Has Anyone Seen the GC?

By Steven Ferry

We have a problem, Houston.

It seems way too many general contractors building offices on planet Earth, United States, have turned a deaf ear to quality and performance and are insisting on hiring the lowest bidders. And then to make matters worse, they let the subs fend for themselves, because their one supervisor is too busy handling e-mails and paperwork to supervise.

That's the message from two in every three contractors surveyed around the country (15 total).

Hmm, seems GCs got it into their heads a while back that the way to handle the problems relating to work
ers’ comp insurance and payrolls and so on was to let their own employees go. GCs would then take on the job of acting as middlemen between owners and the new army of subs looking for work.

It’s a model that could work and no doubt did when the GCs were actually doing their job of coordinating and eyeballing and getting their hands just a wee bit dirty.

But then the greenbacks beckoned, and they figured they could make more money by always going for the lowest bidder, the ones who often cut corners, hired non-union or illegal aliens, made a lot of noise slamming their trunks and generally held up the scheduling.

Then the e-mails and paperwork started to pile up, and they figured they could save more money by having the supers handle all that stuff too. And of course the big bucks were in cutting costs and the owners kept pressuring them to open their new buildings faster, so cutting production time lines by 20 percent made a lot of sense. “A job they used to give you 300 days to complete now gets 250 days, so everyone is on top of each other,” says a subcontractor in Louisiana.

The result, according to the majority of subs surveyed at random, has been subs in each other’s hair because their schedules overlap. And at a time when coordination should be an absolute priority, the supervisors are invisible (not to paint with too broad a brush—many GCs are on the ball, but too many of their colleagues are giving the profession a bad name, and the good GCs have not been effective in policing their own).

What else has happened though? We
find GCs are not plagued by high workers’ compensation premiums anymore, but they are by ballooning lawsuits because sloppy workers and no supervision are resulting in poor work. Sounds like a solution to a problem that became a new problem.

**It Takes a Plan**

Well, from the frying pan into the fire, one wonders if GCs are really finding more greenbacks or Tylenol in their pockets as a result of their shift in job description and strategy. One thing is certain, however: Subs are being adversely affected.

“We have some real good GCs we work for, but you can tell when you run into someone who doesn’t coordinate well. They don’t spend the time to put a plan together, coordinate it with everyone and then follow through with it. I should have walked out on some projects when the GC was not taking the trouble to coordinate properly, but I didn’t. We lost money each time—a great deal of money sometimes,” says a sub from Alabama.

And from a Florida subcontractor: “The general contractors are more or less brokers now; they’re not as proactive as they used to be, so it all falls on the trades: Because the GCs no longer coordinate the trades, the guys in the field are stuck with all the problems.”

Then there’s the contractor from Col-
orado who had a bunch to say on the subject: “The GC is the poor guy trying to do the scheduling, but he’s at the mercy of the subcontractors not performing as they should. GCs set a schedule based on what everybody tells them they will be able to do. So when a sub doesn’t do what he said he would do, it screws everybody’s schedule up right down the line.

“But then the GCs hire them again because their organization comes in with the lowest price on the next job—even though they don’t perform and even though it costs money to have everybody else delayed. It’s one of our key frustrations.

“We strive to keep our schedules and perform so we don’t mess up the contractors and everybody else. You’d think our reputation would land the job. But it never works that way. When you try to get in on the next one, it’s all about the dollar, even when we are maybe 1 or 2 percent higher than the other guy. I’m not in the GC’s head or offices, so I don’t know what goes into their train of thought. But time and time again, they hire poorly performing contractors. We’ll go to a subcontractor meeting, look at the schedule and then at all the different subs sitting there, and say, ‘Okay, I’m going to add three weeks for him, two weeks for him’—because they jack your schedule around and it’s the same subs time and again.

“It’s bizarre and one of the mysteries of
our industry, but the contractor is not spending his own money, he’s spending the owner’s money. If the owner looked at it differently, as interest being paid on a bank loan, and realized this subcontractor cost him two weeks on a million dollars, that would probably make a pretty good chunk of change, and he’d see it might be worth spending a little bit more money up front to hire a subcontractor with a record of performing.

“One might think it is the GC’s job to look after the interest of the owner—and that he might want to avoid all the aggravation of a sub who isn’t performing. He could advise the owner to spend the extra up front to avoid the added expenses at the end of the project. But the owners probably think ‘This extra expense up front is my expense, and the aggravation is not mine but the GCs. I don’t care about his aggravation; I do care about my money. Hold them to a schedule!’

“In a perfect world, that strategy might work. But it never does and they end up paying more in interest. Non-performance and warning clauses exist in the contracts. But to enforce them requires attorneys and delays. So GCs threaten a lot, but by the time everybody realizes they’re going to jack with the schedule, it’s too late and they are already jacking with the schedule.

