
Pricing Subcontractors' Work

Nature of Relationship with subcontractors

- General contractors would generally use subcontractors to perform a major portion of the works in any job.
- Estimators rely on the subcontractor's estimate for the subcontracted works. The estimator need to be confident that the estimate is accurate and meets all project requirements.
- The relationship between the GC and the Sub should based on trust and mutual benefit over a long term basis going beyond a single project.

Concerns about Subcontractors

- Capability to meet the quality and time schedule of the contract
- Financial capability of the subcontractor
- GC may require a bid bond and a performance bond from subcontractors

Evaluate Qualifications of Subcontractors

- Quality of previous work of subcontractor
- Effectiveness of company's management
- History of dealing with other contractors →
Easy/difficult to deal with
- Financial capability
- General reputation in the market

Analyzing Subcontractors' Bids

- Assure that the scope of work for the subcontract is fully covered without overlap or underlap
 - Check the bid to assure there are no errors in the bid
 - Require an “Exclusions” List (Items excluded from the scope) in order to facilitate bids comparison
 - Check for any conditions attached with the bid and analyze their impact
 - See examples of Trade scopes (pp 314-317)
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