For years, our Contractor Review has been a forum for subs to voice off about various issues. Sometimes they fix general contractors in their sites and let it rip, often with good cause. This month, we ask the GCs for their take on subs and called on the 16 largest GCs in the country. Some refused to participate because they had been burned in the media before. Fair enough. Others left little doubt in the interviewer’s
mind that they were not interested for other less-forgivable reasons. Those who did respond all had one thing in common: a high level of caring and respect for all players in the field—owner, GC, sub—and their answers below hopefully will provide insight into how subs can do better from the GC's perspective.

The big question for those not already working for a general contractor, is how to get onto his list of approved bidders. All the GCs look for the obvious elements of credit, finances and insurance: “First and foremost is the credit,” says Allen Rudolph, president and CEO of Rudolph and Sletten in California, “and the financing to make sure they can complete the job without going broke.”

“We look at their financial background, bonding capacity, insurance capabilities,” adds Paul King, corporate vice president of administration at Skanska USA Building, Inc., which is headquartered in Parsippany, N. J.

“On some negotiated work, where we are a construction manager or a CM At Risk, we go through a pre-qualification process. It’s a very simple form that identifies things like financial stability,” notes Tim Vaughn, vice president of Hunt Construction Group in New Jersey. “Subs fail on the form post-9/11 on insurance. Owners are requiring increasing levels of insurance. A subcontractor installing toilet partitions is going to find a $10 million limit unrealistic. So owner’s requirements are pricing their own job out of reasonable expectations, because if subs can buy 10 million in insurance, they’re going to pass it on in their bid. And where they can’t, we end up with 75 percent fewer subcontractors bidding. So we’re convincing owners to lower insurance requirements to realistic levels.

Some GCs will hold on to the float money the owner pays them for as long as they possibly can, because the more money in the bank on an hourly basis, the more money they make.

“We subs also fail on financial stability, tied to the ability to secure a bond. Not every owner requires every sub to be bonded, but most owners would like the option of doing that. If a subcontractor cannot get a bond at all, then this is going to put him at a disadvantage in the pre-qualification process.”

Looking After the Sub

“We also look at the volume of work a sub does on an annual basis relative to the size of the subcontracts we are considering them for,” explains King, “so that we aren’t overextending a smaller subcontractor. We look at their presence in the mar-

ket in which we’re doing the project. Are they new to the market, do they have experience with particular unions?

Another angle on the same idea comes from Rudolph: “We look at how much work we have with any given sub. We don’t want to have most or all of their work as that’s too dangerous for both us and the sub. If the GC goes down, they’ll be hurt.”

Rudolph continues with another key element he looks for in subs: “Longevity and our history with them is important. We rely on our field crews and our superintendent in the field to know how easy the sub is to work with, how flexible is he, or if he is a “change-order artist” who will nickel-and-dime us all the way.”

Steve Moeller, director of technical services at Clayco Construction in Missouri, takes the same approach: “Subs are always on top of one another, so flexibility with other trades working on site is required. But GCs have to try to give subs space to work, which is a matter of proper scheduling.”

Riding the Float or Missing Paperwork?

Then there’s the subject of paperwork. “Some GCs,” according to
can, because the more money in the bank on an hourly basis, the more money they make. That’s unethical. It hurts the subs, they get wise to it and don’t treat those GCs very well. So, we take the float but do not work off other companies’ money.

“But we have some subs who buck the paperwork we need to operate legally—lien releases, lien waivers, receipts from supplies for materials. Our bonding company wants to see these procedures in place, otherwise they can’t write us a bond and then we can’t do the job. This is the biggest stumbling block in our relationship.

