

McGuyver Painting

Subcontractor Manual



McGuyver Painting Subcontractor Manual

Table of Contents

Subcontractors.....	1
Subcontractors Intro.....	1
What We Offer to a Subcontractor	1
Identifying Potential Subcontractors.....	1
Qualifying a Subcontractor.....	2
Companies who have employees.....	3
Sole proprietor and companies without any employees	3
Working with a Subcontractor for a Mutually Beneficial Relationship	3
Areas of specialty.....	4
Running a Subcontractor Produced Job.....	4
Initial walk-arounds	4
Communication with the customer	5
Quality controls.....	5
Signage.....	5
Paying subcontractors	5

Subcontractors

Subcontractors Intro

In order to complete the painting work that we contract in the most profitable and efficient manner, we utilize subcontractors to complete close to 100% of our projects. These subcontractors are qualified, insured, experienced, and knowledgeable in the field of painting. In many cases, subcontractors are specialists in a specific aspect of painting making it possible to match certain jobs to certain subcontractors for a top quality result.

What We Offer to a Subcontractor

First, as a sales and marketing firm within the painting industry, we offer stability in a market that is prone to downtime. This downtime comes because most painting companies have very limited resources and are therefore unable to market and estimate new jobs while completing the job they are currently on. Our power in the industry is the ability to continually market and contract work even when work is being completed. We are able to provide work to our subcontractors on a routine basis, and at a consistent pay rate. This reduces down time, decreases the need to be constantly looking for new work, and increases their earning potential dramatically by offering consistent work.

Secondly, as a growing company, we are able to negotiate great pricing from our vendors that many subcontractors can not get on their own. When partnering with McGuyver Painting on a project, a subcontractor can get the McGuyver pricing for their supplies and materials which ultimately increases their profits on the job.

Finally, McGuyver Painting pays its subcontractors every two weeks for completed projects. For subcontractors that work with general contractors on painting projects, this can be a substantial benefit as the time between job completion and receiving a check for the work can be quite excessive at times.

Identifying Potential Subcontractors

In order to build an effective team of subcontractors it is important to keep the sales strategy and reputation of McGuyver Painting in mind. Our customers look to us to provide experienced, knowledgeable, clean cut, painting professionals to complete their projects.

Painting contractors can be broken down into three major categories.

- Large companies (10 plus employees)
- Medium companies (3-9 employees)
- Sole proprietors (one-man shows)

McGuyver Painting focuses on the one man show, and the medium sized companies for our subcontractor network. They each have different capabilities and offer the ability to complete everything from very small to very large projects.

When looking for a new subcontractor first ask what gaps in the subcontractor network need to be filled. If you need more contractors capable of completing mid-sized jobs in less than a week, focus on medium sized companies with employees. If you need to find someone with special skills such as staining and lacquer, or hanging wallpaper focus on sole proprietors until you find a good fit.

There are a few key questions to ask when you first encounter a possible new subcontractor.

- Do you carry liability insurance and, if they have employees, full workers compensation insurance
 - If they do not carry insurance, they are automatically ruled out unless they will carry it and have McGuyver Painting listed as a certificate holder.
- What types of painting projects do you primarily complete?
- How many years of experience do you personally have in the painting industry?
- Do you have the ability to take on more projects?
- Have you ever subcontracted work before (received and/or subbed-out work)?

These questions will help you gauge this individual to see if they would be a fit for the McGuyver Team. There isn't a single answer to the above questions that would rule a new company in or out (excluding the insurance question), but it may give an indication as to what they would be like to work with.

As a good rule of thumb in the preliminary stage of looking for a new subcontractor you should:

- Look for people genuinely interested in taking on new work.
- Make sure you are filling a gap in the current subcontractor network.
- Avoid people who you would not feel comfortable introducing to the customer.
- Avoid individuals who seem inefficient at communication. Remember your main interaction with these individuals will be communication so if they can not communicate effectively, they will end up costing a lot of time that could be used for other tasks.

Qualifying a Subcontractor

Once a subcontractor is identified as a candidate for the McGuyver Painting Team, there are a few qualifications they need to meet. Below is a list of some qualifications for subcontractors. Additionally, each subcontractor must be given a *Subcontractor Packet* which includes all of the information they need to get started, along with all of the forms they need to fill out for us.

- They must be an "actual" organized business with a Tax ID #.
- They must carry liability insurance and workers compensation (assuming employees) equal to that carried by McGuyver Painting, and be willing to add McGuyver Painting as additional insured.
- They need to be willing to guarantee their work (for our minimum contract period of 24 months).
- They must complete and sign a subcontractor agreement with McGuyver Painting. This agreement legally passes insurance liability, quality, safety, and the right to lien to the subcontractor thereby holding McGuyver Painting harmless if any of these situations were to ever occur.

- Sole proprietor companies are considered Independent Contractors and should complete a form with your insurance company to qualify as a subcontractor for McGuyver Painting. Here are the minimum limits and specific policies each subcontractor must have.

	Type of Insurance	Minimum Limits	Must meet statutory limits
1.	Workers' Compensation	\$ 100,000 \$ 100,000 \$ 500,000	Each accident Disease – each employee Disease – policy limit
2.	General Liability	\$ 1,000,000 \$ 2,000,000 \$ 2,000,000	Each occurrence General Aggregate Products

The qualifying stage of acquiring a new subcontractor will give insight to the working relationship that will follow. If the subcontractor takes excessive amounts of time to complete tasks, needs constant reminders, or needs repetitive explanations about the contracts, they may be tough to work with in the future. Always keep a careful watch on the people within the McGuyver Painting team to ensure the quality and the value of the people associated with the company.

