The primary objectives of every construction general contractor (GC) and subcontractor (SC) are to successfully deliver on time to the owner the project specified at the contract price and to make a reasonable profit for the performance of their work. Regardless of personal pride, business philosophy, contractual authority or years of experience, no general contractor can successfully deliver a project without the cooperation of competent SCs. Similarly, no subcontractor regardless of skill and experience in his specialty can perform without the corresponding measure of cooperation and leadership of a competent GC.

Both seek a business relationship they can depend upon. Usually each wants to continue to do business with the other on future projects as well as the job at hand. Integrity, fairness and responsibility will make the contractual relationship now and in the future possible, profitable and pleasant.

A written contract document usually establishes the framework of the relationship between the GC and the SC. To foster cooperation, the subcontract should be fair to both parties and non-adversarial. However, experienced participants in the construction industry know that no architect can prepare a perfect set of documents and no GC or SC can perform perfectly.

Neither can the contract documents embody every industry practice in detail nor anticipate every crisis or situation that will arise on the job site. Mistakes will occur and miscommunications will arise. However, most GCs and SCs solve their problems without lawyers. Most errors and omissions, when discovered and made known in a timely fashion, can be overcome with minimal damage to all concerned. Mistakes that are admitted and corrected immediately are the least costly mistakes.

Keeping everyone on a job working together in a harmonious fashion without unduly delaying or damaging others on the project is a highly complex task requiring the utmost coordination, cooperation, communication and — sometimes — compromise. As difficult as it might be, this is what makes a job profitable to all and construction a rewarding business.

Each GC and SC on a project should be regarded with equal respect. Each is an expert in his own field. Ethical conduct, regardless of one’s contractual “rights” or ability to make another firm suffer, is essential for harmony. The golden rule, “Do unto others as you would have others do unto you,” is still the best guideline of all for dealing with other people and other businesses.

The following guidelines, which provide suggestions for ethical and mutually profitable ways to conduct general contractor-subcontractor relations, were developed by the Associated General Contractors of America, the American Subcontractors Association and the Associated Specialty Contractors. These are arranged in the sequence of their occurrence in the construction process.

**Pre-bid phase . . .**

1. The GC should issue invitations to bid to SCs, giving a reasonable amount of time for SC bids to be prepared.
2. The GC should find out how the project will be financed and make this information available to SCs before subcontract bidding. (See Joint Guideline 9, Owner’s Ability to Pay.)
3. The GC should see to it that all necessary bidding documents are reasonably available to SC bidders and should furnish any special bid proposal forms required. All GCs, as well as SCs having sub-subs, should provide convenient plan rooms for use in preparing take-offs.
4. The GC should promptly apprise SCs of all bulletins and addenda up to the time of receipt of SCs’ bids.
5. Each SC should deliver a bid scope form to the GC at least 24 hours prior to bid time. The scope form should set forth the scope of his proposed bid without dollar amounts, which alternates will be bid on, which addenda and bulletins have been received, and any special conditions of the bid. The scope form should designate specification sections or paragraphs fully covered by the bid and related plans or portions of plans by page number.

**Bid period . . .**

1. The SC should get his bid to the GC at least four hours before the GC bid is due. The GC should have a cut-off time policy, disseminate it and adhere to it.
2. Each SC should have a complete bid for the work specified in his scope form, including alternates, required unit prices, all addenda and bulletins that he has received, etc. If the SC makes a substitution for any specified product or process, he should notify the GC at the time of submitting the bid. If the bid is not complete, the SC
“To foster cooperation, the subcontract should be fair to both parties and non-adversarial.”

should report the omission.

3. The GC should never divulge one SC’s price to another SC. If a bid is obviously so low in comparison with other bids as to suggest an error, the GC should notify the SC immediately that his bid appears to be out of line and the SC should withdraw or allow his bid to stand.

Award of contract . . .

