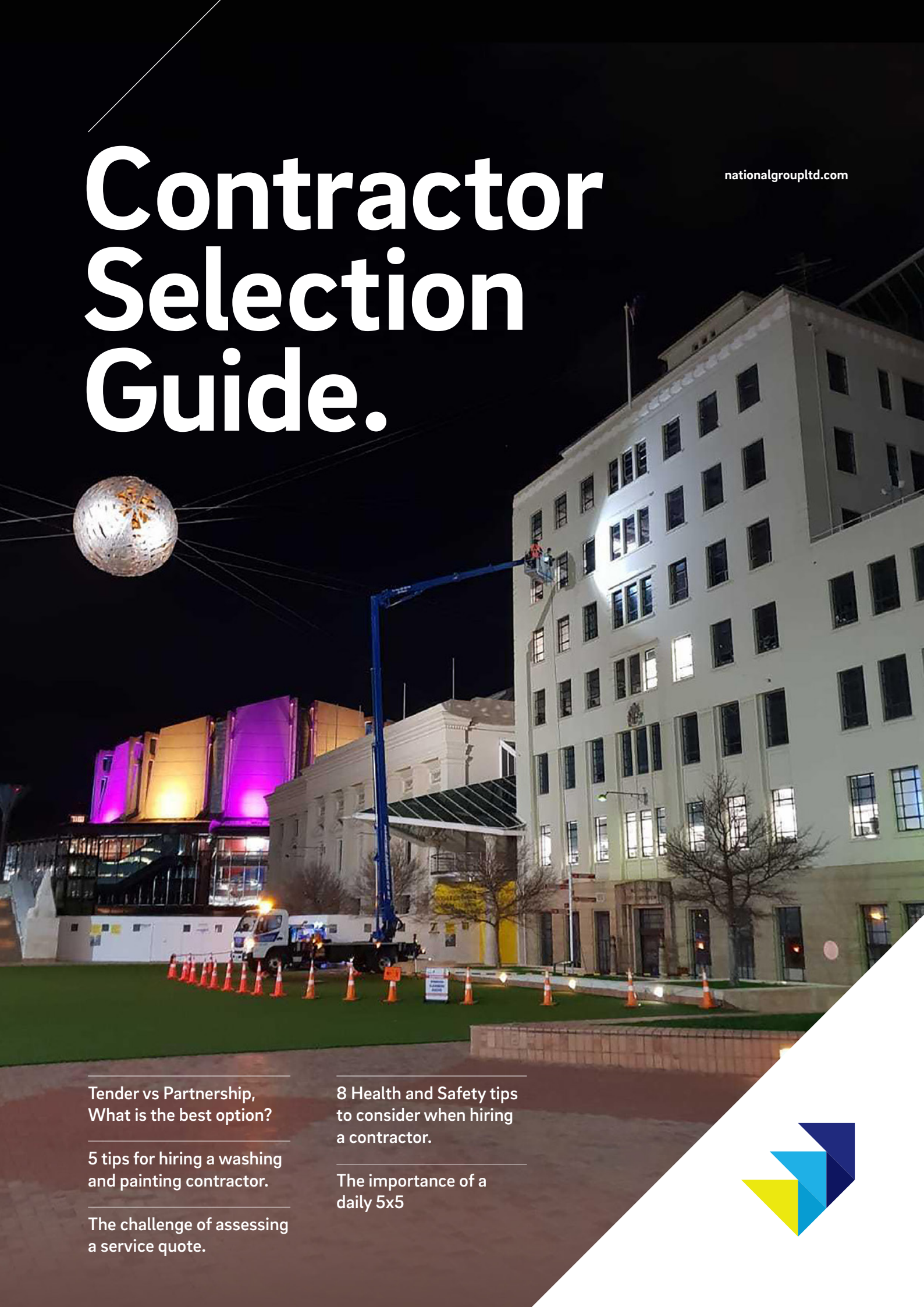


Contractor Selection Guide.



