AWCI Strikes Pact with Fails Management Institute

AWCI has signed a consulting agreement with The Fails Management Institute, the nation’s oldest management consulting firm exclusively serving the construction industry.

Under the terms of the agreement, AWCI members will receive reduced rates for management consulting services provided by Fails in the areas of corporate stock valuations, business continuation planning, mergers and acquisitions and employee stock ownership plans (ESOPs).

According to Hugh L. Rice, senior vice president with Fails and the head of the company’s equity transfer consulting services, the division of the firm with which AWCI has struck the agreement, a wave of ownership changes within the construction industry has made equity transfer counseling a growing concern of construction management.

"Once, these services were only occasionally required. Today, they represent a substantial concern to the owners of all construction firms including those in the wall and ceiling industry," Rice said. The Fails Management Institute has worked solely in the construction industry for 35 years and is widely known for its management seminars, educational programs and industry research.

Fails recently completed a survey of 51 construction firm owners which revealed some interesting facts about contractors, said Rice. One of those was that despite the heavy emphasis that has been placed on the topic of management and ownership succession in the last 10 years by attorneys, accountants, insurance agents, consultants and trade associations, most contractors, including those in the wall and ceiling industry, still are avoiding dealing with this critical issue.

"Optimistic as always, 84.3 percent of the contractors surveyed believe that their businesses will survive into the second generation; however, statistics reveal that only about 20 percent actually will. Managing the successful transition of a contracting business takes proper planning, not luck," Rice said.

Rice said that members of AWCI interested in learning more about the services provided under the recently signed consulting agreement and the details of special terms and rates that will be offered to association members should phone Fails directly.

Members interested in more information should call Hugh Rice (western United States) in Denver at (303) 744-3617 or Joel H. Miles, Vice President (eastern U.S.) in Raleigh at (919) 787-8400.

Fails will be advertising the details of the consulting agreement in Construction Dimensions and also will be on hand in the AWCI booth at the annual meeting which will be held March 4-8, 1987 in New Orleans, said Rice.

make any company-wide grants that include a contractor.

(22) Handle the billing process with care when you have a contractor perform work on a customer’s premises. Have your office bill the customer. Discourage any effort — however generous—on the part of the contractor to pick up the check that pays for the work. If the customer insists on paying the contractor, have the check made payable to your firm.

(23) Maintain a file that accumulates information that supports a contractor relationship. Funnel payments to a contractor through your regular accounts payable. Treat all payments to contractors in the same manner as payments to other vendors.

In any event, recognize that the mere execution of a contract with an individual performing services does not preclude an attack by the IRS that dissolves the contract for tax purposes. While a contract helps support the existence of a contractor relationship, the above operating guidelines clarify the distinction between an employee and a contractor, and can help you avoid an expensive mistake.

Of course, should the IRS disagree with your distinction between employees and contractors, you can challenge any associated tax assessments in court.

In some circumstances, a potential financial safety net exists even though you ultimately lose or back off from your challenge. That potential exists if the worker has also paid taxes that would make your payments a duplication. Since income taxes represent the largest part of most assessments, you gain further protection by requiring contractors to provide you with a signed Form 4669.

As final note of caution, exercise some self-protective prudence. Recognize your potential liability if a contractor gets hurt or killed while performing services for your business. If you neglected to purchase compensation insurance on the presumption it wasn’t necessary, you may be financially ruined if the court determines that the individual was, in fact, an employee.

If you have any doubt, discuss this final matter with your attorney. A mistake could break your business.