Companies who have employees

For any company that has one or more employees. A copy of their workers compensation insurance must be obtained and a current copy must always be on file.

Sole proprietor and companies without any employees

Subcontractors that have no employees are not usually required to carry worker’s compensation insurance. Confirm with your insurance provider the process to get through to qualify the exemption from carrying worker’s compensation.

Working with a Subcontractor for a Mutually Beneficial Relationship

In order to build and maintain a good working relationship, it is essential that everyone is compensated fairly for their time and effort. Since nearly all of the jobs contracted by McGuyver Painting are “firm bid” there is little room for negotiation with subcontractors as to the price they can be paid for a particular job. For this reason, a specific system for awarding jobs to subcontractors has been developed.

After any job is contracted, a certain group of subcontractors will stick out as possible companies that could be utilized to complete the work. Rather than asking all possible companies to bid the job and then choosing a company to complete the work, the project is only offered to one subcontractor at a time. Selections are based on their availability, their ability to complete the specific type of job, and the size of their crew if timeline is an issue.

Once a selection is made, a walk around of the project is scheduled; at this time the scope of the work is discussed as well as the payout for the project. The subcontractor has the option to decline the work if they do not feel they have time, or the correct skills, or if they do not want to accept the pay out for the job. If this occurs, McGuyver would then offer the project to the next subcontractor on the list.

The payout is a carefully calculated number that allows the subcontractor to pay their employees labor, buy supplies and materials, and make a profit on the job. Based on the project, McGuyver has specific formulas to determine the payout. Also, we do not discuss the customers' total price for the job with the subcontractor.

The payout amount for each job is communicated to the subcontractor in written form via the Work Order. The Work Order carefully lists all the details and requirements of each job so that the subcontractor knows the full scope of the project and our expectations on the job. Once signed, this document becomes the basis for the working relationship of the subcontractor with McGuyver Painting on that specific project.

Areas of specialty

There are several areas that a single painting company may specialize in.

- Residential
 - Repaint interior
 - Repaint exterior
 - New construction exterior
 - New construction interior with painted trim
 - New construction interior with stain and lacquer trim
 - Custom interior and exterior
 - Decks, fencing and other exterior wood products
 - Stain and coating exterior wood doors
 - Concrete etching and staining
- Commercial
 - Light exterior
 - Light interior
 - Large exterior new construction
 - Large interior new construction
 - Repaint
- Industrial coatings

The advantage to working with a large network of subcontractors, as opposed to hiring your own painting staff, is that you don't have to train your employees to handle all of these different types of projects. With the right subcontractor network, all you need to do is match the appropriate and experienced subcontractor with the project at hand.

Running a Subcontractor Produced Job

Initial walk-arounds

The initial walk around is the main chance for McGuyver Painting to convey the scope of the project to the subcontractor. It is very important that all points are clear, every aspect of the project is covered, and the pay out sheet is discussed.

Communication with the customer

While we are trying to give as much responsibility of the job to our subcontractors, it is very important that McGuyver keep in constant communication with our customers. The last thing we need is for the customer to feel that we have passed off the job to someone else; this is inevitably a recipe for disaster. To avoid this feeling, it is essential that walk-arounds are performed routinely, and that phone calls are made to keep contact. This helps McGuyver maintain control of the site, ensure quality control, and prevent miscommunications. Consistent communication with the customer preserves the confidence of our customers. It is important to stress to your subcontractors the level of communication that our customers expect so that they can deliver that was well.

Quality controls

Because every job is different, quality control must be a top priority for every McGuyver team member. When jobs are in progress, a daily evaluation of the job site is necessary to avoid customer concerns, miscommunications, quality issues, and unnecessary extra work. Daily walk-arounds on every project by a McGuyver team member is absolutely necessary to ensure the proper completion of every project. This gives McGuyver the opportunity to see and inspect the work first hand as well as allows the opportunity to communicate with the customer and subcontractor. Subcontractors may have different methods of completing their own work, however, substitutions to the McGuyver methods of operation are not acceptable on our projects; they do not fulfill our contract with the customer and also put our reputation on the line.

Signage

Ask all of your subcontractors to remove all of their company's signage before getting to the site. This includes signage on vehicles, shirts, signs etc. Since the customer booked with McGuyver, we want to only have our signage up at the site. Also, anytime a neighbor comes by to request an estimate, those leads must be turned into McGuyver if they are generated from a McGuyver jobsite. However, as a courtesy back to our subcontractors, we will offer them first choice at that job if/when it books. This allows the subcontractor to continue production uninhibited and allows McGuyver to begin a relationship with the customer.

Paying subcontractors

One of the value based incentives for a subcontractor to join the McGuyver Painting team is payment terms; McGuyver pays subcontractors for complete projects every two weeks. Many commercial projects have payment terms that strain most small companies financially; payments can be delayed 60 days or they only offer payments once a month, etc. By offering payments often, and consistently, small painting companies that depend on quick payouts are able to complete commercial projects through McGuyver without financial strain.

Working with McGuyver Painting, subcontractors will need to have final sign off for any project they wish to be paid for and submit an invoice for payment to McGuyver before the cut off date for the two week pay period. Because we have a consistent system that allows checks to be written often, incomplete jobs, and late invoice submissions will not be accepted once our pay period closes.