

Solutions to Alleviate Problems from Subcontractor Management

Extracted from: The Best Practices for Subcontractor Management in Construction

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Solutions to aid in improving the practice of subcontractor management are explained in this section. Each subsection concludes with a statement of a proposed solution.

Communication and Cooperation

Two of the most important aspects to improve upon the aforementioned deficiencies in the industry are the ideas of communication and cooperation (Proctor 1996). If all parties have the ability to share information in an efficient manner, then problems can be resolved quickly. However, if parties are unable to engage in discussion, there exists a potential for reduced productivity and schedule delays. By working together to achieve project completion, the construction manager and subcontractors can improve relationships and reputations, while ensuring future work. While it is important to communicate information to other parties, it is equally important to listen and understand what others have to say (Thomas 2005). One-sided conversations will prove ineffective in the construction industry because each party has valuable information that should be shared among everyone involved.

Another valuable tool to improve communication is to create a plan for all to understand and follow (Terry 2008). By presenting each party with the opportunity to understand what actions are necessary, subcontractors can improve upon their communication and cooperation. The simple action of a construction manager creating a plan can significantly benefit the overall project due to the subsequent actions of subcontractors.

To cooperate in a highly efficient manner, communication becomes a critical requirement. Without the ability to discuss problems and foster ideas to advance past difficult situations, delays inevitably continue to accumulate. In order to improve communications, each party should be allowed to express its opinion on the situation so that others can understand opposing viewpoints (Melvin 1979).

Solution: Develop a strong line of communication with subcontractors.

Relationships

A valuable prevention to dilemmas that may arise is the formation of positive relationships between management and subcontractors. The creation of this relationship enables many aspects of the managerial process to be improved upon including teamwork and trust (Wallace 2007).

One of the major components of creating lasting relationships is to be aware of differences among subcontractors. The ability to recognize that each subcontractor is comprised of individuals from varying backgrounds and experiences allows management the chance to create a strong work environment for each individual by catering to specific needs (Thomas 2005). Personality clashes may emerge on a jobsite, but if a prior relationship exists, solutions can be resolved quickly.

To develop a successful relationship, trust among both parties must be established. Each party must understand the capabilities and limitations of others

(Thomas 2005). Fairly delegating responsibilities to subcontractors as well as recognizing their value and contribution to the job fosters respect for management (Proctor 1996).

This continued respect leads to trust which allows for further advancement of a team environment.

A practice that can ruin the relationship between a construction manager and a subcontractor is bid shopping (Hinze 1994). Because bid shopping unethically attempts to force subcontractors to lower their bid price on a project, animosity between the two parties can occur (Arditi 2005). Division that arises between management and subcontractors before a project commences does not provide a positive outlook for future relations.

Solution: Develop and maintain trusting relationships with subcontractors. Also, bid shopping should not be practiced.

Contract Administration

Prior to a project's commencement, construction management must create a contract that each subcontractor is obligated to sign. Establishing a set of rules and guidelines that must be followed by all subcontractors not only ensures successful completion of the project, but also minimizes risks placed on the construction manager (Gilbreath 1992).

Whether problems result from personality clashes or schedule delays, a project manager must ensure that the overall project is not hurt as a result. A project manager can avoid labour disputes among subcontractors by creating a contract that identifies what measures should be taken when disagreements emerge (Goldhaber 1977). The contract requires all subcontractors to act according to the signed documentation.

When management enters into an agreement with an owner to commence construction, they are required to sign a contract. It then becomes the responsibility of the construction manager to complete the project according to specifications. Therefore, when subcontractors are hired, they too must complete the project according to the original contract. In order to assure that this action is taken correctly, construction managers should administer the same contract requirements to their subcontractors (U.S. Department of Energy 2006).

Solution: Draft a contract that identifies all aspects and responsibilities for each party involved.

Submittal and Change Order Log

In an effort to record all documentations received by and sent to subcontractors, it is beneficial for construction managers to utilize submittal and change order logs. The submittal log should identify dates that each submittal is due. Also, both the submittal and change order log should be updated regularly and distributed at meetings so that all parties are aware of changes (Strategic Construction Management 2008).

Solution: Maintain a submittal and change order log.

Review of Subcontractor Performance

One of the most efficient ways to understand the value of work performed by subcontractors is to perform project reviews. Whenever subcontractors are involved with construction, management should conduct constant reviews of their work (Wallace 2007).

Continuously critiquing the practices of subcontractors allows construction managers the opportunity to take corrective action. Subcontractors can be advised to increase productivity if it is viewed that their performance is not meeting expectations. This constant review allows for a greater overall success of the project.

Management can conduct safety walks as a means of project review. They serve as inspections in which construction managers can familiarize themselves with the safety conditions on site (Hinze 2003). With knowledge of jobsite conditions, management can request improvement on the part of subcontractors.

