I have subcontractors who work for me that I absolutely can’t stand! Conversely, I also have subcontractors who I consider good friends who don’t work for me.

Seem odd? Well, not if you understand the reasoning behind the subcontractor selection process practiced by most general contractors these days. What at first glance may seem like a straightforward exercise is actually chock-full of consternation and consideration on the part of the general contractor.

Once upon a time . . .

There are many fairy tales floating around about how a general contractor selects a subcontractor. The biggest tale, of course, is the long-held belief that the GC automatically goes with the lowest price in the pile. I’m a GC, and have been for a long time, and I can absolutely attest that, in most cases, this is simply not how it’s done. Of course, we do all live on the planet Earth, so unfortunately money is one determining factor, but it is not the only thing we ponder. There are many other considerations.

“Like what?” you ask. Well, we’ll look at some other considerations in a moment. But before we do, there’s something you should understand about the GC and how he views the proposals received. During the compilation of an estimate, it’s not uncommon for the GC to get a number of estimates (within any particular discipline of work) grouped very closely together in cost.

On a recent competitive-bid proposal, I ended up with five HVAC bids within $1,000 of each other on a $115,000 HVAC number (really!). Now, I know that it’s rare for sub bids to be that close. But my point is, I viewed all of these bids as virtually the same number, particularly in light of not having adequate time to flush out a definitive scope of work for each proposal within the limited, hectic time leading up to the bid deadline.

There is very seldom that mythological “blow-out low” number that many subcontractors surmise, and when there is, it tends to draw more suspicion than acceptance. Why? Because it’s simply bad business (and ethics) to knowingly include a subcontractor who, once awarded the job, can’t possibly benefit from performing his work.

Besides the obvious apathy that would surely manifest itself out on the site, there would also be the increased possibility of the sub defaulting completely, leaving you (and the owner) with a gaping hole to fill in the schedule.

Other Sub Selection Criteria

So, assuming the numbers are close and the cost consideration is more or less neutralized, the GC begins to look at other selection considerations.

Experience With the Type of Work Being Awarded. Let’s say the proposed new job is for example a hospital. Let’s also assume that this hospital is a repeat customer of mine, so I harbor special incentive to stay in their good graces. Before I hire a sub for this job, I have to feel comfortable that he is familiar and will comply with the singular considerations of hospital construction, which can include interim life safety training, code responses, strict work documentation and the extra cleanliness and quiet it takes to work in a hospital environment.

Manpower Requirements. This means having trained, experienced people in the proper numbers on site and on time to fulfill the work required. Please note that I am not talking about running to Job Service and making up crews filled with temporary workers. That’s not manpower—that’s a stopgap solution, and I simply don’t have money in my budget to allow new workers to fulfill their learning curve on my dime! And what about equipment? Does the sub have the proper staging, scaffolding and lifts needed to perform the work in question? What about special tools or forms?

The logic here is pretty simple. If the

Subcontractor Selection and the GC

Who Gets Hired and Why?

By S.S. Saucerman
scope of work involves continued use of a cherry-picker, and one sub owns a cherry-picker and one doesn’t, who do you suppose will have the competitive advantage?

**Financial Requirements.** GCs don’t inquire about a sub’s financial situation because they’re nosy. There are real consequences to the GC when a subcontractor goes belly-up midway through a job, not the least of which is the panic it causes the owners who suddenly become unwilling participants in the defaulted subcontractor’s; personal, financial and (possibly) legal wranglings.

Assuming the GC can calm the owner, next comes the exceptionally tricky exercise of bringing a new sub on board midway into the game. This happens at a (probably) greater cost to the GC, because he’s now moved up to the higher bidders.

The process also entails determining and closing-out the defaulting contractor’s scope of work (which is never clean!), the orientation of the new subcontractor into a job that’s 50 percent
complete and putting up with the negative pall cast over the project from this somewhat unsettling event.

Also, remember that this new sub wasn’t just waiting around to take over this new job. He’ll almost certainly need a couple of weeks to get to the new project. Messy? You bet!

Now, financial stability doesn’t mean that all subcontractors must have a four-star financial report card. It simply needs to be adequate for the job in question. In the eye of the GC, the importance of the sub’s financial situation will be more or less proportionate to the size, scope and immediacy of the project. That is, the GC will be far more concerned about the financial strength of his mechanical subcontractor (with their $220,000 contract) than he would be with the toilet partition installers ($1,500).