Subs can accuse us of riding the float when actually they need to become more sophisticated. Many subs are husband and wife, father-and-son/daughter operations and still use ‘shoebox accounting.’ We’ll help them figure out how to fill out the forms, but they have to do it instead of saying, ‘Out of stock’ for instance, for materials that were in the warehouse when they bill for materials. We need the receipt for the stuff they bought from Square D or whatever supplier they use. Our relationship goes off track when they start thinking owners want the protection from the lien releases: If they’re going to pay us, they want to make sure the subs are not going to lien the job for stuff they’ve already been paid for (materials or services) and so forth. We need the paperwork that protects us so we can release the payment or the joint check if there is a problem.

“My father always said it takes about three years for a contractor to go broke, because they are paying the last job’s bills with today’s money. Often, these guys are broke and don’t even know it or are not admitting it. This is the biggest stumbling block in our relationship.

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we’re riding the float. So we need all that paperwork in place to release the money, and subs need to respect this.”

John Wilson, chief estimator at Webcor Builders in California, had the same comments to make: “Subs need to be responsive to requests, whether those requests are for additional pricing once the project has started, or for completed invoices submitted in a timely manner. Field managers so often receive incomplete invoices at the last minute. The challenge with subs is really with the smaller guys. Many of the big guys have accounting departments and are pretty responsive. This is where technology can really help the smaller sub, because the small guy can do so much more with the Web and high-powered computers at reasonable cost. They just need to have the desire to use the technology.”

Adding her voice to the chorus, Irene Davis, director of subcontractor relations at HITT Contracting, Inc. in Virginia, says, “The small subs fail on their paperwork and then complain about not being paid. Well, the paperwork isn’t right, so we have to send it back to them for correction so we can pay them.”

There’s Money in Them Thar Computers

Wilson was actually among the 50 percent of GCs who made reference to the need for subs to get on the computer/Web bandwagon. Wilson continues: ‘An increased sophistication on the technology side is needed. Webcor is a leader in technology for construction in our area, and it would make our life easier and enable us to give our clients better services if our whole construction team were at the same level. We need everybody using computers to communicate via e-mail and to collaborate on Web-based programs—a lot of subcontractors don’t even use e-mail, so that would be a first step.

“Ultimately, not having to print so many documents during the bidding and construction phases is where we
want to go. If everybody had computers with enough capacity to access FTP sites [FTP is a system for transferring digital files that are too large to e-mail, and that authorized people can download onto their computers.] for the drawings, then they could review the drawings on their computer and only print what they need on paper. It would help the environment, reduce the cost of the project and make everything happen faster.

“On most of our jobs now, the architect posts to an FTP site that’s accessible to people on the Web with a password. We access those plans, review them and, based on who we’re asking to bid, we select certain sections of those plans to be posted or printed-instead of everybody receiving a huge bundle of plans like they used to in the old days.”

“Subcontractors need to embrace technology and communicate with project teams via technology,” adds King. “We’re seeing more and ‘more of this via the Internet—but this will be taken to higher levels as project collaboration really takes hold. Typically, the construction industry is laggardly in this area.”

Vaughn echoed the exact same sentiments: “We as an industry embrace technology begrudgingly at best. I remember the days when a sub sending a fax was a breakthrough. Our industry is becoming much more computer-versed, so the quicker subs can embrace
this technology, the better. They will find computers to be very useful tools and not a hindrance.”

You Call This a Bid?

While the bidding process can be made more efficient and rapid through the use of computers, GCs have some more points to make about how subs bid. “There is more and more legalese in our bid form,” points out Rudolph, “but it basically says, ‘For this scope of work, what is your price?’ The problem is that subs often qualify the hell out of their bids—‘My price is $1.5 million, but here are the exclusions and the add-ons and they write them at the bottom. This turns the bidding process into a nightmare. If they have to do it, please come forward before bid day and submit those exclusions, additions and alterations. We will change the bid form if they make sense, but the less they can mark up the bid forms, the better off they will be.