Tender vs Partnership,
What is the best option?

5 tips for hiring a washing
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Tender vs Partnership, What is the best option?

"In the long run, if it isn't a win for both of us, we both lose. That's why win-win is the only real alternative..."

Dr. Stephen R. Covey

The New Zealand and Australian contracting industries have 2 main models for procurement - Tendering and Partnership. There are pros and cons with both methods, and this article will give you the information you need to help make an informed decision on which model is best for your situation.

The thinking behind the tender concept

Most businesses engage in or know what tendering is to some level, so let's broadly define it as the process of quoting for the right to provide services required by another party. Tendering contracts is widespread and by far the most common way business is conducted in the contracting field - whether civil construction, office fitouts, industrial coatings or electrical.

Tendering is designed as a fair, competitive system, and intends to get the best price and value for the customer.

What's the problem with a tender?

The Christchurch Rebuild post the 2011 earthquakes should have been a contractor's dream. Loads of works and not enough teams to do it - it was there for the taking. Yet after 2 years progress, companies started going bust, and tales of dodgy workmanship and materials are still abounding in the news today.

However, there's one factor in the demise of these companies and in the substandard workmanship that everyone is ignoring - Tendering.

As noted previously, the point of a tender is to give the customer the best price and best value. But there is a significant difference between price and value, which is where the tendering concept often comes unstuck.

What is a win/win outcome?

The reason so many companies fail on tendered projects, is that a tender is not generally a win/win arrangement.

Stephen M.R. Covey explains his win/win concept by saying "we think about succeeding in terms of someone else failing - that is, if I win, you lose; or if you win, I lose. There is only so much pie to go around, and if you get a big piece, there is less for me."

The inherent issue here is that tendering focuses on price - even though those involved will convince everyone that non-price attributes account for 70% of the decision-making process. Initially, the customer gets a very sharp price, and the contractor makes a very small margin (or less), and it appears that this is win/lose outcome i.e. the customer wins and the contractors lose.

To lower their pricing, contractors obviously cut their costs - and with it - their long-term value. Most weeks the news includes articles on projects built with dodgy materials, or incorrect methodology resulting in a wide range of quality issues. As failings start to become apparent on site, it changes to a lose/lose situation.

Gerard Ball from Babbage is a registered building inspector and says in a NZ Herald article that "Every single building on this street raises red flags for me," and goes on to say that "it's a self-destructive industry,"

And tendering promotes this type of activity, where both parties agree to cut to the lowest price, or the second lowest price, and then the contractor must diligently find ways to make a margin to ensure his/her survival.

Partnership - the win/win alternative

Where tendering encourages contractors to put lowest cost before the long term good of the asset, the partnership does the opposite. Partnership works well where both parties are in it for the long-term - focused on a win/win outcome. Both parties are encouraged to discuss expected outcomes freely and in-depth, and alternative measures can be well examined together when challenges arise.

Having a reliable contracting partner to work with saves you time and money. Instead of having to double or triple check over the contractors' shoulder to see where they are trying to make up some of their lost margin, partnerships work on trust.

So now you're thinking how can I ensure I will be getting a good competitive market value if I don't use tender concept? You have a requirement to justify cost and ensure fair market value, and there are several mechanisms for achieving this through the partnership model. These include market rate assessment, regular price checks, and agreed open book pricing. Once these measures are undertaken, you'll find that your transparent partnership starts to not only achieve more, but also saves you time and money. We recommend you think Win/Win and choose companies to partner with that will take ownership and care of your assets.

5 Tips for hiring a washing and painting contractor.

There are a lot of good contractors in the market. And... there are a lot that are not so good! Quality issues are rampant in an industry of low margins and get-rich-quick opportunist contractors.

So how can you tell the good from the bad??

