

## **Ok Construction, Inc. Subcontractor Management Policy**

### **Introduction**

Ok Construction Inc. believes that every subcontractor should make a profit. We recognize that we cannot build the work alone and respect and value the knowledge and talent that our subcontractors bring to our projects. We accept the obligation to coordinate the work so our subcontractors can produce their work efficiently and cultivate a team effort so they can help each other. To accomplish this, it is imperative that we require appropriate performance and adherence to the schedule by all subcontractors and vendors because lack of performance by one causes hardship and potential loss for others. We cannot allow exceptions for one subcontractor to cause problems for another. Therefore, we must demand appropriate performance and adherence to the schedule from all. We are entitled to this under our subcontract agreement, but our primary motivation is our obligation to manage our projects efficiently so that our subs and we can earn the profit to which we are entitled. The purpose of a subcontractor management policy is to be consistent in management and treatment of subcontractors so that they have a clear understanding of our intentions and their performance standards.

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#### **Subcontractor Management Policy**

It is our obligation to be certain that subcontractor foremen understand, in no uncertain terms from their first day on our project, what is expected of them; that they report to the OK Construction Superintendent; and are expected to comply with their directions. If they do not fully understand this, the Superintendent is to contact their office and/or the OK Construction Project Manager and get the issue resolved within the first week they are on site. As professionals and in a professional manner, the Superintendent must set the record straight at the beginning of the project so that he can require performance thereafter, as opposed to asking for it. We will not accept “I can’t get done this week what I said I would last week because etc., etc., etc.,” because 95% of the etc.’s can be overcome with agony and/or overtime and we are entitled to take the position: “It’s not our problem, it’s yours.” Further, if other foremen see non-performance being accepted, they relax and an air of “everything can be worked out” takes over.

We will not accept a day here from one sub and a day there from another because eventually the schedule is driven by the performance of the trade foremen and not the Superintendent. This policy does not imply that we push people around (that always backfires). It does demonstrate our commitment to a high level of project control and leadership by our Superintendents. It is imperative that this policy be carried out professionally. Construction schedules today demand strong Superintendents who make and keep their commitments and demand that their subcontractors and vendors do also. This policy will benefit our subcontractors, gain the respect of their foreman and increases their profits.

### **Hoisting**

Hoisting and handling subcontractors’ materials will be carefully evaluated before award of subcontracts. Overall efficiency suggests that each contractor be responsible to hoist and handle their own materials, and if we agree to do it, we intend to make a profit. Our efficiency is

impacted when we hoist or handle for others, particularly when it is necessary to do it on overtime because we need the equipment during regular hours. We are not usually compensated for the premium time, and we lose operator efficiency when they work long hours.

### **Subcontracting**

Wherever possible subcontractors will be awarded the full section of their specification because crew efficiency usually suggests work in specification sections should be performed by a single contractor. If work is taken back from a sub during buy-out, the purchaser must be certain it is appropriate and will create an overall savings. The Superintendent will be consulted about the efficiency and cost of the subcontractor's work he will be required to perform before it is taken back from the sub. If work is taken back from a sub, it will be clearly itemized and copied to the Project Manager and Superintendent to avoid time loss and confusion later through miscommunication.

This policy applies equally to other prime contractors on the project

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