

# 10 steps to success with subcontractors

**Experienced landscape pros share their secrets to achieving profitable and pain-free relationships with outside firms**

BY MIKE PERRAULT

**T**here is no quick and easy way to have successful, profitable relationships with subcontractors. Building such relationships is one of the headaches of the landscape and irrigation business. It's hard but not impossible.

The key is experience. *Landscape Management* interviewed seven experienced Green Industry professionals about dealing with subcontractors. They offered 10 tips to help you avoid the pitfalls they encountered.

**1. Outline the "perfect" project.** Jeff Korhan, president of Tremendous Landscape Co., Plainfield, IL, sets up a meeting to define expectations for subcontractors and contractors. He tells subcontractors to forget about budgets and time frames. "I ask them to pretend it's three years later, and everybody is happy with the relationship," says Korhan. "Then I ask them to de-

scribe what happened in those three years that caused us to have a good personal and professional relationship. If they don't have an answer, they may be saying, 'I don't see myself working with you in three years.'"

**2. Walk a managerial tightrope.** Micromanaging is a mistake. The last thing subcontractors want is to be told how to conduct their business. Also, micromanaging subcontractors squanders valuable resources, particularly your time.

A hands-off management style can be equally disastrous. Subcontractors need guidance.

"Communication is the biggest issue with subs," says Dave Tollefson, president of Urban Farmer, Inc., a 16-year-old full-service landscaping firm in Englewood, CO. "You pull a group of entrepreneurs together, set the stage right up front and let them know what the expectations are." The goal is to foster a cooperative, not an adversarial, relationship.

**3. Exceed customer expectations.** How else will your landscape company stand out to



Subcontractors are often chosen for their expertise in a particular task.

clients? When selecting and working with subcontractors, insist that they exceed customer expectations. That is far from easy, says John Chiarella Jr., president of Ultimate Services, Inc., Waterbury, CT. "Some subcontractors will talk the talk but won't walk the walk."

Korhan believes everyone in

the business process has expectations of each other, and those, too, should be exceeded. "In that sense, working with a subcontractor is no different than working with an employee or a client. Be open to problems and opportunities and ask, 'What is our plan to take advantage of those problems and opportunities?'"





*"I ask subcontractors to pretend it's three years later, and everybody is happy with the relationship. Then I ask them to describe what happened to build this good, professional relationship."*

— Jeff Korhan, president,  
Tremendous Landscape Co.

**4. Establish clear objectives and standards.** Although contracts are important for outlining the scope of a subcontractor's work, don't rely too heavily on them. Confusing legal terms sometimes scare subcontractors away.

Consider conveying important objectives and standards and soliciting feedback from subcontractors during informal preconstruction or weekly progress meetings, Tollefson suggests. "Have them tell you they're having a hard time working around you in this or that area, for example."

Korhan has someone write down agreed-upon terms during informal meetings, which subcontractors and contractors then initial. One such agreement might be that the subcontractor commits to showing up on time, fulfilling specific work requirements and leaving sites clean.

Also, consider writing business letters that clearly state what work will be done, when and for what price, says Ed Laflamme, former president of Laflamme Services, Bridgeport, CT.

**5. Do your homework.** Selecting a good subcontractor may seem easy but it's not.

Take the time to evaluate, compare and select good subcontractors. Make decisions based on your company's priorities. Laflamme believes your number one search criteria should be reliability. "He has to do 100% of the job. Some subcontractors will do 95% and leave your client unhappy. Then, you have problems."

Consider also references and reputation, flexible contract terms, resource scope, cultural match, location and additional value-added capability. Word-of-mouth often helps you find subs fulfilling at least some of these criteria. "It's the best advertisement," says Les Lightfoot, president of Lightfoot's Landscape in Vidor, TX.

Tollefson looks for subcontractors who are like his own employees. "We look for the same temperament, ideals, attitudes and values," he says.

Price is important, but the location is sometimes even more crucial, both to the subcontractor and the landscape contractor. The landscape

contractor wants the sub to be located within a reasonable distance from the job site, and the sub doesn't want to travel that far, either. The closer the sub to the job site, the better pricing a landscape contractor will get.

Don't forget to check out subcontractors' customer testimonials, contact numbers and resumes. Also, check to make sure they have liability insurance, and ask how their workers are trained.

