafe conditions and leave them exposed for your family members to encounter.

Why do I have to do a final walk-thru and make a 'punch-list' for all of the subcontractors to complete? Can't they see what's wrong with their work? This drives me nuts! I expect subcontractors to be professional. Here's a jobsite management **WOW** checklist:

- Weekly safety meetings
- On-going everyday cleanup
- Haul your own trash away
- Provide temporary facilities
- Protect materials from theft
- Keep your tools locked up
- Do your own punch-list
- Keep your own set of plans
- Do your 'as-builts' as you go
- Protect finished surfaces

Check-in with the project superintendent everyday before your crew starts work and discuss schedule, priorities, manpower, conflicts, and issues. Before you leave the jobsite, again check-in with the superintendent to discuss what's left and what's next. Never leave a job when you think you're finished without a walk-thru to inspect your completed workmanship.

6. Help me!

My working relationship with subcontractors and suppliers is a continuous ongoing push and pull versus give and take. Today, we are nearing completion on a 12-building project. Each building has been sold and the occupants are waiting to move in. It is obvious we need the subcontractors to finish and get their final inspections. It is such a hassle to get them to perform as they have countless excuses why they can't complete their work and man the job properly. This poor attitude and unacceptable business practices are the norm in the construction industry. Doesn't anyone care about anything but themselves?

I want subcontractors and suppliers who care about the overall project goals and will do whatever it takes to make it happen. I am not asking them to lose money or go beyond the call of duty - just do what they are contracted to do. This includes meeting the schedule, caring about their customer, and the ramifications of not finishing projects on-time. On the project I described above, we have a \$14,000,000 loan clicking along at \$2,300 per day interest. Plus there are 12 building buyers trying to schedule their move-ins. When subcontractors miss their deadlines on this project, over 100 people are affected plus the associated costs. "Subcontractors - PLEASE GIVE ME SOME HELP!"

7. More WOW ideas

- Send me a thank-you note
- Bring me leads
- Get bids in on time
- Give me value-engineering ideas
- Don't overcharge on change orders
- Send me product literature
- Keep me informed of new ideas
- Help me make a profit
- Give me a referral
- Train my superintendents
- Get an email account
- Carry a handheld email device
- Use email
- Carry a digital camera
- Use your digital camera
- Take me to dinner

Ask me: "how can we improve?"

When we've got a choice to hire Joe's Electric vs. Ed's Electric on a project, we weigh lots of variables. Consider our choices: Joe's Electric has five electricians, is a pain to deal with, and generally asks for non-reimbursable change orders. Ed's Electric has 30 trained electricians, is always there when you need them, and is fair and timely on change order requests. If the two bids are only 1 or 2 percent apart, we are going to award it to Ed's Electric every time. I don't need the hassle. Life's too short and construction is too hard.

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How subcontractors and suppliers can **WOW** general contractors is to be more pro-active and less re-active. Help project managers anticipate problems, get the job done properly, provide enough qualified trained field help, finish ahead of schedule, and suggest better ways to save money. To **WOW** a general contractor is easier than you think. It doesn't take a lot to set your company apart from the pack. Try a few of these tips and you will get more work, make more money and have more fun.

Subcontractor Evaluation Form

Subcontractor		
Date of Evaluation	Evaluated By	
Job Name	Job Number	
Rate Each Area From 1 to 5 (5 Highest)	Rating	Comments
Subcontractor Mans Job Properly		
Adequate manpower		
Jobsite foreman		
Provided enough trained workers		
Has ongoing training program		
Foreman speaks English		
Foreman can make decisions		
Crew can read the plans		
Understands codes and requirements		
Runs a safe job		
Subcontractor's Financial Management		
Submits invoices on time		
Accurate invoices with proper releases		

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Adequate working capital			
Subcontractor Follows Contract			
Understood job requirements			
Understood & followed contract			
Followed change order procedures			
Keeps the schedule			
Communicates with General Contractor			
Attended meetings			
Submitted items for approval timely			
Subcontractor Is Pro-Active			
Monitored project schedule & quality			
Stayed in touch with superintendent			
Ready to start work at scheduled time			
Tried to help make the job run smoothly			
Subcontractor Managed The Job			
Held Weekly safety meetings			
Provided on-going daily cleanup			
Hauled away own trash			
Provided temporary facilities			
Protected equipment, materials & tools			
Did their own punch-list			
Kept their own set of plans			
Kept their 'as-builts' up to date			

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Protected finished surfaces			
Subcontractor Added Value To Project			
Brought us leads & referrals			
Got bids and price requests in on time			
Provided value-engineering ideas			
Didn't overcharge on change orders			
Sent us product literature			
Kept us informed of new ideas			
Helped us make a profit			
Trained and assisted my superintendent			
Uses email to communicate			
Carries or uses a handheld email device			
Carries or uses a digital camera			
Is involved in an industry association			
Sent thank-you note or appreciation			
Asked us: "how can we improve?"			
Other:			
TOTAL			

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