“And then the GCs hold us to our schedule to make up for the other contractor’s delays—we’re supposed to start on such-and-such a date, so we do but the other guys aren’t done and they’re in our way! We come into a 50,000 square feet office building and they tell us, ‘You can do a 1,000 square foot office at the end!’”

“That’s probably our key frustration. The related frustration being that it’s not about performance, quality or service, but the bottom dollar. A company that focuses on performance, quality and service rare bids the bottom dollar because all of those qualities cost money. It’s a false economy that is going on.

“There are two sides to every nickel, and that’s my side. If the owners and contractors don’t want our service, quality and performance, then we need to know that and we’ll be like everybody else and give them the lowest number, delays and poorer quality.”

**How to Cope**

Certainly, subs can deal with GCs diplo-
matically, and here are several suggestions from subcontractors.

From Louisiana: “The problem is with the superintendents of the GC’s not scheduling the other contractors properly. We try to deal with it diplomatically. If they don’t want to resolve the issue, then we’ll go to the owner, and that usually handles it. Otherwise, we say, ‘We’ll proceed as instructed by y’all’ and have them sign the piece of paper.”

Certainly one should work with GCs, as suggested by a sub in Massachusetts: “While we’ll take the schedule from the general contractor, we’ll also schedule it internally to meet the GC’s needs. In doing so, nine times out of 10, we’re able to see if there is an issue or a coordination problem with the GC’s schedule, and so we address that with the GC. They are responsive and take action 50 percent of the time.”

And from Illinois: “What is effective in getting other trades to stay on schedule is developing a relationship with the general contractor, because he’s the guy who has the power over them. Unless you have a good relationship with the GC, they will no more look out for you than you for them. These large jobs are dog-eat-dog.

“As one of the last major trades to go through these jobs, we can really be the locomotive that drives the train. We can really be the guys that push the schedule. Because if we frame them like a bat
out of hell and push on these other trades, it forces the schedule.

“But you get these GCs who want you to hang one side of walls and then come back and hang the other side. It means remobilizing, you’ve got to bring back your screw guns, your scaffolds—nobody has enough scaffolding to leave it set up on every floor of a 50-story building—and you’ve got to have a supervisor there telling the guys exactly what needs to be done and supervising them again. It’s a double remobile and demobile. Good GCs allow you to make more money; bad general contractors can kill you.

“So building relationships is more important in construction than any other industry, especially in a market like Chicago, where half a dozen guys do what we do. A lot of the time, if your numbers are that close, it’s who does the GC want to work with? Who makes their job easier, who do they like working with, who do they have a good relationship with? I mean, green is gold and the money obviously matters—if the other guy is 10 percent below yours, it doesn’t matter how much the GC likes you! But if the numbers were right there, you’d like to be the guy they’d like to work with. So, your relationship is paramount with these guys. It’s as simple as having your guys having a great relationship with the elevator operator, because that guy can kill you! So, I always tell my guys to bring the guy an extra cup of coffee or a doughnut, you know?!” We can be an asset to the GC when we run the job correctly, but he’s also got to be an asset to us. He can keep people out of our way and put the hammer down on them, too.”

Then the least a sub can expect is to be remunerated for any delays, but this is not always the case, as the same two contractors point out:

“We document any delays and typically at the end of the job, we sit down with that GC and plead our case to him for any monies owed. Fifty percent of the time, that is successful. If you document
everything properly and can show them that you’re not just trying to get money that is not deserved, they’re willing to help. But there are some that you’ll wind up either going to court, or you have to determine, is it worth suing these guys and not ever doing business with them again?

“We tend not to do business with those 25 percent who don’t play ball. I don’t want to name any contractors, but there are a couple we would not work with.”

“When the other contractors fall behind, it’s always a war to be paid back that money, because it’s a proven cost to us. How often we are paid for those comebacks depends on the GC and the precedent set. You have to weigh your options as to how hard you’re going to play with them. If you’re going to hold off on doing things until it’s ready to complete, or if you’re going to go in and piecemeal everything—which is definitely going to cost you.”

**In a Perfect World**

But wouldn’t it be so much simpler if the GCs gave the supers a secretary so that the supers could get off their duffs and be all over the site supervising and kicking butt!? ... and if the GCs explained the facts of life to the owners, so the owners would relax a bit on the schedule and be willing to pay a bit more upfront to hire the best subs for the job . . . and so have the quality that will keep everyone out of court later on for shoddy work and delays . . . and save on all those delay-related costs?

One can always find ways to cope with an existing scene, make the most of a bad job, but maybe it’s smarter to get to the bottom of the bad job and sort it out with common-sense action. If this high a percentage of contractors is struggling with this issue, wouldn’t it make sense to work together to reverse the trend and resolve the source of friction to everyone’s advantage? 

**About the Author**

Steven Ferry is a freelance writer based in Clearwater, Fla.