

ONE DAY IN THE LIFE OF A CONTRACTS ADMINISTRATOR

Helder CARDEIRA

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Note from the author

Although this paper seeks to portray the business relationship between a head contractor and subcontractors in a truthful manner, the stories herein are a work of fiction including characters, events, and locations.

BACKGROUND

Several years ago, I accepted a position to work as a contracts administrator for a major property development company in Australia. Previously I was working as a project manager for a consultancy firm, but wanted to know more about the process of building. I knew about construction, but I wanted to gain tacit experience.

As a result I grew immensely as a property professional. I learned what I wanted to know, but at the same time I started to understand the peculiarities of the construction industry, which is a lot different than I imagined, hence the motivation to write this paper.

My role as a contracts administrator consisted on procuring trades, contract negotiation and management of a low rise block with 20 luxury apartments worth about \$20 million in construction costs and close to practical completion.

I was also working on a 25 storey tower with 150 apartments worth \$70 million in construction costs and with one year to go till practical completion.

There were about 30 employees on site including site managers, engineers, construction managers, supporting staff and contracts administrators. I had my own private office and my door was always open.

Little did I know back then that not a day goes by without a unique set of problems which is essentially what these this fictional story hopes to portray.

THE START OF MY WORKING DAY

It was a bright and sunny day when I arrived at my office at eight o'clock in the morning.

I looked at my notes from the previous day and noticed a sentence in bold letters: 'Cost report'. It was that time again when I had to update the previous cost report in line with the latest project events.

I prepared a mug of coffee and went through my emails. Minutes later, I called Ron from Glaze Smart, and asked him to drop by my office. I knew he was working somewhere on site and I needed to have a word with him about the splashbacks for the Tower.

Unfortunately the mirrors and glazing contract had been let by the previous contracts administrator without the splashbacks, and the contract sum reported to the development team. Adding the splashbacks as a variation would eat through the contingency of the project. My boss would not be happy.

I started working on my cost report and expected Ron at any moment.

9.15AM

Ron popped into my office. He had that I-don't-want-to-talk-to-you look on his face.

'Ron, where are the splashbacks?' I asked.

'They're not included. I told you already.' Ron replied.

'Ron, for how long have you been working with us? I just don't buy it. The price works more or less the same as the previous job and splashbacks were included back then.'

'They were excluded for the tower.'

'Yes, I've gathered that, but I can't understand why the splashbacks weren't included. It's going to cost a lot more than we paid for similar jobs.'

'It's the logistics.'

'Logistics my ass. How many years have you glazed for us? If you want to increase your rates just say so. This is how it reads to me. The contract sum has already been reported. If you want us to change it, fine, but Rob won't like it. I won't like it either.'

Rob was my boss.

'What do you want me to do?'

'You tell me.'

Ron didn't answer. Instead, he walked out of my office. I put an email together and send it to Ron.

It read, 'Ron following our meeting early this morning please review your scope of works for the tower. Please confirm the extra cost to allow for the splashbacks. Please bear in mind that we are not expecting your rates to increase more than the current inflation rate.'

After sending the email I went back to my cost reporting. I was working with a piece of software that reminded me of a time when computer screens had only sixteen colours, but worked fine nevertheless.

9.36AM

Out of the blue, Paul, the plumber from Bridges Plumbing, walked into my office. People are always popping in and out of my office and I was used to unexpected visitors.

'What do you want?' I asked.

'Can't I just drop by to say hello?'

'Yes you can, and tell me what you want afterwards.'

'How is everything?'

'Good, what do you want?'

'Did you go through my variations?'

'Not yet, but since you're asking let me tell you that I am going to adjust your contract sum in line with the latest events,' I said.

'No worries. We have more variations to put through anyway.'

Paul was a funny guy. He knew I was from overseas and he used to come around to my office to talk about Europe. He had never left Australia. I always felt he had a genuine sense of curiosity about how people lived in other countries, but at the same time, I always assumed he was building rapport with me in order to have his variations approved quickly.

He liked to brag about being the best plumber on site, until days earlier, when the plumbing commissioning was going on, no one could make it work. More testing and inspections. Eventually the site manager said to Paul, 'I bet you forgot to connect your pipes to the main system.'

'That's impossible. What do you think we are? A bunch of monkeys?' Paul said.

We looked at the drawings. The connection onto the main was right under the terrace of one of the ground floor apartments. We had to saw cut the concrete slab to reach the pipes. I was asked to be present during the concrete cutting. As the site manager suspected, when the cutting was done, we all looked down below and saw a pipe hanging loose and dripping.