1. Promptly after the general contractor is signed, the GC should award subcontracts at the bid amounts to responsible SCs whose bids were used in preparation of the GC’s bid. (See Joint Guideline 6, A Suggested Guide and Checklist for Subcontracts.) Subcontract terms should be the same as those in the owner-contractor agreement, as related to the SC’s work.

2. The GC should set up a progress payment schedule and have it approved by the owner with copies sent to SCs upon request. The GC should coordinate promptly with the owner’s representative who will approve vouchers for payment according to payment schedule to assure that the schedule will be used each month. (See Joint Policy Statement 1, Prompt Payment.)

3. The GC should give each SC a timely written notice to proceed on a specified date when the job will be ready for that SC’s work and should promptly notify the SC of any changes in this date.

Preconstruction phase . . .

Preconstruction conference

A preconstruction meeting should be called by the GC as soon as the schedule has been drafted, to be attended by responsible representative(s) of each SC and major supplier of the GC. Minutes should always be kept and distributed to all attending and to any others involved in the job. The purposes of the meeting are:

1. to introduce members of the team to one another and establish the project communication procedure;
2. to review and amend the job schedule prepared by the GC;
3. to coordinate the submission of shop drawings and samples;
4. to set up change order procedures (See Joint Guideline 2, Procedures for Change Orders.);
5. to list all initial questions that will require an answer from the architect or owner’s agent;
6. to ascertain whether there are likely to be any labor or material problems which could impede seriously the progress of the job;
7. to establish how non-contracted services for clean-up, temporary facilities, etc., will be authorized and billed (See Joint Policy Statement 4, Charges for Non-contracted Construction Services.);
8. to describe temporary facilities to be established and set parameters for the use of temporary facilities (See Joint Policy Statement 4 and Joint Guideline 5, Temporary Job Utilities and Services.);
9. to explain punch list procedures.

Other agenda items for preconstruction conferences are included in Joint Guideline 3, Construction Coordination Conferences.

Scheduling

A workable schedule is absolutely essential for the welfare of all concerned. It is the responsibility of the GC, but should be prepared with in-
put from major SCs and suppliers of the GC.

When any member of the construction team does not meet his schedule requirements, he hurts not only himself but all other members of the team.

1. The GC should bring each SC on site only when the job is ready for that SC. The GC should strive to coordinate the project in such a manner as to permit SCs’ work to proceed in a reasonable and logical sequence and manner.

2. Differences in opinion with respect to scheduling should be discussed when they arise, and compromise is often necessary. In all cases the updated master schedule must determine the time in which the SC will complete his work or a particular portion thereof. Other SCs, as well as the GC, are basing their schedules on such timely completion.

3. Some type of network diagram showing the critical path and clearly showing when each SC is to start is a valuable tool. The GC should be sure that each SC understands the particular schedule used.

4. When a schedule change is made, each SC affected should be notified immediately.

5. Dates for installation of heavy equipment should be provided in the master schedule, and spaces for such equipment should not be closed in prior to such installation.

6. The schedule should be monitored and updated on a continuing basis.

**Shop drawings and samples**

The GC should plan and schedule shop drawings and sample submissions in a logical sequence with input from SCs and suppliers involved. The sequence must:

1. fit the schedule;
2. accommodate the architect and engineers;
3. establish realistic goals for SCs and suppliers;
4. obtain A/E approval of drawings and samples early enough to permit orders for materials and apparatus requiring fabrication that will assure jobsite delivery prior to scheduled installation.

**Coordination**

1. The GC should have a competent superintendent on the job full-time backed up by a general superintendent and/or project manager. Each major SC should have a competent foreman on the job backed up by an outside superintendent and/or project manager. Each SC employing only one or two workers on the job should have at least a competent mechanic in charge of the work backed up by an outside superintendent and/or project manager who is readily available to represent the SC.

2. Coordination should be assured through regular on-the-job meetings of the GC’s superintendent with all SCs’ foremen or persons in charge then on the job to the extent their involvement is reasonably required. Additional meetings might be required for SCs whose work might interfere with each other in a particular time period. Minutes of such “tool box” meetings should be prepared and distributed promptly to all affected jobsite representatives and to their home offices.