“When we receive these qualifications, we have to call the guy in and the first thing he does is ask, ‘How do I look?’ ‘We can’t tell you that,’ we reply, ‘Is this in or that in?’ ‘Well, yeah,’ he replies, ‘Is it in the other guy’s?’ And so it goes. So we need subs to take it easy on the bid form. Quit marking it up so much. And open the plans the night before the bid! I used to be on the phone in estimating taking bids at 1:30 p.m., and the guy is asking questions, and I can hear the papers being rustled on his desk, and the bid is due at 2 p.m.! The guy should have been looking at this two weeks ago!”

Davis has a carbon copy observation: “Subs are busy, and bidding is a tedious process, but they really should look at the job site, they really should know the job before they bid it—and many times they don’t. They open the drawings and on that day they need to bid, they throw something together, they qualify the heck out of it—they exclude this, don’t
include that. We want subs who provide a scope of work 24 hours before the bid goes in. If the subs call the project manager and ask questions before they throw a price together, it would help us. So it’s a matter of communication. In all fairness to subs, they are put on the spot sometimes, and maybe that’s why they qualify the heck out of it, so that they aren’t caught shorthanded.”

**Will Two Work?**

“The other problem we always have is crew size,” Rudolph notes. “They’re supposed to have 20 guys on the job, and they show up with 10—usually because the job up the street is screaming louder at them than we are. So we have to scream louder than the other guy, giving them the 48-hour telegram: ‘You’ll be removed from the job if you don’t perform.’ But it really stinks up the relationship. On the GC side, though, we have to plan the job out properly so subs know that on Monday, we’ll be ready for their crew of 20, that the job will be done in four days and they can pull them off then. Then subs won’t think, ‘I’ll show up with five guys and see how much room I really have on Monday, and maybe keep two of them and then I’ll start fighting for space to work.’

“Sending out one guy on Friday when we needed 10 on the Tuesday before will separate any sub from the bidding list in a heartbeat,” Moeller agrees.

Acknowledging the difficulties for subs, he continues: “It is inevitable on every job that the crunch period is that final period of building the walls or putting in the ceiling. These subs generally have their time frames contracted, so we look for a subcontractor that can put a lot of manpower on the job and complete it in a short period of time. Not just allocate one or two guys for four weeks but eight for a week. And who can start exactly when needed—if they start Friday when they are needed Tuesday, they’ve lost us three days at the end of the schedule that we can never make up. Subs need to be players who perform within a certain window. If they exceed it, they impact people all the way down the food chain.”

**No Such Thing as an Accident**

All the GCs mentioned safety records and programs as criteria for selecting subs and needing improvement.

Says Vaughn, “The continued emphasis on a safe workplace is paramount. For years, we have all said the things we were supposed to say and done the bare minimum, but more and more owners are knowledgeable about safety programs and expect them to be universally accepted. Subcontractors are beginning to move in this direction, but it’s an area they can never cease to improve.”

For Rudolph, it gets personal: “We want to see more attention to safety. Under California Law, I’m personally criminally liable and can go to jail if somebody is hurt and they can prove we weren’t providing a safe workplace. Yet some subs have the old-fashioned idea that
accidents happen and people do get hurt, it’s construction after all! In truth, people don’t have to be hurt if we all pay attention to safety programs and look out for our people better.

“In my company, we call them injuries, not accidents, and these you can prevent. Yet a guy in San Diego was standing on top of the scaffold railing to reach for that last bit of work. He fell and is still in a coma. I had to fly down, OSHA came out, and we were exonerated. But the next day, with the same sub on another job, we saw guys doing the same thing! They just didn’t get it! We’ll never work with them again.”

What Some Subs Claim

“A subcontractor with a history of litigation is a red flag,” Vaughn states, bringing up another issue GCs have with some subs.

King expresses the same concern: “A claims orientation can work negatively against a subcontractor, particularly in a negotiated environment. Claims postures are more common in a lump-sum public works environment where the hurdles are much lower as the selection process is typically price- rather than qualifications-based.