**6. Subcontract for the right reasons.** Landscape companies subcontract to reduce and control operating costs, improve company focus, gain access to specialized services, free up internal resources for other projects and share risks. Subcontractors are often chosen for their extensive knowledge or certification involving everything from pesticide applications to large tree work.

"In the beginning, I tried to buy everything and do it all myself," Laflamme says of his efforts 30 years ago. "You quickly realize it's often more efficient to have a subcontractor handle some of the work."

Subcontracting makes sense from a risk-sharing standpoint, too, says Chiarella. "In-house, you have to pay for insurers, taxes and workers' comp," he says. "If you screw up, you have to pay. If a sub screws up, he's responsible or he doesn't get paid."



*"Insisting that subcontractors exceed customer expectations is far from easy."*

— John Chiarella, Jr., president,  
Ultimate Services

Korhan primarily subcontracts irrigation and complex masonry work. "You may have the resources for a project in-house, but if those resources are committed elsewhere, you might sub out other things," he says. "If it's a large sod installation, you might sub that out because you want your crews working on the higher margin detail work that's going to reflect most heavily on the finished project."

**7. Treat subcontractors as insiders.** Some landscape company managers say they're surprised that many of their peers view subcontracting merely as an easy way to simplify their lives. Although they readily team up with subcontractors to satisfy clients, they continue to treat them as outsiders.

Laflamme took an opposite approach by inviting subcontractors to parties. He invited contractors and clients, too, creating bonds and cementing relationships.



More landscape contractors say they're beginning to view relationships with subcontractors differently. They now it's about es-

tablishing networks and relationships among the most clever, best subcontractors in their fields. They share information with and learn

from ambitious subcontractors, and use them to keep pace with change, to innovate, and to pursue efficiencies.

#### 8. You scratch my back, I'll scratch yours.

Rockecharlie prefers subcontractors who promptly respond to job requests, send professional proposals in a timely fashion and attend meetings. "That gives your firm the necessary turnaround time to submit bids for the total bid package," he says.

Likewise, pay your subcontractors in a timely manner. "Subcontractors who get nicked-and-dimed don't like working for those contractors and they do a lousy job," says Chiarella. "It's to no one's advantage." A smarter approach is to reward for performance.

Don't let control issues or egos get in the way of establishing good reciprocal relationships. Avoid adversarial relationships when determining who will choose the specific pesticides to apply, for example. Also, improve communications with subcontractors. One of the quickest ways to end a relationship with a good subcontractor is to tell them a job is ready when it isn't — that hurts their bottom line.

9. Timing and scheduling are critical. The art of subcontracting is the timing and scheduling, landscape managers say. It can also be subcontracting's toughest aspect. It's not uncommon to underestimate the time necessary to complete a job or fail to take into consideration outside factors. Communicate before, during and after a job. Try to get a commitment from subcontractors that your firm is among their top priorities.

Chiarella points out what he considers to be an ideal relationship. "I was on a job site in Westport, CT, where I saw a problem and called one of my tree expert friends," he says. "I talked to him on a Thursday, he was there on a Thursday afternoon, and he was injecting the trees on Friday."

Laflamme says he views scheduling will

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 — Ed Laflamme, who built Laflamme Services into a leader



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make or break relationships with subcontractors. "If he says he's going to be there a certain day, he's got to be there," Laflamme says. "He's got to be good about communicating that. If it looks like he might run a couple of days long, he's got to let us know."

**10. The all-important contract.** Contracts should promote efficient cooperation to accomplish the objectives of both parties, not entrap the unwary, landscape contractors say.

They should prevent the "That's not MY job" arguments that inevitably crop up on job sites. "As long as we're living by what I call the 'golden rules of the spec,' it helps us all," Tollefson says.

Watch for carelessly worded language and ambiguities in contracts. Understand clauses that give companies the right to with-

hold a specified percentage of progress payments as a way to ensure the work will be completed. Watch for clauses that allow for avoidance of (or compensation for) interference, specify insurance requirements and address damages incurred by either party. Does the contract address submittals, changes, site inspections, notices, claims and disputes? Does contract language adequately deal with payments, performance time, scheduling and waivers?

Contract examples to consider include the Standard Form of Agreement Between Contractor and Subcontractor (Document A401, American Institute of Architects) and the Associated General Contractor of America Standard Subcontract Agreement. **LM**

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