Paul could no longer say he was the best plumber on site after that. You are only as good as your previous job.

'Paul, if you are telling me that you are fishing for variations to recover your loss, please be my guest, but don't waste my time. I can charge you with more costs, did you know that? For affecting our finish date, for example.'

'Hey, I wouldn't do such a thing. Our variations are genuine, you know that. Am I still your favourite plumber, or am I not?'

'Are you serious? But, hey have a look at this first,' and I turned around and pointed to several marks I had scribbled on the wall next to me.

Paul looked at them curiously.

'Yes, what is it?'

'It's a performance scale mate. Best subbies at the top. The poor performing ones at the bottom. It is also a variation approvals checklist. I tend to prioritize subbies at the top.'

'Who is at the top?'

'The sparkies, who else?'

'What about us?'

'You are right here,' and I pointed something I had scribbled above the skirting.

'How come?'

'If you can explain to us how you let us pour the concrete when you weren't finished with your work, I might move you up a few inches, but not before.'

Paul left my office unsure if my scales were real or not. They weren't. It was just something I used to play with when subbies were annoying me.

I returned to my cost reporting.

11.05AM

Greg, the site manager I was working with, popped in. With the practical completion date looming ahead I could sense he was worried, busy and in need of my support.

'How are you mate?'

'Good, good. What's up?'

'We have a problem. You need to come with me to see it.'

'Do I have to? Can't you just tell me what it is?'

'Better for you to come with me. You can't be stuck all day in this office anyway. Get your PPE and follow me.'

I admit that although I was based on site and wanted to learn as much as possible about construction, I have never liked the dirt, the noise, the rubbish, and the temporary accommodation that prevails in these environments. I was more interesting in the construction process but Greg and I used to get along well and I always trusted his opinion.

I got my PPE and we walked across the site. It probably took us 30 minutes to get to our building as it was a big site and Greg had to talk to everyone that walked past us.

When we got there we made our way up to the roof.

'Look at this,' Greg said and pointed to small ponds on the air con system.

'What's the problem?'

'We can't have ponds in the roof.'

Greg was right. We couldn't have water on the roof. A great deal of building defects are caused by water infiltrations. Water corrupts everything, even the most solid design.

‘The insurance company will go bonkers. These exhaust fans should be pyramids. Call Diamond. They have to come back here and fix this mess.’

‘They won't. They are still fighting to get their variations approved. Their supporting documentation is poor and faulty. I also heard on the grapevine that they are going under.’

‘Someone has to fix this, even if we have to pay for it.’

‘We still have some contingency left. I can escalate this to the Construction Manager and see what he says. Can I go now?’

‘Yes, you can.’

On my way back to the office Greg shouted from the roof.

‘Have you approved Levent’s variations?’

‘Yes, why?’

‘He went on holidays, left two men in charge, but they have no idea what they are supposed to be doing.’

Levent was the painter. One of the problems we were up against was the aircon ducted system. It was dripping due to poor workmanship. Drilling holes in the suspended ceiling to rectify it was almost an ongoing task. Asking Levent to go back to the site to re-paint the ceilings was a constant problem. His work had already been completed, everything came as an extra but Levent wouldn't do anything without being sure I had approved the extra work.

Back at my office I called Greg.

‘Get someone else to do painting,’ I said. ‘We can't afford to wait. I'll deal with Levent when he is back. His men should know better.’

In front of my computer I started to put an email together about the ponds on the roof. It was not my decision to make, although I already knew what the answer would be.

12.30PM

One of my colleagues dropped in. We were four CAs on site and we always went out for lunch together. We never ate at the same place twice in the same week, although today was going to be different.

‘Where are we going?’ I asked.

‘Jack will pick us up. It's a surprise.’

Jack, from Totally Sprinklers Solutions, had invited the four of us out for lunch. He was the kind of guy that liked to build strong and lasting relationships with people in charge of his payments.

The restaurant we went to was one of the best in the city. Jack was also a great gossip and most of our conversation was related to Lewis, the site manager on a different site but from the same company.

This particular site manager had forced subcontractors to drop construction materials at his place, without paying for it. Sometimes he advised subcontractors to claim the materials against the project he was working on. Eventually he was reported and was now facing charges.

We were all unsure about his fate. My colleagues couldn't stop talking about him. It was a recurring theme on the site. Personally, I never understood how someone could harass the subcontractors the way Lewis had done and think that he could get away with it.