**Design/Build Capabilities.** In recent years, having the capability to provide your own design/build services has gone from a luxury to a necessity. It’s very common in today’s building world to be asked to do some (or all) of the design for you scope of work—primarily due to the steadily shrinking amount of information coming out of many architectural offices.

Market economics, competition and (yes) the profit motive have caused many design firms to spend less and less manpower and resources on initial design—later passing it off to individual contractors in the form of design/build (but I’m sure they offered the owner a credit, right?).

But like it or not, being that the situation is economically driven (that is, the architect’s economy), the likelihood
that design/build responsibility to the subcontractor will lessen instead of growing greater in the future is dubious. Accepting that, the best avenue for the subcontractor is perhaps to recognize, accept and then embrace this new responsibility, charge for it and develop your design/build methods and procedures to their fullest extent. Then, once perfected, design/build not only makes your company more desirable to GCs, but may also grow into a positive, proactive marketing tool for your business.

**Quality of Work** No one wins—including the subcontractor, general contractor or owner—when work is performed shoddily and carelessly. Poor workmanship is virtually never accepted in today's contracting world, and the purveyor of the poor work will almost always be asked to correct or replace the offending item at no additional cost, and right now.

Unfortunately, the direct cost to the guilty Party is only part of the overall effect of poor workmanship on a construction project.

There are other ramifications. While rectifying substandard workmanship, the schedule is almost always interrupted or altered, affecting costs of other subcontractors who are performing work associated with the work being corrected.

And, just as it was when our sub went “belly up” earlier on, the owner will almost certainly (and perhaps justifiably) harbor raised levels of suspicion (to all the subs and suppliers) after having one bad bout with substandard workmanship.

**Reliability (General).** The good thing about fulfilling this particular piece of criteria is that the more reliable you are, the less important all the previous items on this page become. Nothing beats a subcontractor who comes in on time, performs his work with care, doesn’t ask for petty change orders and fulfills his obligations according to the plans and specifications. The problem in the general contractor’s eyes is there are way too few of these subcontractors out there.

It sounds trite and cliché, but I guarantee that if you (really do) deliver quality work at a fair price, show up when you’re needed and deal honestly and in a straightforward manner, you often will not need to be the lowest bid to be awarded the job.

**Reliability (Cost).** This is one of my pet peeves. It’s also something I contemplate very seriously before I let out a subcontract.

I think cost reliability is defined best as a question: “Does the subcontractor have a history of initially bidding low and then hitting the GC with every Tom, Dick and Harry change order that can be dredged up?”

Obviously, if the GC knows from past experience that he’s going to be adding another $4,000 or $5,000 to a sub’s
original proposal as the project goes on in order to cover the cost of ambiguous “items not included (though under their spec)” or “items not fully understood at bid time (but no effort was made to get clarification),” then that low sub proposal all of a sudden isn’t (and never was) really low.

Professionalism/Architectural Protocol. This includes items such as shop drawings, submittals, mockups, testing procedures, warranty and close-out procedures and any other administrative requirements as spelled out in Division I of the Construction Specification Institute’s spec book and your own specification division(s).

Now, although these are normally requirements of commercial construction participants, they can also be, to the opportunistic contractor, a way to separate yourself from your competitors in the eyes of the GC. By becoming professional and proficient with these architectural protocol procedures, you’ll be one less concern for the person (GC) who will be handing out the work. And the smaller the concern on the part of the GC, the greater your chances are for landing the work.

Speed of Work/History of Delay. The speed at which a subcontractor performs his work, though not as major a consideration as many of those above, is still a very real factor in getting awards. Delay in projected schedules almost always translate into lost profit for the GC (through lost man-hours, liquidated damages, etc.) and the owner (through interest penalties, loss of a prospective tenant’s first month’s rent, or worse yet, the entire lease and more). Because of this high cost, construction schedules are scrutinized and enforced extremely serious.

But what about the speed of the crew itself? Since, in general, most workers really do work at about the same pace (with exceptions, of course), it quite often happens that the real cause of delay or lapse in a subcontractor’s schedule comes, not from one or more slow workers, but from an overall inability or inexperience in planning, scheduling and tracking material and labor requirements for their own scope of work.

The Chosen One

As you can see, the final decision on who to hire has little to do with “do I like them or not” and very much to do with the subcontractor’s integrity reliability and skill. Now, depending on the GC and where you live, there may be additional considerations (geography, civic affiliations, etc.), and some “local” adjustments may be in order. But, by using the information we’ve discussed as a guideline, you’ll become better attuned to the mindset and point of view of the GC and place yourself in a better position to become the chosen one.

About the Author

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