

# TOP 5 TECHNIQUES FOR SUCCESSFULLY MANAGING YOUR SUBCONTRACTORS

A HANDBOOK FOR SUCCESS

As a construction professional, you already know the value and importance of superior subcontractor management. Often, their success becomes your success. Much of your day-to-day life is focused on managing subcontractor work and maintaining subcontractor relationships.

Subcontractors are critical to you and your company because:

- **You can't keep up with staff demands for growth, so subcontracted scopes allow you to execute more work.**
- **They become long-term partners in your success because you trust the numbers they give you at estimate, and you're confident they will meet these goals during construction.**
- **They provide a specialty service you don't use on many projects.**
- **Whether due to locality or specialization, they can perform some work more economically than you can, which increases your chances of winning the project and meeting your budget.**

There is certainly a large amount of information and advice on how to effectively manage subcontractors, but some of the best will always be your own hard-earned lessons.

At InEight, our goal is to give you the tools and insight you need to realize your best construction experience. We believe that the detail and focus put towards self-perform work can be utilized to create a subcontractor management program you can be confident in. The five key techniques that follow and the actions within each highlight an area where InEight customers have seen their best success when managing their subcontractors. Let's dig in!

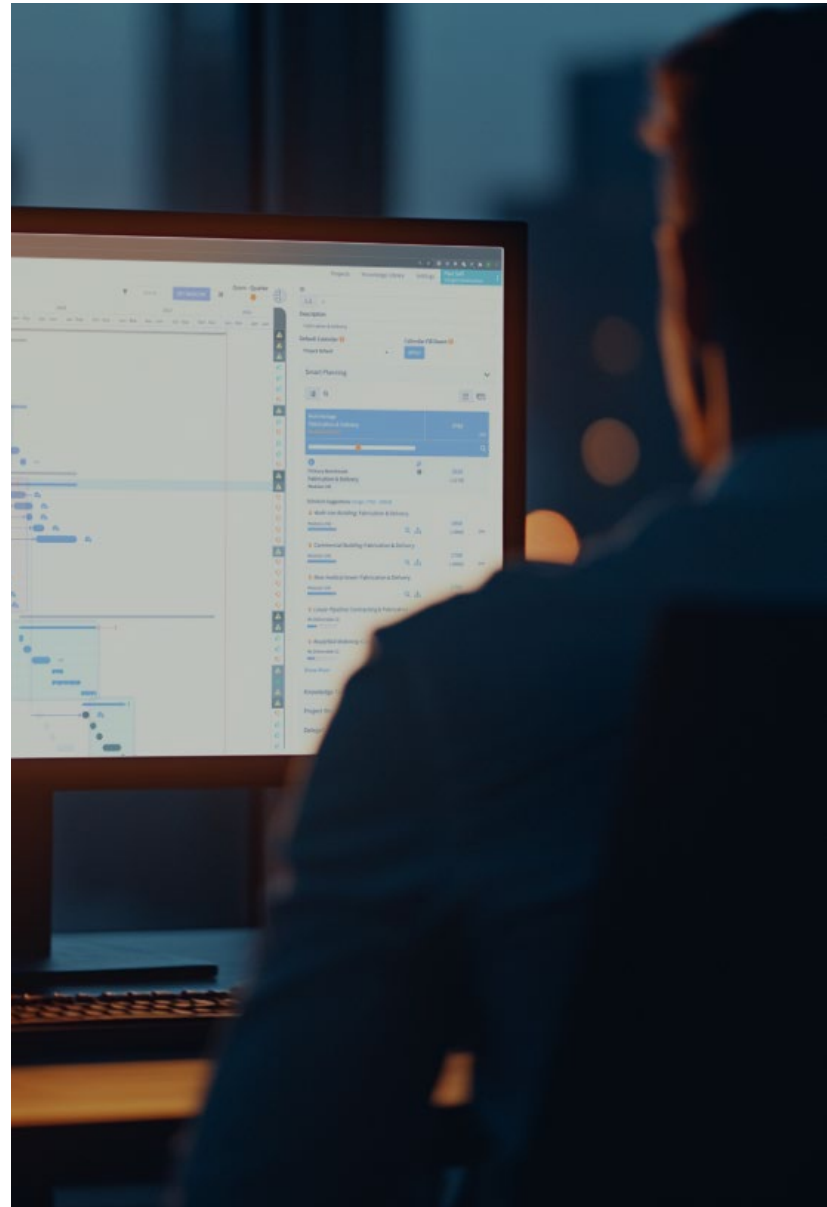
# 1

## ESTIMATE WITH CONFIDENCE

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A successful project always starts with a solid estimate. You may not know if a particular scope of work will be self-performed or subbed out when creating the estimate, so gather enough detail so you can pivot successfully if necessary.