3. Each SC should organize his own work in such a way that he does not deviate from the schedule, obstruct others, or otherwise adversely affect the GC and other SCs. The GC also must be bound by the master schedule and not allow interference that will prevent any SC from doing his work in an orderly manner as scheduled. The GC should assure that the proper sequence of SCs’ work is being followed.

4. Material storage areas should not obstruct the work. Relocating materials is costly and should be avoided. SCs should store material in designated areas only.

5. The GC should assure that adequate manlifts, when required, and cranes and hoists are provided at times and places that will minimize waiting time as much as possible, regardless of who contractually is responsible.

6. The GC should assure that adequate lighting, heating, weatherproof-
ing, ventilating, fire protection, and clean-up are provided in a timely manner regardless of who contractually is responsible. (See Joint Guideline 5, Temporary Job Utilities and Services and Joint Policy Statement 4, Charges for Non-contracted Construction Services.)

7. The GC should expedite submittal of shop drawings and samples as scheduled and monitor approval and return in a timely fashion by the architect. This procedure is especially important when change orders are submitted.

8. The GC and each SC should respect one another’s work. When damage inadvertently is done by one to another, it should be immediately reported and corrected.

Cooperation

1. The GC should make a good faith effort to represent effectively each SC in disputes with the owner or the architect and invite the affected SC to attend and participate in conferences with the owner or architect affecting that SC’s work.

2. The GC and SC should negotiate disputes in a fair and expeditious manner, with the intent of settling amicably. The GC should also make a good faith effort to assure settlement of disputes related to the job between SCs. Monetary issues in connection with such disputes should be settled promptly if possible; but every effort must be taken to avoid delaying the job or departing from schedule.

3. A work authorization form should be completed and signed prior to performance of any work for another contractor or SC. “Back charges” that are not authorized by such a form or not performed and billed in accordance with Joint Policy Statement 4, Charges for Non-contracted Construction Services, should not be made. Joint Standard Form 3, Work Authorization Form, is recommended.

4. Each SC must submit progress and final applications for payment at the time required, using Joint Standard Form 2, Subcontractor’s Application for Payment, or another designated form.

5. Any waiver or release regarding a particular pay request should apply only to rights relating to payments that previously have been received or will
be received under that request, conditional upon receipt. Demands for releases or waivers of previously unpaid claims or future claims are improper.

6. All communications between the SC and the architect or engineers regarding the work should go through the GC unless another understanding has been reached, such as on contacts between electrical or mechanical design engineers and the SCs doing that work.

7. All on-the-job relationships should be conducted between the GC’s superintendent and the SC’s foreman or representative on the job. Conflicts or problems not promptly settled on the job should be handled by home office personnel without disruption to the job.

**Job close out . . .**

1. The GC and all SCs should cooperate to accomplish the following objectives:

   a. Assure the owner and architect/engineer representatives that all work on the job is completed on a timely basis in accordance with the contract documents.

   b. Provide the GC and SCs with the positive incentive of prompt and full payment to complete their work properly on or ahead of time.

   c. Prevent redundant or contradictory inspections and multiple punch lists.

   2. No one should ask for a punch list inspection until substantial completion of that part of the work has been accomplished.

   3. After an SC considers his work completed and before his workers leave the job, the GC superintendent and the SC man-in-charge should prepare a punch list for that work; the SC should promptly make all corrections and completions noted and arrange for any tests required by the contract documents.

   4. Upon accomplishment of substantial completion of the work or designated portion thereof as set forth in the contract documents, the GC should verify that each SC’s work is substantially complete and should then request a prompt substantial completion inspection by the A/E and/or other designated representative of the owner. The GC superintendent and SC man-in-charge should accompany the inspectors when inspecting portions of the work for which they are responsible.

   5. At substantial completion, the GC and each SC should be preparing the paperwork necessary to complete the closeout. This would include as-built drawings, instruction brochures, release of warranties, etc.

