

LANDSCAPE DESIGN, CONSTRUCTION & CIVIL WORKS

SUBCONTRACTOR ISSUES



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The volume of civil construction work in Victoria is rising consistently every quarter.¹ The trend for commercial and public non-residential building work rose 0.7% in the first quarter of 2020, and has steadily grown at rates as high as 5% per quarter for seven consecutive quarters.² With a 16.5% entry rate into the industry,³ there are more employees, more businesses across the state⁴ and greater competition for jobs. Due to this, higher demands are being heaped upon project managers, estimators and engineers.

With these considerations forming the backdrop, landscape design and construction companies have identified several issues they frequently face when coordinating subcontractors:

1. They are under pressure to get jobs done on time.

- They need suppliers to act responsively to meet deadlines on their end.
- However, sub-contractors and suppliers are often unreliable and unresponsive to their quote requests.
 - One landscape estimator (anon.) interviewed detailed their frustrations surrounding the process of acquiring quotes:

"When I need a quote (from a subcontractor), it usually take 2 weeks. My request goes to the supplier, who sends it to an external consultant, who goes back to the supplier, who comes back to me 2 weeks later. But I only have 1 week to price the job!"

- The increased pressure across the vertical is exacerbated by the lack of clear communication between end client, landscaper and subcontractor.

¹ Australian Bureau of Statistics, Construction Work Done, Victoria, Mar 2020.

² Ibid.

³ Australian Bureau of Statistics, Counts of Australian Businesses, Feb 2020.

⁴ Ibid.

- Once a purchase order has been submitted, suppliers regularly extend the lead time without complete transparency in communication. Many project managers are left scrambling at the last minute to get a small part of a larger project completed.
 - A managing director (anon.) of a large landscape construction company reported:

“(Most suppliers) promise one date and deliver another. Once they’ve got the PO they don’t really care about our deadline”

- This often results in project delays and unnecessary friction. The effects? A higher percentage of jobs are delayed, relationships are compromised and money is lost all around.

Proposed solution: Landscaping design and construction companies are advised to align themselves with well-established subcontractors and suppliers who bring a long, proven history of quote responsiveness and lead time.

2. They are under pressure to get jobs done to budget.

- Under the time constraints discussed prior, landscape construction companies are often forced to make quick purchases from suppliers without time for appropriate due diligence.
 - Often, landscape construction companies are forced to simply ‘go with who they know’, or quickly pick a supplier from the first page of a Google search.
 - What occurs is often pecuniary losses
- Estimators, project managers and procurement teams know that each component of a job’s allocated budget adds up toward achieving their business’ overall margin, and ensuring overall company profitability. Small errors can thus be costly.

- Non-residential construction and engineering industry works in Victoria alone are valued at over \$24 billion each year.⁵
- Rarely are win-wins found across landscape construction jobs. Usually, what occurs is where the supplier 'wins' at the expense of the construction company, vice-versa, or both end up losing as budgets are not met and margins are eaten. The ripple effect flows well beyond the immediate financial loss, towards long term business reputation, strained relationships and even legal conflict.

Proposed solution: Civil contractors and landscapers are encouraged to complete their due diligence. The benefits of selecting experienced suppliers who provide value for money extend beyond an individual tender.

3. They are under pressure to coordinate a large quantity of small, specialist subcontractors

- Across the timespan of a larger tender, a civil works or construction company may have to engage a vast array of subcontractors, across many industries. The amount of subbies often surpasses double digits.
- A project manager we recently spoke to was highly frustrated at the coordination process:

"It's just a tiny part (of a larger job), but the bane of my existence. Just for custom brackets, I need 4 different subbies... One for laser cutting, then one for folding, another for welding then we send it to the galvanisers. The whole process is just far too slow."

Proposed solution: Finding strategic partnerships with other well-established businesses is key for project managers to save time, money and stress. Civil works and landscaping construction companies are advised to align with medium to larger subcontractors with a proven resume. Furthermore, we recommend that these partnerships are continually reviewed, to ensure optimal business margins, efficacy and outcomes.

⁵ Master Builders Victoria, Victorian Construction Industry Outlook, April 2018.



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