- **If you're getting vendor quotes, take the time to evaluate their past performance and adjust the numbers accordingly.**
- **Leverage data collected on past projects, including vendor issues and change orders (both by volume and type).**
- **Be sure to close out any errors and gaps in scope across the different bids, then you can enter the final bid review with confidence.**



**USE DETAILED ESTIMATES AND PAST DATA TO ENSURE ACCURACY FROM THE START.**



# 2

## AWARD EFFICIENTLY

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Projects start fast. To meet construction schedules, one of the first priorities after winning a project is awarding key contracts to ensure the project schedule is maintained. Being efficient and timely when evaluating and awarding contracts is a vital component to start the project with the right momentum.

- **Take advantage of the data at your disposal to keep efforts aligned and productive. Utilize metrics on past performance and current workload to help guide important decisions.**
- **Generate contracts based on established templates.**
- **Utilize automated workflows to gather input and approvals (including the impacts on each award on the assigned budget).**
- **Finish the process quickly and securely with electronic signatures.**

**QUICKLY AND SECURELY  
FINALIZE CONTRACTS  
TO KEEP PROJECT  
MOMENTUM STRONG.**

# 3

## PROACTIVELY MANAGE PROGRESS AND RISK

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Effectively managing subcontracted scopes starts during contract negotiations. Almost all your best practices and lessons learned from self-perform construction activities can be applied to your subcontractors.

- **Create contract components to the right level of detail so you and your subcontractor can stay aligned and transparent on work performed and overall productivity.**

By using clear components such as quantity delivered, linear feet installed, etc., you have a clear picture of how the work is performing and the invoice process becomes much more efficient.

- **Utilize lookahead scheduling for subcontractors and sequence their work in CPM scheduling. Include them in relevant project schedule meetings.**
- **Put field tools in their hands to capture time, by the crew or even by the individual. As work progresses, either collect or capture their progress against the contract components.**
- **Having the right amount of data in real time will streamline the invoice and payment process. It will also allow you to identify and react to potential delays with enough time to mitigate their impact.**



**TRACK PROGRESS AND RISKS IN REAL-TIME TO STAY ALIGNED WITH SUBCONTRACTORS.**

# 4

## FORECAST SUBCONTRACTOR PERFORMANCE

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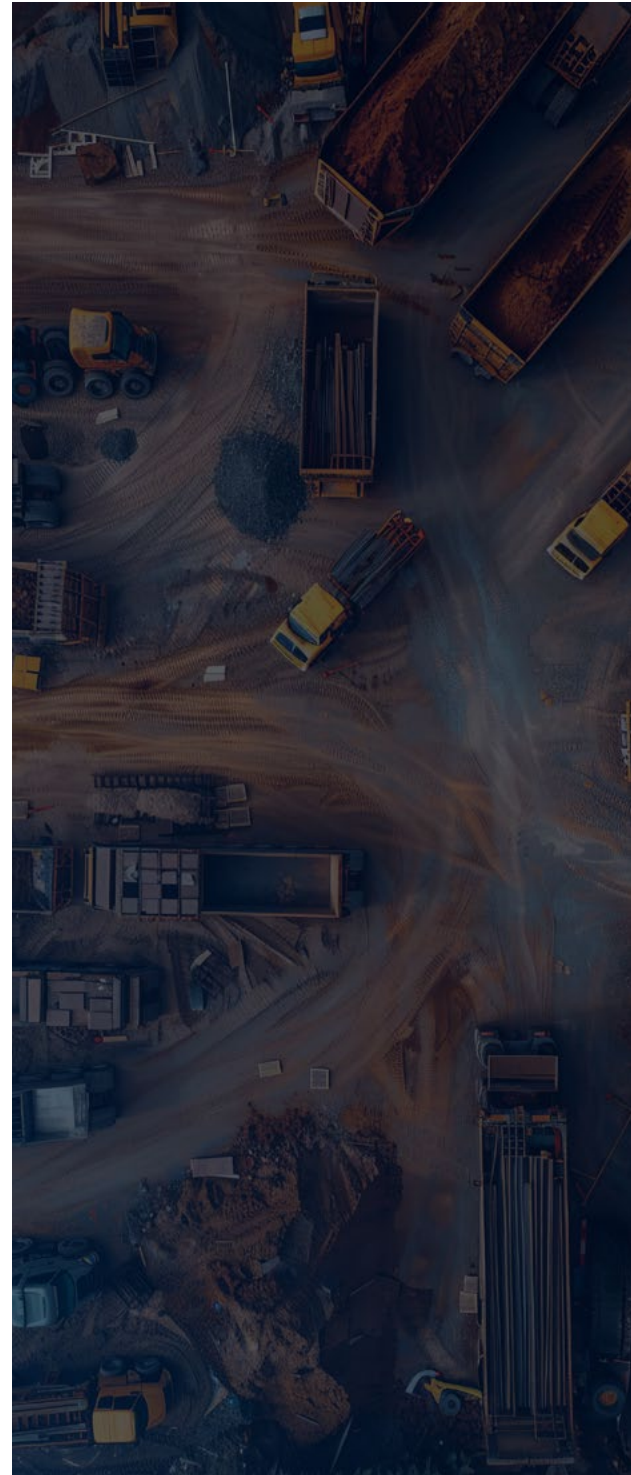
Subcontractor costs do not need to be a black box. With the right tools and processes, you can track and manage subcontractor financials in detail.