Following are 5 points which will help you decide on the best contractor for you:

1. Gut feeling

Studies have proven that gut feel is valuable. Not on its own, but as a guide. Often gut feel doesn't tell you which contractor to use. But it does tell you which one NOT to use! So think about this as you work through the following steps towards deciding on the best contractor for your project. If a contractor just 'doesn't seem quite right', then avoid them.

2. Safety Safety Safety

All contractors will advise you that they'll be working safely. All contractors will say they operate in accordance with WorkSafe NZ Best Practice Guidelines for Working at Height (note that even using a small step ladder is Working at Height).

However, in many cases contractors aren't even aware of which regulations they must follow! As the property manager or owner, you are responsible to ensure these guidelines are being followed. To assist with this, you can click the blue button down below to download the Painting & Washing Contractors Safety Checklist. This gives you the questions to ask your contractor to ensure their H&S is covered.



Worksafe PDF:
Best Practice Guidelines



Worksafe PDF:
Introduction to Health & Safety

3. Capability

Many contractors can 'pull the wool over your eyes' and imply that they are specialists in an industry or trade. You need to ask questions to find out what similar projects the contractor has done in the past, and ask for testimonials from past clients.

Be aware that painting companies regularly publish images and testimonials of well known 'customers' on their website (to gain credibility), when in many cases these images are of past customers who have since moved to alternative contractors due to service or quality issues.

4. Reporting

Find out what reporting the contractor will give you. Nationwide reporting is an effective way to ensure you are getting consistency across the country. Standard practice nowadays is for the client to receive a series of reports emailed including -

- **Daily Safety Report**
Includes photographs of the work site set up and ready to go, details of the team members on site that day and any safety concerns.
- **Weekly Update Report**
Shows images of progress for the past week and written report on the plan for the following week
- **Completion Report**
Includes final information such as the project sign off score and images of the finished project.

So you need to ask the contractor to demonstrate the reports you will receive, to ensure they have the systems to manage this.

5. Who's actually going to be on site?

Are the tradespeople that will be on your site employed by the contractor? Or have they subcontracted it out to a subcontractor? Is this subcontractor going to subcontract it out to yet another subbie?!?!? This is commonplace for a nationwide company because they don't have someone in a remote location so employ a local to do the job, but often have no controls over the subcontractor.

This is often unknown, because customers don't know to ask the question. And whilst the contractor you choose to do your work may be accredited and reputable, the actual tradespeople who come to your site may not be.

To simplify the process of checking your potential contractors before you agree to have them on your site, use the checklist at the end of this booklet.

The challenge of assessing a service quote.

If you were assessing a product you would get samples, photos and specs prior to buying. However, assessing a service quote is always a challenge because you won't be able to see or feel what you are buying until after you have given the go ahead. Also just looking at a completed paint job doesn't tell you if it's been done well or will last in the future.

So the challenge is to look at other factors which will indicate a quality job at the other end. In this article we give you a range of pointers to consider in your evaluation.

Contractors- Real Or Unreal

First up, cards on the table, we refuse to subcontract out our projects to other companies, so this section must be read with that bias in mind!

In NZ the painting contractors are largely made up of small 1, 2 and 3 man teams. There is a splattering of 10 to 20 size companies and then a very few with 30+ staff. To balance out workloads, many of the mid and large size companies rely on subcontracting out projects to support their capacity when they are busy. Some will even work on a near total subcontract model where they barely employ any trade staff themselves.

Our (biased) view is it is very difficult if not impossible to consistently deliver based on this model. This is because while the head company may value you and your project, the subbie (or the subbies subbie!) has much less attachment to you. Also only a small percentage of the money you are paying will actually get to the subbie.

Our recommendation is to ask closely if the project will be subcontracted and who the subcontractors are. Then run the same due diligence on each subcontractor so you are fully comfortable with them.

