



# HOW TO DO BUSINESS WITH ROEL® CONSTRUCTION

## An Information Sheet For Subcontractors

3/24/2007

ROEL Construction is proud of its excellent working relationship with the subcontractor community. We recognize that 80%, or more, of the work performed on every one of our projects is done by subs and our success as a contractor is directly related to the success of our subcontractors. We very much appreciate your participation as part of the ROEL family, which is what makes us who we are.

We are often asked by subs how to best get work with ROEL. Or, "How do I get on your "bid list?" Or, "How do I get my foot in the door with ROEL?" We have sometimes heard that there is a feeling among some subs that it is hard to get on ROEL's "bid list" and that we have "favorites." We won't sugar coat it or BS you - both of these statements are absolutely true! The purpose of this document is to explain why that is true and to give you some insight into the requirements for becoming one of the subs that gets a fair share of work with ROEL.

### **The "It's hard to get on ROEL's Bid List" theory**

This is true. Why? Because there are literally THOUSANDS of subcontractors in every market area. Imagine for just one minute how many subcontractors exist that you compete with. Three? Four? – Probably something like several dozen – or more! We cannot even attempt to ask for bids from every subcontractor. On most projects, we invite 3-5 subs well known to us that we feel are good qualified matches for the needs of the project, and who understand how ROEL does business.

### **The "Favorites" theory**

First – let us explain that ALL GENERAL CONTRACTORS have their favorite subs. Anyone that tells you they don't is lying to you. This is true for private-side contractors as well as public-work contractors. Human nature says that you would rather work with someone with whom you have had good experiences in the past instead of someone unknown. Of course, price, schedule and quality are important issues too, but if these are close, the decision will go to the "favorite" in most of the cases. ***The most successful subs will not be worried or frustrated about this but will accept this fact and try to position themselves to become one of the preferred contractors.***

Second, no general contractor would be able to provide competitive pricing to its clients with just **one** subcontractor per trade. ROEL has MANY qualified subcontractors for each trade. Every project is different, and every subcontractor has different skills and specialties, so ROEL needs to have many qualified subcontractors for every trade. Are you the next one?

### **Private Contracting vs. Public Works**

ROEL typically does not perform public works projects. This is significant because public works projects are almost always hard-bid. That means the lowest responsible bidder gets the job. This type of environment causes generals to be very dollar-oriented and they must entertain bids from anyone and everyone if they are going to compete for a public project. Their "bid list" is probably very long and it's easy to be on the list since they want as many bids as possible in order to get the bottom dollar price. There is very little flexibility in public works, and bid errors and unscrupulous general contractors often hammer subcontractors in this mode of procurement.

On the other hand, on private works, owners are able to use any procurement process that suits their needs. There is rarely a public bid opening and often, the owners will negotiate the contract price with one general contractor rather than have a chaotic and error-prone hard bid. This is the environment in which we work most of the time and we are very good at it. One of the features of this style of procurement is that we select only a few quality oriented and reliable subs for each trade category rather than a long bid list.

### **Who makes the decision on which subs get the job?**

You should know that ROEL does not have a traditional “estimating department.” Instead, all of our projects are estimated and “bid” by a true project management team which will be responsible to build the project once it starts. These project managers are the people who decide which subs to recommend for each project. THEY are your customers. You should also know that on many projects, the manager prepares an analysis and recommendation to the owner about which subs to choose. In these cases the owner makes the final decision which sub will get the award.

### **Subcontractor Registration in ROEL’s Database**

To be considered as a subcontractor authorized to bid ROEL’s work, a Subcontractor Profile must be completed (available at [www.ROEL.com](http://www.ROEL.com) and also from our offices). This profile is designed to provide information about the capabilities and the desired scope and size of work of a sub. It also is designed to ensure that a sub understands and agrees to the key terms in ROEL’s standard subcontract agreement and insurance requirements (which are also available on our web site).

### **Subcontractor Prequalification**

If a Subcontractor becomes prequalified, it means that it has submitted extensive information about its capabilities and financial strength. A ROEL project manager must “sponsor” a sub for prequalification and the CFO must approve the subcontractors financials before a sub can be prequalified. All approved and verified pre-qualification packages are reviewed at our monthly managers meetings so all of our 40 or so managers are introduced to the new subcontractor.

### **Marketing to ROEL**

Here’s the hard and most important part. Since we do not use bid lists in a formal way, a sub must take responsibility for getting job opportunities with ROEL. Subs are encouraged to visit our plan room and to call on our project management teams frequently to find out what’s out to bid and what’s going on. To be invited to bid a project, a sub must get on the select invitation list with each manager. This requires getting to know them and ensuring they know who you are. You must be pre-qualified and prepared to provide good customer service on a moment’s notice. This is all about human communication. Because of busy schedules this is not an easy thing to do but the subs that work for us most frequently do it very well.

### **Servicing ROEL’s Jobs**

Once on the bid list, a sub may find that it is different than other projects. ROEL frequently has to budget and re-budget projects several times as we assist the owner with value engineering and resolving budget and scheduling issues. It is not uncommon for us to budget a job two or three times with several subs in each key trade. But only one of those subs will actually get the job! It is important to understand this going in so you don’t get too frustrated with the process.

### **Do we want YOU to work on our projects?**

If you are a service-oriented and quality-minded subcontractor with competitive pricing, then YES, we want you to work on our projects.

**What should you expect from ROEL?**

We demand that our subs provide timely information, good quality work, efficient scheduling, and safely operated activities. And, of course, we do want the best pricing from our subs so that we get the jobs we want together. In return, we always strive to treat our subs fairly and equitably. We try to treat our subs with the same respect, integrity, and honesty that we expect from them. We try to be the kind of contractor that subs WANT to work for. You should expect that from us.

**Concerns**

If you ever have any concerns at any time about anything in your dealings with ROEL Construction, ROEL's president, Kevin Elliott, would like to hear from you. Please contact him at 619-297-4156 or [kevin@ROEL.com](mailto:kevin@ROEL.com)

**The last word.**

If a firm is 100% service-oriented, fair and equitable, honest, and trustworthy, then we want that firm to be part of our family. We look forward to growing our business in a profitable way by helping subcontractors grow their business in a profitable way. That's why we live by our motto....

“Thanks to all our subs”