Another valuable project review tool is a daily report submitted by each subcontractor (Fessler 1990). This form identifies work performed each day by the subcontractors and can be used by management to track productivity. Management can also identify areas of construction that need attention through this review process.

At the completion of a project, management can review the work performed by each subcontractor. This can be achieved through a rating system which identifies areas of success or failure for a subcontractor's performance (Dream Builders Northwest). This rating system can assist management in the future when selecting which subcontractor bid to accept.

Solution: Conduct regularly reviews of subcontractor performance, including safety walks.

Rewards and Incentives

Subcontractors can meet, exceed, or fall behind a construction manager's level of satisfaction. When subcontractors exceed expectations, management has the opportunity to provide rewards. This provides compensation for subcontractor's high productivity and increased performance.

To reward subcontractors for their impressive results, one of the most effective means is monetarily. If project management decides to engage in a reward system, it should be established prior to project commencement (Thomas 2005). Agreeing to this idea before a project begins prevents any future debates regarding the appropriate amount that should be awarded. A reward system may motivate subcontractors to perform beyond their own expectations.

Solution: Utilize rewards and incentives for subcontractors.

Training

An important aspect of subcontractor management is training. By teaching subcontractors the most efficient way to perform their tasks, and educating them on the overall goal of the project, results have the opportunity to greatly improve. According to Coulter, a company returns three dollars in profits for every one dollar spent on training (Coulter 1989). Therefore, money invested early can significantly reduce the overall cost of a project. Not only is training a financially encouraging factor, but it also promotes loyalty and motivation for subcontractors (Coulter 1989). Improving the skills of subcontractors can assist in developing a positive work environment.

Safety training is a valuable tool used to prevent accidents on a jobsite (Rietze 1990). Explaining potential obstacles and the appropriate measures that should be taken to handle problems provides labourers with the opportunity to commence work in the safest and most efficient manner (Hinze 2003). This training should be conducted by the construction manager so that all expectations regarding safety can be clearly explained to the workforce.

Solution: Provide subcontractors with safety training.

Meetings

An essential component to project completion is an established regular schedule of meetings (Proctor 1996). Meetings allow management and subcontractors the ability to communicate and coordinate required work. It is important that these meetings are conducted on a regular

basis so that all parties involved have the opportunity to gain a clear understanding of how the project must progress (Thomas 2005). Continuous meetings with subcontractors allow management the opportunity to consistently explain expectations which can improve quality and productivity on the project (QIA Excellence Gateway 2008).

Prior to the bid, management should hold a meeting with all subcontractors to discuss objectives, schedule, communication, and conflict resolution (Levitt 1993; Orczyk 1993). This provides subcontractors with expectations of how the work is to be completed (Uher 1985). This allows all aspects of the subcontractor's work to be discussed so that each party feels as though they are being treated fair which can help develop a team mentality at an early stage (Hinze 1994).

It is vital for meetings to occur among management, but it is also important for meetings to occur among the trade workforce. These meetings are identified as toolbox meetings and should include the subcontractors' workforce. It is beneficial to explain project objectives and goals as well as safety precautions to the trades so that they may implement their understandings into construction practices (Levitt 1993).

Solution: Hold regularly scheduling meetings, including toolbox meetings for the workforce.

Pre-qualification

Pre-qualification is important for construction managers to consider when selecting which subcontractor bid to accept (Lin 2003). Pre-qualification can be based on a subcontractor's previous work. By selecting a subcontractor who has repeatedly proven he is capable of completing a project on schedule and under budget, a project manager can be relatively assured that similar results will follow (Maturana 2007). Construction managers should select a subcontractor that has proven capable of completing the contracted work (RTA 2008).

Pre-qualification can also be based upon safety. Selecting subcontractors with good safety records enables management to expect that construction will proceed in a safe and cautious manner (Levitt 1993). It is also beneficial for a project manager to select a subcontractor who has an established safety program (Arditi 2005). This improves safety practices because labourers have already been exposed to these requirements.

Financial pre-qualification should also be utilized by construction managers.

Problems frequently arise when managing subcontractors, but these problems can significantly worsen if a subcontractor is financially unstable (Ceschini 2004). Financial instability can hinder a project because a subcontractor may not be able to meet schedule demands.

Solution: Prequalify subcontractors based upon previous work, safety performance, and financial situation.

Payment

Subcontractors are hired by management to complete a task. Since they are providing a service, subcontractors deserve to be fairly compensated. It is recommended by numerous sources that construction managers pay subcontractors on time at the completion of their work and in accordance with contract documents (Jackson 2004; Hsieh 1998; Proctor 1996). Not only is this an ethical action, but it promotes positive relationships between management and subcontractors. As the relationship develops, the probability of future work together continues to increase.

Solution: Pay subcontractors on time in accordance with contract documents.