Quality Control

As mentioned above, just waiting to see the finished product to gauge quality isn't predictive of how it will last long term. A quality contractor should have a robust QA process in place to give confidence that the coating will last for the long term. A good system will include all or some of the following;

- Hold points**
 There are set points throughout the project where the team must stop (hold) work until set quality checks have been completed. On a typical school these checks may include cleaning stage, prep stage and final checkoff. More specialised projects will have further checks and may require independent audits.
- QA reports**
 At each stage of the quality program there should be formal reports with significant photo evidence completed. These should be held on file securely to both prove the correct steps have been completed as well as to drill into if there were any future issues.
- Importance of cleaning**
 Cleaning is a stage that cannot be overstated. Moss and mould pores are almost impossible to detect and for this reason many contractors will not take this stage serious enough. Cleaning is the #1 stage that will have the biggest impact on your paint job. We recommend you ask your contractor closely around their cleaning methods and ensure they put enough priority onto it.

How do you ensure you'll get a high quality job?

Myths around Quality Control

- Myth 1. It's all about quality paint**
 This is wrong – very wrong. Most NZ painting companies use good quality paint from Resene, Wattyl, Dulux or similar (covered above). These manufacturers have very good quality control, and the chance of a quality issue as a result is almost nil.

- Myth 2. I will keep an eye on the painters**

Every trade has its secrets and painting is no exception. Only another painting tradesperson could tell whether another tradesperson is doing a quality job or not.

- Myth 3. I'll check it over before I pay the invoice**

Too late. The preparation is where the quality control is won or lost, and by the time its covered up with 2-3 coats of paint you'd never know whether the prep was done well or not.

Police Vetting

Prior to working on any school or education site where there will be direct contact with children, contractors should be police vetted to ensure they have no criminal history which may place the students and staff at risk. More info is available here...



Link:

Police vetting for schools and kura Maori

Reputation & Long Term Companies

There's never any guarantee how long a contractor will be in business for but to some degree the past is an indicator of the future. Selecting a contractor who has been in business for a long time is a good idea because they will be careful about protecting their reputation.

Auditing

A great idea to maintain quality and safety standards is to audit the teams. Employing either external or internal auditors who spot check on a regular basis will ensure teams continue to perform at high standards. Good companies have a target to audit their teams every 400 to 600 man hours onsite.

Health & Safety

Managing health and safety on school projects can be a real challenge for principals and staff who are more focused on learning outcomes. However its something that cant be overlooked because the principal and board of trustees have a legal obligation to provide a safe and healthy workplace at all times.



Video:

The Challenges of assessing service quotes

8 health and safety tips to consider when hiring a contractor.

Managing health and safety on projects can be a real challenge. However, it's something that cannot be overlooked because all parties, directly and indirectly involved have a legal obligation to provide a safe and healthy workplace at all times.

Here's a few key things to know about safety.



1. The importance of wellness

First of all, wellness of the team involved is the most important factor in health and safety, because if you have fatigued or sick contractors, it doesn't matter how much planning, safety measures and training they have, they will make mistakes and incidents will occur.

Here are some ways to improve wellness:

- Not engaging subcontractors wherever possible because they may not have the same values
- Limiting weekly hours worked so staff aren't fatigued
- encouraging recovery programs if staff are sick

So an important question to your contractor would be, "how do you manage the wellness of the people coming on my site?"

2. What is a SSSP and why is it so important?

This is the site specific safety plan (sometimes called a SWMS or Safe Work Method Statement). Prior to starting work, your contractor will provide you with a SSSP which covers a range of safety functions including task analysis, emergency plan, hazard register to name a few. In short, this document is the plan to safely complete your project. You should review and agree to it prior to work commencing.

One key factor here is the title – site specific. These plans can easily be a generic copy and paste from a previous job with very little thought gone into making them specific to your site. In the unlikely case of an H&S incident on site, this documentation would be disregarded but WorkSafe inspectors will be looking at all details to ensure all practicable steps were maintained, so it pays to check them out carefully and not brush over it thinking it's all ok. Remember that you could be held accountable if you have employed a contractor to work on your site that is not up to standard.



