THE VENDOR'S ROLE IN MAKING CONTRACTORS MORE COMPETITIVE

ELECTRI INTERNATIONAL

THE FOUNDATION FOR ELECTRICAL CONSTRUCTION INC.

Following is a compilation of roundtable conversations between electrical contractors, manufacturers, and distributors, focused on making contractors more competitive.

Attendees at the January ELECTRI Council meeting conducted a roundtable discussion on the vendor's role in making contractors more competitive. There were several general areas of discussion: 1). vendors play a key role in creating the contractor's competitive edge; 2). clear communications between the contractor and the vendor are crucial to increase productivity; and 3). value-added services provided by vendors can vastly improve material handling and assembly on the jobsite.

Contractors are more competitive when they involve vendors directly with the material handling process. As vendors (suppliers, including manufacturers and distributors) take on a larger role in material handling, productivity increases and gives contractors a competitive edge. Generally, material handling is a team effort that begins with estimating and leads all the way to the field and project implementation. A requisition for materials is compiled. The team includes but is not limited to the estimator, project manager, supplier, purchaser, deliverer, receiver, staging coordinator and installer. In order to increase the vendor's role, it is important to define who is responsible for the steps in the delivery process. The contractor alone is responsible for estimating, project management and final installation. Whereas the vendor is the supplier. However, both the contractor and vendor coordinate the purchasing, delivery, receiving and staging of products and materials for the project.

The vendor's role in the material handling process is crucial to creating a more competitive edge for the contractor. A critical aspect in creating that competitive edge is communication. Contractors need to be heard by the vendors. From the initial placement of the order for materials, it is important to understand the overall work schedule. Contractors express a strong desire to not just place the order for materials, but to have vendors understand the scope of the project and the need to have materials processed according to a planned schedule including any pre-assembly, final delivery, and installation. This includes the vendors role in efficient kitting, labeling and tracking of products for delivery and use upon arrival. Contractors need to communicate clearly the need for organization by the vendor that will affect on-site storage, catalogues for ordering, quick response codes, downloadable APPs for contractors use in auditing reception of materials, and all other operations involved with ordering, approvals, and invoicing of materials for project completion.

Productivity is always key to becoming more competitive. Contractors feel that as much as 40 to 50 percent of time on the jobsite is wasted in material handling. One way to increase productivity in the material handling process is to begin with a clearly stated material handling agreement. This agreement outlines who is going to be involved with assembly and coordination of ordered materials. The material handling agreement will create a universal hub enhancing field supervision, increasing audit and inventory of materials, and at the same time reducing the involvement of material reps who often slow the process of material delivery and handling. The agreement should also define who is involved in the material delivery process and the role each plays. Limiting the number of people who currently slow the process from ordering and assembly to shipping and delivery or staging, will reduce lead time. With a good material handling agreement in place, direct-to-warehouse shipments, kitting of materials, and tracking and inventory of materials, all resulting in reduction of contractor's manpower on the jobsite for handling material shipments, value is added in the services provided by vendors.

The role of the contractor is key in communicating and coordinating the involvement of vendors to increase productivity and to create the desired competitive edge. From the beginning, modeling and the use of BIM for instance, will enhance the pre-plan to hand off to a vendor. Contractor communication of specific details including job site, job responsibilities and key roles, and timelines are crucial to direct vendor involvement. Contractors must maintain a team mentality or approach to the implementation process

of material handling. Recognizing the importance of the vendor's involvement in the overall process will solidify the partnership between contractor and vendor, delivering better service to the customer in the end.

With regard to the Collective Bargaining Agreement (CBA) and the role of the skilled laborer (IBEW) in the material handling process, contractors agree that the IBEW should be focused on completion of the construction project itself. Material handling should be conducted by non-technical, or non-skilled labor for better utilization of skilled positions and to maximize labor costs. The vendor's role in assembly and delivery of materials creates more time for productivity on the jobsite for skilled laborers to do what they were trained to do. While raising customer satisfaction, increased productivity helps to ensure project completion timelines, and allows contractors to bid more jobs, leading to increased market share.

Service agreements (on-site and logistics services) are a necessary part of defining expectations. They clarify communication in a collaborative relationship between electrical contractors and suppliers, manufacturers, and distributors. These agreements help to ensure proper elements and commitments are in place to provide consistent support and delivery. Service agreements are unique to each business relationship, however below is a list of key points to consider having within each agreement:

Logistics Service Agreements

- Agreement time frame
- Definition of parties and logistics services - Scope of Work
- Expenses, charges and payments
- Compliance with laws and insurance
- Authorized personnel and duties
- Indemnification
- Define liabilities and responsibilities of parties
- Ownership of assets
- Software maintenance
- Confidentiality
- Force Majeure
- Termination of agreement
- Dispute resolution and assignment
- Signatures
- Appendix Statement of Work

On-Site Service Agreements

- Define the parties, space and intended use
- Agreement time frame
- Termination of agreement
- Define hours, services, expenses
- Define liability and responsibilities
- Compliance with laws and insurance
- Notices
- Signatures

To see comprehensive service agreements please go to www.ELECTRI.org
For questions, please email Joey: JOEY.SHORTER@ELECTRI.ORG

**Photos courtesy of ELECTRI Council members: 3M, Graybar, and Southwire*