- **As contracts are created, the value of the commitments should be immediately visible against the budget.**
- **If you are collecting contract component data against your subcontractors, then you always have a real-time percent complete available for those scopes.**

Especially on projects where there is a mix of self-perform and subcontracted work, a certain amount of unknowns may be common with the subcontracts. By getting subcontractor commitments and progress back to your cost system, you can have confidence in all your scopes. Field issues and scope changes often result in change orders to vendors. All this information can be combined to create an effective forecast of how individual subcontracts will perform over the life of the project.

- **Choose (or create) the right forecast method for all your contracted scopes and you'll be confident in the projections for the entire project.**

**MONITOR SUBCONTRACTOR COSTS AND PERFORMANCE TO IMPROVE PROJECT FORECASTING.**





# 5

**ENSURE CLEAR COMMUNICATION WITH STRUCTURED PROCESSES TO RESOLVE ISSUES SWIFTLY.**

## KEEP COMMUNICATION LINES OPEN

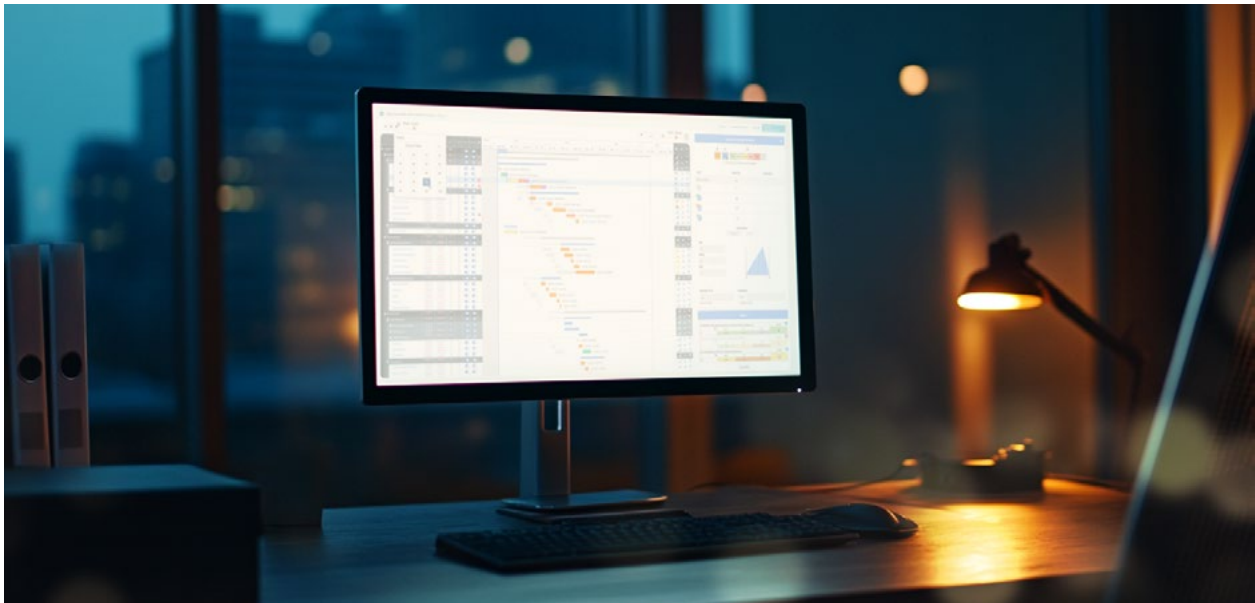
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Effective communication is frequently the hallmark of a successful project. It may be even more necessary when it comes to subcontractors. Adding structure and formality to your interactions can feel like you're planning for eventual issues, but often the opposite is true.

- **Remember, both contractors and subcontractors alike can benefit from clear and transparent lines of communication.**
- **Defined processes, such as required submittals by type and date, help to align the important intermediate steps to achieving a timely and successful delivery.**
- **Creating electronic forms that include subcontractors, for items such as nonconformance notifications and requests for information, can guarantee that open issues and key decisions are resolved, visible and clear.**
- **Even small items, such as requiring response windows for emails (for both contractors and subcontractors), can make a large difference in the overall effectiveness of the relationship.**

# CONCLUSION

When it comes to effectively managing your subcontractors, choosing the right details and focus can help them achieve the same quality in their work that you achieve with your own self-perform projects. Remember, their success is your success, so the right investment in your processes will pay off for today's projects as well as tomorrow's.



## ABOUT INEIGHT

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InEight provides field-tested project management software for the owners, contractors, engineers and architects who are building the world around us. Over 575,000 users and more than 850 customers worldwide rely on InEight for real-time insights that help manage risk and keep projects on schedule and under budget across the entire life cycle. From pre-planning to design, from estimating to scheduling, and from field execution to turnover, InEight has powered more than \$1 trillion in projects globally across infrastructure, public sector, renewable energy and power, oil, gas and chemical, mining, and commercial.

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