Worksafe PDF:
Health and Safety at work PDF

3. Daily 5x5 meetings

Each day your contractors need to have a 5x5 meeting where they quickly review the work for the day and ensure there are no new hazards. This should be recorded formally, and your organisation should have a record of these. Most contractors now have an online system which sends these through to you in real time. This is explained in the next article.

4. Reputation of long term companies

There's never any guarantee how long a contractor will be in business for but to some degree the past is an indicator of the future. Selecting a contractor who has been in business for a long time is a good idea because they will be careful about protecting their reputation. Always beware of working with a company who has nothing to lose!

5. Why pre-start meetings matter

A smart idea is to have a pre-start meeting onsite. This where you get all the stakeholders together and ensure everyone is on the same page about the many factors including safety, quality, communication and presentation. If the contractor doesn't instigate this, you should arrange it regardless as the value will be well worth the time spent.

6. What communication should i expect?

Communication is one of the central pillars to making a successful project. Often when customers refer to a good or bad painting contractor, they are more concerned about their communication than the actual quality of their workmanship. Ensure you are very clear about the following areas prior to starting work;

- Who's responsible onsite?
- How often will they have informal check-ins?
- How often will there be formal communication?
- If there are issues/queries, who will address these?

7. Independent auditing should be happening

A great idea to maintain quality and safety standards is to audit the teams. Employing either external or internal auditors who spot check on a regular basis will ensure teams continue to perform at high standards. Its standard good practice in the industry to audit their teams every 400 to 600 hours onsite - check that this will be happening with your contractor, and that you can see the results if you want to.