“Typically, a subcontractor finds an estimating error halfway through a particular project that puts them in a money-losing situation. So they look for any opportunity to recoup from that situation. We try to identify subcontractors that have estimating errors or busts or who have not clearly identified the scope of work in the purchasing process, to avoid hiring such a subcontractor.”

On a more positive note, two GCs look for subs with a positive attitude who add value: “When we go
“Subs need to be prepared to start the job—not just tell us they can do it, but be there, prepared.”

through the bidding process,” King continues, “We define very carefully the scope of work subcontractors need to provide, and those subs that bring solutions to the project team typically are perceived as adding value. Subcontractors with a history of adding value tend to outperform. It’s the same on the job site. Subs can bring an off-site fabrication shop into the equation, or value engineering to a particular project, or an elevated skill set at a project management or field foreman level that facilitates productivity. These all add up to our satisfaction with a particular subcontractor. We tend to buy from people we know and can rely upon, and it’s no different with GCs selecting their subcontractors.”

Within a shopping list of things she looks for, Davis also mentions the “can do” approach: “Subs need to be prepared to start the job—not just tell us they can do it, but be there, prepared so the superintendent doesn’t have to call three times. They need to buy into the schedule, know what the schedule is, and ask the right questions, communicate to the GC’s project manager.

“They need to be in the loop and proactive. On large jobs, we always have preconstruction meetings with subs. Before they make the commitment, they need to ask the right questions and then have the same commitment as HITT. We do whatever it takes to get the job done to keep our clients happy. Subs have to understand that’s what we’re looking for, and the “can do” attitude—not making excuses—is vital.”

Matching the GC

It goes without saying that quality work was on the lips of all GCs. “Quality and pride of workmanship is another crite-
Non-construction businesses audit themselves often and generate quality initiatives to improve their performance. The construction community needs to do more of that as well.

Moeller states. “Yes, we want it done fast, but we also want it done right.”

Wilson talks of the quality control initiative at Webcor. Much of the subcontracting community is running around too fast and doesn’t have enough infrastructure to look at quality. Non-construction businesses audit themselves often and generate quality initiatives to improve their performance. The construction community needs to do more of that as well. We’ve instituted a procedure to rank our subcontractors on about 10 topics at intervals during the course of a project. We post this data to a database that is accessible to people within our company and for review meetings with subcontractors.

We show them where they need to improve, whether it’s in staffing, workmanship, communications or whatever. We encourage them to critique us as well. If more subcontractors would do this, we could all do a better job.”

“Internal quality control is another issue,” Vaughn agrees, “as covered in the age-old idea that ‘there isn’t enough time to do something right the first time, but we can always find time to fix it!’ An owner wants a project on time and on price, they want it to work, and they want us to go away at the end. For the subcontractors, internal quality control will mean they will have less comeback work, they will make more money, and they will have fewer headaches receiving their final payment.”

As Davis points out, “We are really looking for tried and true subs with a reputation equal to ours.” For a sub to have no internal quality control, it will be hard to develop a reputation for quality.

Davis had another point to make in the direction of quality and what it takes to provide the standard of work GCs are looking for: “Subs need to be affiliated with their industry associations because they provide the training. When your subs are better, you are better as a GC. We find subs that are actively involved and partake in the training, and the classes of these associations really perform a heck of a lot better on the job site than those that don’t. They’re up to par with their paperwork, they are much better off safety-wise because they have had proper safety training on the job site.”

In the end, GCs are looking for the same things subs are: good quality work delivered as promised by efficient and solvent companies, competent and safety-oriented workers, decent profits, and the thrill of the game. As Rudolph noted, “The bottom line is, the subs are keeping us going, and I love them for it. I’m fifth generation in this business. My dad started the company and the reason I am in it is because of the people. I mean, there’s some real characters out there, and they are fun people. They are all gamblers! You have to be, to be a general contractor. There’s not enough money in construction, you have to like the thrill of it and the satisfaction of putting up stuff that’s going to be there for a while.”

About the Author
Steven Ferry is a free-lance writer based in Clearwater, Fla.