

## **SPECIALTY CONTRACTING BEST PRACTICES:**

### **Honest Advice on How to Excel as a Sub-Contractor and Keep the Projects Coming!**

***You've taken our Leads, Used our Expert Take-offs and Won the Project!***

#### ***Now What??***

In the construction industry, most General Contractors, Construction Management firms and Developers usually award projects based on price. So it goes without saying that your bid should be as competitive as it can be while still maintaining your target margins. We, at SPS, can bring you hundreds of projects for you to bid on and many clients will give you a fair shot if your price is right. However, the value placed on efficiency and quality cannot and should not be ignored. Ultimately, clients will only come back to you if they have had a hassle-free, pleasant experience. With that in mind, the SPS team did extensive research and spent hours interviewing top General Contractors to try to get a full understanding for what factors, other than price, they look at when awarding projects to sub-contractors. We are often shocked at how some of these very basic suggestions are not adhered to by some sub-contractors. The following advice, though very simple and straightforward, is very important to keep in mind.

#### **1. Financial Viability**

Make sure you are well capitalized and well financed. Always take a thorough look at your working capital, funds available in your bank line of credit and current project back log before bidding on and accepting a new contract. We recommend a minimum of 10% of your annual project volume in working capital and if possible, another 10% in a bank line of credit. It is not uncommon to see a subcontractor win a large job, and then struggle to handle it financially. They then cannot pay their labor, cannot purchase their materials and have to deal with a major cash flow problem. This causes a strain on your client, the General Contractor, which in turn causes a strain on the builder or developer and delays on the project. Making sure you are well financed is a very key component in keeping your clients happy. Do not bite off more than you can chew!

#### **2. Staffing**

Along the same lines as no. 1 above, it is extremely important you have adequate resources for the project. If a project requires a crew of 10 people in order for it to be done on time, and you provide only 5, the client is not going to be happy. You should ensure you have

the right number of people to maintain the project schedule. As with everything else, quality is as important as quantity. The crews should:

- Be properly trained in their trade
- Have the required safety training
- Be conversant in English
- Be able to read and understand the plans
- Have constant interaction with their own project manager so they can report any problems or inconsistencies

### 3. Project Management

Efficient project management is singularly the most important part of a project and is what can make or break your reputation as a sub-contractor. It is crucial to come up with a realistic project timeline and then stick to schedule! There is nothing that loses a client faster than delays on a job! Every day that you are late, interest is ticking on builder or developer's loan and customers are waiting to occupy the space. Effective project management entails:

- a) Reading and understanding your contract thoroughly. Different firms have different policies and contracts will differ. Make sure you understand the schedule, how to submit and charge for change orders, the exact insurance that is required, invoicing policies, meeting schedules, safety requirements, handling of disputes.
- b) Good time management. It is important to plan ahead and have everything ready before the project starts. Speak to the client's project manager and superintendent in advance and have your crew ready to go.
- c) Efficient communication and management on site. We recommend personal handheld devices or tablets for your teams with the plans, specs and details already laid out. Today, there is a variety of software available (e.g. PlanGrid [www.plangrid.com](http://www.plangrid.com)) that allows you to communicate with your teams constantly, monitor progress electronically and handle any issues on the spot.
- d) Staying on top of meetings and overall client interaction. Attend all meetings, including safety meetings. Please note that the project kick-off meeting is the most important and should never, under any circumstance, be missed! Meet with the client every few days to check in on how they think the project is going and what, if anything, you can do differently.
- e) Effectively managing your crews. Make sure your project managers are aware of all requirements. They should be on top of the crew to keep job sites clean, protect finished surfaces, get rid of trash. Most importantly, a project manager should maintain his own internal punch list so that the client is not providing a long punch list of items at the end of the project.
- f) Being on top of submittals, show drawings and close outs
- g) Lastly and most importantly, keeping your client happy! Take them to dinner or give them a small gift as a note of thanks. As in any industry, going beyond the call of duty always reaps rewards!

#### 4. Material Management

Managing your job materials (from raw materials to finished materials, adhesive to sealer) is just as important as everything else mentioned above. Your client will be satisfied as long as you have the correct specified materials. However, this is something that affects you and your bottom line. All material is negotiable – make sure you shop around and get the best deals. Many suppliers will give heavy discounts if you open a credit line with them.