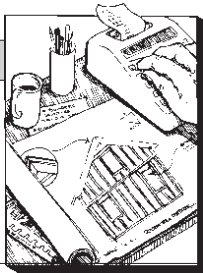


# Preparing For a Bid

by Sal Alfano



There's more to good bidding than preparing an accurate estimate. But, as with an estimate, the more systematic your approach to bidding, the better your chances for success.

Assume for a moment that most of your bids will involve an owner, an architect and/or engineer, a set of working drawings, a specification book, and a specific bid document. What follows in this and the next two columns are tips on how to handle these complex elements efficiently and accurately.

## To Bid or Not to Bid

Commonly, two weeks is allowed in which to prepare a bid, and it never seems like enough. Before

relationship with their office in the past, you may want to think twice before going through it again. If you've never heard of them, find out what you can. Try to discover how complete their plans are, and how they have handled design mistakes in the past. A major consideration is the kind of contract they have with the owners. If it's not a full-service contract, you probably won't get much help from the architects during construction, and there'll be no one around to sign off on the problems that will inevitably crop up.

When you turn to the project itself, first compare it to projects you've done before. If you're accustomed to building single-family

---

**If you're starting out with someone who has a basic distrust of the building industry, you're in trouble from the word go.**

---

spending 40, 80—or more—hours under that kind of pressure, you'd best make sure you even want the job.

Some preliminaries should be considered: the bid documents and bid due date; the project scope, which encompasses the type of work involved and its cost; the project schedule, including location, labor, and time elements; the type of contract; who the competition is; and don't forget the personalities of the owners and architects.

First look at the bid documents. Can you do a thorough job on the bid in the time allotted? If you can't give it your best effort, it's probably not worth the time. It makes no sense to put in 60 hours and then have to drop out at the last minute.

Does the bid have to be accompanied by a bid bond or a performance bond? If you've never been bonded for performance, you probably don't have the time or the cash to do it before the bid is due, so unless alternatives are possible, let this one go. A bid bond (usually a sum of money submitted with the bid and held in escrow until a contract is signed) can often require 5 to 10 percent of the total bid price. If you don't have that kind of cash lying around, or a way to raise it, you're finished before you start.

Check out the owners next. Will their personalities affect your price and scheduling? Are they sticklers for detail? Find out if their prior experience with builders was positive—or a nightmare. If you're starting out with someone who has a basic distrust of the building industry, you're in trouble from the word go.

What about the architects? If you've had a troublesome

residences, think hard before jumping into a 24-unit condo complex. If the job appears to be in the right ballpark, do a rough estimate of the total cost. There are differences between \$100,000 homes and \$350,000 homes, and the problems usually increase as the price goes up. Physical size may be one reason a project is expensive, but often the price is high because exotic materials are specified that require special ordering or specialized, hard-to-find tradesmen. All of this expensive detail also means there's more opportunity for things to go awry—and more potential imperfections for the owners and architects to fuss about.

If you decide you still want the job, look at your schedule. First of all, see if you have enough time and enough skilled personnel to complete the job, especially if penalties will be assessed for late completion. Then look at where the job is located. If it's outside your normal traveling range, it could mean extra costs to transport your crews and deal with unfamiliar suppliers. Administration is always harder when the job is far from home.

If you *still* want to bid, investigate your competition. A list of prime bidders is generally available from the architect's office. Is there anyone you recognize, anyone whose bid is always ridiculously low? If so, you may decide not to bother. See anybody you don't recognize? If so, try to find out something about them. Almost every bid has at least one ringer whose price will be either wildly high or dangerously low. Try to find out who they are and what their bidding history is.

Consider, too, your competitors' schedules. If they're full, they may

end up dropping out of the bid. Even a bid that starts out with 10 or more prime bidders rarely has more than five or six left at the opening. And when everybody's busy, bid prices are generally higher, so you might be able to increase your normal prices a bit and still win the contract. On the other hand, if work is scarce, a little lower price may be required to win the job.

Still want it? Take a final look at the contract you will have to sign if you win the bid. Is it a standard form with which you're familiar? Or is it a homegrown version with a lot of slippery language that makes you want to hold onto your wallet and run for cover?

## Do Unto Your Subcontractors

Once you decide to do the bid, draw up a schedule that allows you enough time to complete the estimate. Work backward from the bid due date and make a list of every item you need to estimate, and when you expect to complete that portion of the bid. If there's not enough time, you may need some help, or you may have to shuffle your appointments for the next two weeks—or plan on burning some midnight oil.

Subcontractors need a lot of lead time to complete their estimates, because their work is specialized and often in high demand. Get the plans and specs to them as early as possible, and make sure they know when the bid is due.

If you're going to solicit competitive bids from several subs in the same trade, decide in advance who they are, and put them on a checklist by division (Electrical, Mechanical, and so on). Have a place for their price, and leave space for their answers to the questions you'll have to ask them about their estimates. Leave room for unsolicited subcontract bids as well, since some will probably arrive at the eleventh hour.

As you go through the estimate, write any questions you have for the subs on the subcontract-bid list, so that when you get their phone calls you'll be ready. Familiarize yourself with the scope of each trade's work so you can ask intelligent questions. In renovations, for example, the mechanical specs sometimes require demolition of existing equipment or portions of the structure that obstruct the new work. You have to know whether or not the subs have included it in their price. You don't want to be arguing about who has to knock down a wall after the contracts are signed and the schedule is set. ■

*Sal Alfano is a general contractor from East Calais, Vt.*