



Q&A Subcontracting & Contract Methods

- September 17, 2024

The 4 businesses participating in the Q/A included:

Tamaka Thornton, [Turner Construction Company](#), tathornton@tcco.com

Jason Jones, [Hensel Phelps](#), jjones2@henselphelps.com

Melissa Rossi, [Division 9](#), mrossi@d9projects.com

Cory Andreatta-Pierce, [Centennial](#), candreatta-pierce@cce-inc.com

Tell us about how a small business can become a subcontractor to you?

All four of the larger business representatives emphasized the importance of reaching out to share capabilities with them directly. After that initial meeting there may be a pre-qualification process likely with paperwork all about your firms capabilities, licenses, etc. One tip is to save your answers to the first pre-qualification packet you fill out because prime contractors all have a very similar process. Many primes use [Building Connected](#), pre-construction software that is used to track subcontractors, send invitations to bid, etc. One prime (Turner) indicated they were signatory to the union so if the subcontractor isn't, that's not a deal breaker but may limit the work that they can get with the business.

How does your firm "right size" subcontracting opportunities to your subcontractors?

All of the larger businesses indicated that transparency is important when discussing your capabilities. They are burdened by the fact that they could significantly harm your business or put your business under by awarding a contract you can't handle.

The sub qualification form is a useful tool for them. They share that information with individual project management teams who will match the subcontractor with the needs of the project scopes. Centennial, who specializes in Job Order Contracting, breaks work down into the smallest package size possible to allow for more subcontractors to participate. They subcontract out nearly all the work. Other larger entities indicated they attempt to track all the subs they use across all their projects so as to not overtax a particular subcontractor.

What are the top areas you see small firms get tripped up on when attempting to do business with you?

Backoffice paperwork was reported to be the #1 issue facing small businesses. If the prevailing wage paperwork that includes intents to pay prevailing wages, affidavits and sometimes weekly certified payroll reports, the firm can't get paid on time and the issues start to snowball.

It was noted the last thing a small business wants to do is to mess up on a public job because that's public – your reputation will be tarnished making it hard to get more work in the future.

Jason at Hensel Phelps reiterated the need to "right size" the job. Do not exaggerate your capabilities and your "sweet spot." If you can't actually handle a \$300,000 job, don't tell him you can! Hensel Phelps has a 6 step process to onboard subcontractors. During that process, be sure to be transparent with any issues you have related to cash flow or mobilization. They may be able to help.

For Centennial, Cory indicated that a big part of her job is making sure her subcontractors understand the back-office requirements. She can walk firms through the process, paperwork, safety requirements, etc. This is important because she holds the Job Order Contract for the Port of Seattle which has unique safety and security requirements.

What is certified payroll?

Certified payroll may be a requirement in public works contracting. It's a report that has to be submitted showing you paid the correct wages, on time. It aligns with prevailing wage intents and affidavits.

Having software and an experienced bookkeeper support your certified payroll reporting is highly recommended. B2G Now, LCP Tracker are two systems you might encounter. You will also probably upload your certified payroll report in the Labor and Industries Portal. Again, hiring a bookkeeper can keep your firm compliant and avoid delays in payment.

I'm new the marketplace. How can I break through?

You first need to figure out who needs you. It's different depending on the type of work. Construction Management Software is going to be totally different than geotechnical, for example.

It was noted that the larger primes have their relationships for MEP – Mechanical, electrical and plumbing set well in advanced. For design firms and others you may need to contract with those entities as the primes on the line today are further down the road and are ready to break ground.

What about suppliers on the JOC (Job Order Contract)?

Job Order Contracts are an “on-call” time contract that Centennial specializes in. When the Port of Seattle needs a construction job completed that is valued at under \$500,000, they may contact Centennial and Centennial will reach out to their network of subcontractors to complete the work.

Typically the subcontractors working for Centennial will also select suppliers.

How do I find those subs? Cory is happy to put suppliers into contact with their regular subs.

It was also noted that the Port of Seattle has supply needs directly with an event coming up tomorrow!

Bonding and insurance?

You need your financials in order in order to get a bond. Understand your bonding limits prior to promoting your firm to the primes is ideal. Hensel doesn't require a bond under \$50,000. If there is a gap in bonding availability, Hensel may consider shoring up that deficit.

Centennial typically doesn't require a bond under \$100,000 and like Hensel Phelps, it's typically not a deal breaker.

For insurance, it was highly encouraged to understand your insurance requirements and talk to an experienced commercial broker. Many firms start out with using the same entity that handles your personal home or auto, but commercial brokers may be the way to go as they are more likely to understand your unique needs and trade.

I've heard from small businesses that the timeline in which to submit a bid is typically really fast. Is there any way to slow that down and if not, what tips do you have for small businesses?

Hensel Phelps typically offers a Q/A period of three weeks so that everyone has lots of time to get clarity. Then they create a bid deadline after that. They attempt to award quickly after the bid deadline. Their biggest pain point is getting subcontractors to bid! Hensel specializes in mainly larger Design-Build type projects and also does General Contractor/Construction Manager (GCCM) and Progressive Design Build.

As a job order contractor, Centennial, the timeline is a bit tighter. Centennial understand how hard that is so just let them know if it's a barrier. They also aim to have small work packages which should make it a bit easier.

D9 recommended that small businesses are selective with what they bid on. Using a decision tree or bid/no-bid matrix will help with that. It's easy to bid on too many things and not have time to do a quality job. You have to ensure your bid is complete and that the bid addresses everything that is requested. Do not assume anything.

Are construction project bids always based on price?

For Hensel, price is one factor but we also go by total value they bring to the table. We have selected trade partners that were slightly more expensive (with the permission of the owner of course) because of the nature of the trade partner, where we cultivated our relationship with them, and our willingness to give new partners an opportunity vs. using the same partners ad nauseum.

In Job Order Contracting - Best Value is considered factors include, availability, schedule/timeframe, quality of work, and safety as well as price.

What about Past performance requirements?

Cory at Centennial does not require past performance, but Melissa at D9 does. Their work is technically difficult, and they can't risk newbies coming in without jeopardizing their warranties. Turner considers past performance to a certain degree. If you are new, they ask for references/referrals as part of the pre-qualification process.

How quickly will I be paid?

Typically, firms pay within 30 days, but some things need to happen to ensure the invoice can be processed – filing affidavits with Labor and Industries, for example. Turner has an accelerated payment program for women / minority business enterprises that firms can enroll in for a small fee/percentage. This allows for payment within 10 days.

Final tips?

- Your prime wants to be your partner. Ask questions. Be transparent.
- Primes need the help from subcontractors.
- Hire a good bookkeeper!