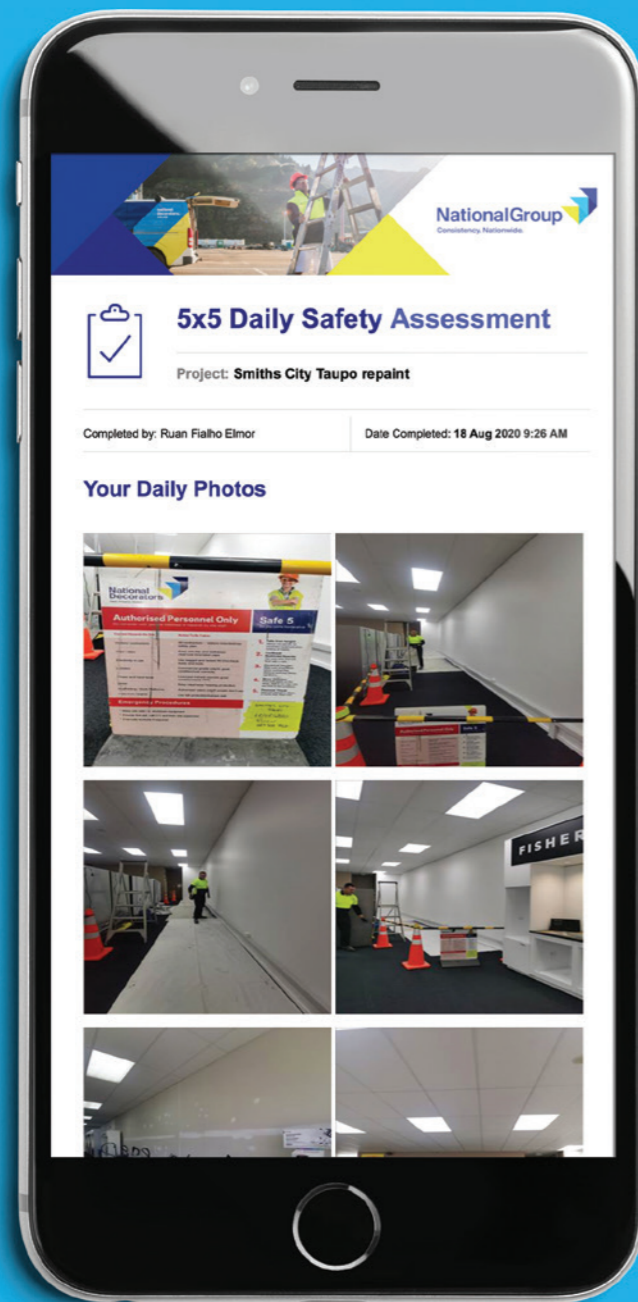
8. Other things to look out for

Safely managing a project can be a challenge when you aren't always onsite. A good contractor will always use good clear signage and barriers, and often use temporary fencing. There are other factors to keep in mind around banned equipment like ladders and step ladders, many of which have been banned in the last 5-10 years and yet are still being used by contractors out there. If an incident occurs, all parties can and will be investigated, and if found to be guilty, not knowing the rules is no excuse in the New Zealand Judicial system!



Video:
The Challenges of assessing service quotes

The Importance of a daily 5x5.



First up, what is a 5x5?

A 5x5 step back is when you take 5 minutes to take 5 steps back from the site and assess where you are at, (sometimes called a toolbox talk). Worksafe explains it well.

This does a few things. It allows you to reassess your situation in general, check your work for faults and look out for hazards that may have arisen and efficiencies that could be made. The sitesafe risk assessment document gives you a more in depth explanation on why you need the 5x5 process.

So why do we need one?

The primary reason for the 5x5 is to ensure safety. But as well as this, the 5x5 has evolved to become a critical communication tool. Tradespeople take photos and share with operations and other parties involved in the project through a document, allowing others to assist in assessing risks, hazards and possible improvements that could be made.

Daily updates about where the team are working, what they're doing and who is on site are now industry standard features of the humble 5x5 report!

More 5x5 benefits

Opening up the communication lines

Communication is a difficult factor on most sites because you could be anywhere at any time, often offsite and need to know what the trades are doing on your site. This way of doing a daily 5x5 opens up the communication lines each day and often prompts other stakeholders to share anything they have missed. Doing a series of daily photos has the added benefit that any omissions or mistakes can be picked up early.

Transparency on the job

Suppose you deciding to have your office block repainted in an off white for the general façade and a dark trim. You come back from an overseas business meeting to find the colours have been reversed!

Had you had a daily 5x5 report come through, you would have monitored progress and called out when you noticed something amiss.

You may be close by the job site on the first day or two, and it's simple to monitor progress. But what about week 2 and 3? Having a contractor onsite when you're not there is a challenge that only a 5x5 report can solve.

Tip: Ask for a 'Progress bar' on the report to show you at a glance how far on your job is.

Keep external stakeholders in touch with proceedings.

Business owners, Directors and even the Board themselves make the initial decision about projects, and then are often left in the dark while the project is underway. While it may be convenient to turn a blind eye, they are responsible and will be very receptive to getting regular updates. Having them on the daily 5x5 list keeps them in the loop at all times.

Accountability and Quality control

Once the job is complete, you'll have no idea about whether the correct preparation was done. The 5x5 photos of the site with Hold points etc will provide you with evidence of quality control procedures through showing the quality of base coats and preparation work that otherwise would be hidden under the shiny topcoat!

If there is anything that has been overlooked or is different to the understanding of scope between the stakeholders and other forms of communication, this central point of communication will catch anything that is misunderstood one day into the job, rather than when it is completed.

How to simply set up your own 5x5 reports.

Have a look at the video in the URL below and see a simple solution for you if your service provider doesn't already have a daily form in place.



5x5 Report

<https://soapbox.wistia.com/videos/nsAal3cD1X>



Other Resources

nationalgrouppltd.com

Auckland • Waikato • Wellington • Canterbury • Otago

