Bid shopping is a nefarious act, and anyone who practices that black art is bad and should be run out of town, or worse. Just ask any subcontractor. I know that to be true. The evils of bid shopping was the subject of discussion at a recent estimator’s association meeting. I listened to those discussions without entering into them. Now that I’ve had time to think things through, I want to voice my opinion. You see, I am a general contractor, and every day, I practice bid shopping in one form or another. It is not bad; it is a valid and necessary way to conduct business.

Bid shopping was defined as sharing bid information between competitors. Some subcontractors told of times when a copy of their proposal was given to another subcontractor, others just complained about the times when the GC just gave them verbal feedback. Obviously, there are means and methods that may be acceptable or certainly preferable, and I really don’t want to bog down this discussion with what is an acceptable way to shop a bid, and what is not. For the purpose of this column, I want to focus on the practice of sharing information only.

Have you ever seen the bids from a trade such as yours? If I receive five bids on a project from a wall and ceiling subcontractor, it would amaze you to see how different they are. First, the scope is not quite the same. I have to read between the lines to figure out what one subcontractor is leaving out of his bid in order to be the low bidder. Second, the pricing is substantially different. This presents a major problem for me, one of those “damned if you do and damned if you don’t” situations. If I just accept the low bidder, and the bid is too low, I am supposed to know that, and let him off the hook. But how am I supposed to know? Waive the magic wand over the bids? Don’t I have to talk to the other subcontractors and get pricing information from them? Wild bids are normal in our business. I am used to seeing bids that, on first glance, seem too low. In the end, they were within reason.

I have a responsibility to my company to bid and set up a project to be successful, and successful the key word. But many factors contribute to success. The obvious one is profits. But I also have to/should consider the matchup of your company to mine.

How do you approach business versus what this project needs and what my company needs? What about your company’s ability to perform a quality job in accordance with the project’s demands? We GCs tend to focus on the objective low bid, and that’s the only objective thing we can use to justify our final subcontractor selection. Everything else is just a subjective opinion.

What about how you deal with your suppliers? Is your bidding so impersonal that you just send out the bids and take the low one? If the lowest bid comes from an unknown supplier, do you help the known supplier to become the low bid by giving him feedback? Don’t you tell him that he needs to be “X percent” lower to get the job? Is that any different from what I do?

We are all people, and business is all about people and relationships. The only way that I can properly evaluate a bid is to talk with the people, to give and get information that will allow me to make the best decision I can under the circumstances at the time. Many times, the successful bidder is someone I can trust. When I give him the feedback, and if he can adjust his price to measure up objectively, then he becomes the successful subcontractor for the project.

Before you castigate a GC for shopping your bid, think about why he didn’t talk to you. Why haven’t you established a good working relationship with him that would allow him to want to work with you? Isn’t that what you are really mad about?

Shopping a bid as you refer to it is a necessary thing for a GC to do to uncover what a good bid is and what subcontractor will contribute to the success of the project. Without this kind of forum, we could not evaluate bids properly; there is just too wide a margin or difference in bid amounts and scope variances. Bid shopping is not used just to drive the price down. That is the result that is determined by the decisions made by the subcontractor. We don’t control those decisions.

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