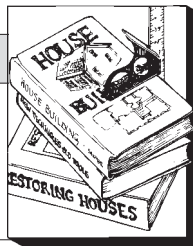


Working With Subs

Managing Subcontractors for Results by F. Gary Lewis
(Trade Secret Publications, 1992; 301/386-2512).
129 pages. Softcover, 8 1/2 x 11. \$32.95.

by Paul Hanke



Your profit margin is dropping and your phone is nearing meltdown because of callbacks. The excavator on your last job didn't show up for two weeks, and when he did, his lunch consisted of a pint of Jim Beam. And the drywallers took a hike because you forgot to order the materials, and when they were finally delivered, the driver dropped them off a tilt truck. If any of this sounds familiar, you need a copy of *Managing Subcontractors for Results*.

Quality, not cost, is the name of the game in today's building market, says NAHB seminar leader F. Gary Lewis. This means the subs you hire should promote the quality image you want to project and contribute to the satisfaction of your customers. And it means controlling subcontractor costs and productivity without becoming a "heavy" on the job site.

Lewis knows that sub-bashing is easy when things go wrong. But instead of resorting to shouting, threats, and withholding payment, he recommends a positive style of management that will keep your firm on a path of continuous improvement instead of constantly "putting out fires."

To do this, Lewis recommends that you get your own priorities straight and establish measurable ways to track your improvements. For instance, if you set the goal of reducing cost overruns to less than 1% of total job cost, you must also establish accounting systems that will make it easy to identify runaway costs as they occur, not 30 to 60 days later. This also means effectively communicating your goals to others and convincing them it's in their best interest to improve along with you. Finally, reward good performance when you get it.

But first you've got to find qualified subs, and you've got to do it *before* you need them. How? Lewis suggests asking your present subs. Ask your electrician who the best plumber in town is. Ask your drywallers who provides them with the best frame. Keep an active file, and make sure the candidates are

financially stable and run a business-like operation. Otherwise you may discover that using the low bidder can be a "surprisingly expensive" way to economize.

Once your subs are lined up, help them out

by providing the best, most complete bid package you can. As Lewis says, when subs have to guess, you have to pay. Give them plenty of advance notice, *require* their attendance at a preconstruction meeting, issue written performance standards (i.e. spec the tolerance you will accept for plumb, level, etc.), and don't accept *any* deviation. Use purchase orders (and "variance" purchase orders) to track costs and even to do your invoicing. Make a written schedule and stick to it. Subs won't adhere to it if you don't.

Finally, control quality. Quality isn't "luxury" or "in the eye of the beholder," says Lewis. It's what you define it to be in your written standards. Otherwise, quality will be defined by anything your customer perceives to be a problem. Shoot for "zero-defects." Lewis notes that if 99.9% accuracy was good enough, 22,000 checks would be deducted from the wrong bank accounts every hour. You'll never achieve perfection, but you should always seek to get 100% of your quality standards.

Lewis cautions that quality doesn't cost money, but lack of it does. He reinforces his point by referring to a study by the Harvard Business School that found that companies with low service quality only averaged a 1% return on sale and lost 2% market share per year. Those that emphasized quality earned a 12% return and gained 6% market share per year.

It all sounds simple and straightforward, and at the core it is. If you want more suggestions on how to implement the author's simple philosophy, including lots of sample forms, get this book. ■

Paul Hanke is an architectural designer, teacher, writer, and occasional builder in Warren, Vt.