   6. After the substantial completion inspection and preparation of the punch list, the GC should request release of all retainage except enough to complete punch list deficiencies and release retainage to subcontractors in the same manner.

   7. The GC should promptly establish a schedule for completion and correction of all punch list items and for required tests in a way that will minimize interference among trades. Any dispute over whether the contract documents require a noted correction or test should be reported in writing to the owner and A/E immediately, and an agreement should be reached promptly on responsibility for the correction or test. The GC and each SC immediately should complete and correct all other items on the punch list and schedule required tests, recognizing that failure to do so will delay payment to all parties.

   8. When the GC is satisfied that work directed by the punch list is complete, with the exception of any work whose completion is excusably delayed, he should immediately request certificate of final completion. Final inspection should be only to determine that satisfactory correction and completion of items listed on the substantial completion punch list have been done.

   Corrections not noted on the substantial completion punch list by the owner or his designated representative should not be conditions for final payment, and the GC should use his best efforts to assure that understanding by the owner and A/E. If any such need
About AGC, ASA and ASC

The Associated General Contractors of America (AGC), the American Subcontractors Association (ASA), and the Associated Specialty Contractors (ASC) have a variety of unique and exclusive functions, but one common goal: to promote equitable and ethical general contractor-subcontractor relations.

This commitment led to the creation of an AGC-ASA-ASC Joint Cooperative Committee charged with working on issues of common concern and interest. This committee has developed a series of joint guidelines, forms, and policy statements which advocate construction practices that are fair and equitable to general contractors and subcontractors alike. These joint guidelines, forms, and policy statements have been endorsed by the boards of directors of the three associations.

The Associated General Contractors of America (AGC) is a national trade association with 110 chapters nationwide representing more than 32,000 firms, including 8,400 of America’s leading general contracting companies which are responsible for the employment of more than 3,400,000 individuals. These member contractors perform more than 80 percent of America’s contract construction of commercial buildings, highways, industrial and municipal facilities as well as federal construction projects.

ASA, based in metropolitan Washington, D.C., is a national organization representing the concerns and interests of all construction subcontractors, both union and non-union, regardless of trade specialty. ASA concentrates primarily on the business, contract, and payment issues affecting all subcontractors. The association seeks solutions to the problems created by retainage, bid shopping and peddling, slow pay, delay claims, and unreasonable federal, state and local government regulations. ASA has more than 6,000 members participating in 55 chapters nationwide.

ASC is an “umbrella organization” of eight national associations of construction specialty contractors, whose combined membership totals more than 25,000 firms. Its members include: Mason Contractors Association of America; Mechanical Contractors Association of America; National Association of Plumbing-Heating-Cooling Contractors; National Electrical Contractors Association; National Insulation Contractors Association; National Roofing Contractors Association; Painting and Decorating Contractors of America; and Sheet Metal and Air Conditioning Contractors’ National Association. The association’s goals are to promote efficient management and productivity; to improve contracting forms and practices; to coordinate the work of specialized branches of the industry in labor relations, management information, research, public information, government relations and construction relations, and serve as a liaison among specialty trade associations in the areas of public relations, government relations and with other organizations.

for correction to comply with the contract documents becomes evident after either substantial completion or final inspection, such correction should be handled under the warranty provisions of the contract documents.

9. When feasible, the GC should seek release of the final payment from the owner for the portion of the job contracted for by an individual SC when that portion is complete and has been approved on final inspection.

(See Joint Guideline No. 4, Punch List Procedures, for other recommendations.)

Editor’s Note: This is one of a continuing series of reprints of policy statements. It has been mutually developed and adopted by the American Subcontractors Association, the Associated Specialty Contractors, and the Associated General Contractors of America.

The goal of these guidelines is to set and communicate a standard for fair and efficient business procedures in the construction industry. Following is the first of the nine guidelines, three standard forms, and four joint policy statements which appear in The Construction Industry Survival Kit, a new publication jointly developed by the three associations. Over 30,000 copies of the publication, which costs $1.00, have been printed. For more information, contact ASA at (703) 626-2723.