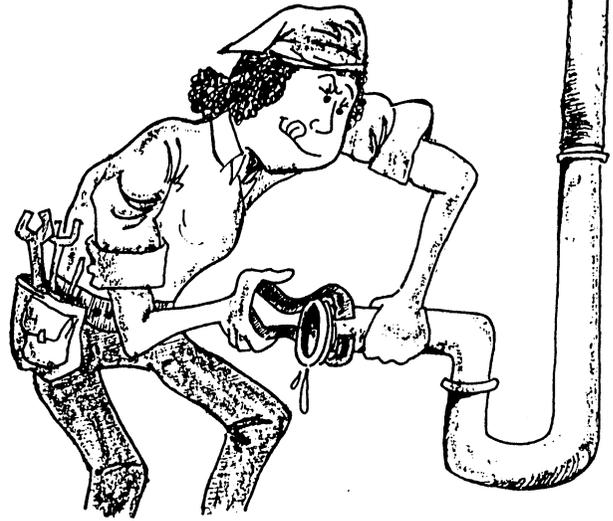


TRADE CONTRACTORS

The person who knows "how" will always have a job.
The person who knows "why" will always be his boss.

- Diane Ravitch



TRADE CONTRACTORS

Past practice for General Contracting was to perform the majority of field work with employees or do-it-yourself. A General Contractor's reputation was often based on the expertise of skilled workers who had been with the company for a number of years or the qualifications of a master craftsman.

Currently, the trend in building construction has placed **LESS** emphasis on General Contracting and **more emphasis on Construction Management**. The reasons for this shift are primarily economic and technological considerations because a specialist is usually more efficient and knowledgeable. Many factors enter into the decision to primarily rely on Trade Contractors for a specific construction job. One should carefully consider the advantages and disadvantages of managing Trade Contractors before making a final decision.

ADVANTAGES

- * Greater flexibility
- * Less waste
- * Less overhead
- * Improved quality
- * Improved schedule
- * Less detailed supervision
- * Less risk
- * Less capital investment
- * Less bookkeeping

DISADVANTAGES

- * Superficial relationships
- * More coordination
- * Unqualified contractors
- * Supply and demand
- * Requires more contract negotiation
- * More delegation
- * Less Owner hands-on
- * Requires accurate Drawings and Specifications

After you have carefully assessed your particular situation and made the decision whether to do-it-yourself, hire employees, or to engage a Trade Contractor, you will need to **evaluate** the business with whom you are considering to do the work. **For the purpose of this guide we assume that you are engaging Trade Contractors.** The following list for

qualifying a Trade Contractor is comprehensive and may seem overwhelming but the reward for perseverance is the successful completion of your project with a Trade Contractor you hopefully ***know and trust.***

QUALIFYING A TRADE CONTRACTOR:

- * License and Registration Number
- * Worker's compensation insurance
- * Bond and liability insurance
- * Number of years in business
- * Financial stability
- * Stable crew
- * Credit standing with suppliers
- * Cost consciousness
- * Fair prices
- * Quality of rough work
- * Quality of finish work
- * Awareness of material waste
- * Market niche: custom, spec, or service
- * Size of your job
- * Adequate crew
- * Adequate supervision
- * Is overextension a problem?
- * Do they begin on schedule?
- * Do they end on schedule?
- * Clean-up procedures
- * Success with inspections
- * Cooperation with other trades
- * Relationships with leads and crew
- * Relationships with clients
- * Responsiveness to problems
- * Availability (answering machine, voice mail, beeper)
- * Change order practices
- * Promptness on callbacks
- * Relationship to reference
- * Lien Waiver Form?

TRADE CONTRACTORS

Locating a qualified Trade Contractor can be an arduous task. To find good ones, contact an Architect, Construction Manager, friends, other Trade Contractors, or visit construction sites. Sometimes, what seems like a great contact suddenly becomes a poor relationship. The best Trade Contractors are **always busy** so there should be no problem visiting their projects to observe the crew and the quality of work.

SOME QUESTIONS TO KEEP IN MIND:

- * Is the job clean?
- * Is the quality good?
- * Does the job sit for long periods without much progress?
- * Are sufficient workers on the job?
- * Are the correct quantities of materials readily available?
- * What is the condition of the contractor's work vehicle?
- * How does the lead and crew treat visitors?

Once a Trade Contractor is chosen, you must have the managerial ability to **schedule, coordinate, and control** the contractor's work on your job so that work proceeds on **time**, within the established **budget**, and according to the **quality** specified. Always be prepared to pay fair market value for work performed so the contractor will be able to meet payroll and overhead costs, pay their suppliers, and still make a profit.

CHEAP CONTRACTORS ARE NEVER INEXPENSIVE.

Cheap Trade Contractors may get the job for a cheap price, but you can probably count on work that is just as cheap. If you are paying a fair price for the work to be performed you will foster trust and cooperation with your contractor from the beginning of the project. You can make the job run even smoother by **being ready** for contractors when they arrive on your site. In addition, provide as much lead time as possible to inform the contractor of the status of your job and **any unexpected conditions which must be met**.

On the next page appears a "Standard Bidding Process" which summarizes how bid proposals are solicited from Trade Contractors and Suppliers. Follow it as a general guide adapting the process to fit your situation.

FOLLOW A STANDARD BIDDING PROCESS:

- * Review Drawings and Specifications
- * Locate potential Trade Contractors and Suppliers
- * Finalize design and product requirements
- * Prepare each Trade Contractor and Supplier file
 1. Information sheets
 2. Preliminary Agreement and Conditions documents
 3. Preliminary Purchase Order form
- * Contact Trade Contractors and Suppliers
 1. Mention project requirements
 2. Discuss Contract terms
 3. Develop Purchase Order form
- * Ask Trade Contractors and Suppliers to submit proposal
- * Receive and evaluate completed bids
 1. Review for completeness
 2. Require full documentation
- * Select the best three bids
 1. Price, quality, schedule, conditions
 2. Trade Contractor/Supplier Qualifications
 3. Compare Bids against Budget
- * Submit counter-offers to Trade Contractors and Suppliers
 1. Clarify Drawings and Specifications
 2. Review Trade Contractor/Supplier Qualifications
- * Negotiate with prospective Trade Contractors and Suppliers
 1. Refine Contract Documents
 2. Refine Purchase Orders
- * Select "*best*" Trade Contractor and Supplier
 1. Sign Agreement with Trade Contractors
 2. Reiterate Conditions based on Drawings/Specifications
 3. Mail completed Purchase Orders to Suppliers
- * Contact contractors who were not awarded the contract
 1. Use standard form letter
 2. Let them know as soon as possible
- * Maintain communications with Trade Contractors and Suppliers
- * Schedule work to be performed
- * Check work with Drawings and Specifications
- * Compare Invoice to Agreement or Purchase Order
- * Make Payment for work performed/Obtain "*Lien Waiver*"