Back in the office, I prepared another coffee and I finished the email I had started before lunch. There was still some contingency money left. I reported the figure to the Construction Manager to rectify the rood based on the contract I had for Diamond. I knew the answer was going to be yes, as we were a great company and cared about quality. Still, it wasn't my decision to make.

2.25PM

Charlotte from Amber Consulting popped into my office while I was well immersed in my cost reporting. Charlotte was from the UK and the owner of a cleaning company. She had a strong British accent and always referred to her employees as ‘the girls and I’, which I thought was quite funny in a heavily male dominated industry such as the construction industry.

She didn’t sound well.

‘You have to help me,’ she said. ‘The Bretton Hills job is killing me.’

‘What’s wrong?’

‘I don’t know what to do,’ she said and started crying.

For a moment I wondered if this was another approach to get variations approved quickly. I found a tissue and gave it to her.

‘So what’s going on?’

‘It’s that job in Bretton Hills, it’s killing me, it’s killing me.’

‘How come?’

‘It takes more than one hour to get there. We all travel in one car, the girls and I, but I’ve never allowed for so many site visits in my tender as I have been asked to do here. I am already in the red. I don’t get paid enough.’

‘Why not?’

‘The contract was signed ages ago. They just can’t finish the job on time. The market rates have changed since then, my girls want more money, but that wanker of a CA doesn’t allow me to adjust my variations. I think I am going under.’

She started crying again.

I knew the job in Bretton Hills was a disaster for the company. Finding out that even one of the site managers was defrauding the subcontractors didn’t help either. The CA working on that job was under a lot of pressure. We were losing money on every trade and any variations were unlikely to be approved. The development management team had only one mission; finish the job losing as less money as possible.

‘What you need from me?’

She wiped her tears from her face. ‘You have to give me the contract for the tower. I’ve already spoken to Rob about it.’

‘What did he say?’

‘To speak to you.’

I tried not to laugh. I did understand and respect Charlotte’s problems, but I also knew that Rob couldn’t care less if he told her to speak to me about it.

‘I will talk to him,’ I replied.

‘You promise me?’

‘Yes, I do.’

Charlotte wiped another tear from her face and left my office. I returned to my cost reporting. I also had a meeting that day with Fred, from Diamond, to discuss his contract variations.

2.55PM

Leigh, from Pointmast, called me. Pointmast was doing the tiling for us on the Tower. They had been working around the clock and Brett, the site manager, never stopped asking for more men. Anything below eight men would infuriate him.

When Leigh's name appeared on the screen of my mobile, I already knew what was coming.

'Leigh, how are you?' I asked.

'Good, thanks. One question, why didn't we get paid? We have been working around the clock, why haven't we been paid?'

'When did you put your progress claim forward?'

'Last week.'

'What made you think I was going to pay you one week after? We pay concreters on 14 days, everyone else gets paid on 30 days.'

'Why can't I get paid?'

I sighed.

'Listen Leigh, I am not going to teach you how to comply with your contract. Submit your claim before the end of the month, I will assess it and you will get paid before the end of the following month.'

'Can't I get paid earlier?'

'I don't think so.'

'Can I drop by your office?'

'Anytime you like. My door is always open.'

3PM

Our receptionist called to let me know that Fred, from Diamond, the company that installed the aircon units on one of our jobs, was waiting for me at reception. Greg was going to join us too. I got my notebook and walked towards the reception. I could sense the tension in the air when I shook Fred's hand.

Greg joined us straight after. Ten minutes later into the the meeting, Fred started shouting. 'Why can't you approve my variations? I have finished my work. Why can't I be paid?'

'Because your work is faulty,' Greg said in my defence.

'I am not going to rectify anything before I get paid.'

'I can't pay you, Fred, I wish I could, but I can't. Your variations don't make sense, but even if they did, and we were happy to entertain them, the supporting documentation is pretty bad. Either you redraw or substantiate further.'

Fred, who was a big guy, stood up and smashed a stack of papers onto the table.

'Here it is, c--t.'

Greg and I, noticing that the meeting had become offensive, decided to put an end to it.

'I'm sorry Paul, but you can't talk like that. We'll be in touch.'

As I suspected, his documentation was the same as before and just as faulty. For the record Diamond went under one week later. We never settled our account with them.

3.35PM

Back at my office an email from the steel supplier came through. Steel prices were increasing 10% for the next quarter. I sighed and returned to my cost reporting.

3.42PM

My phone started ringing. It was Greg, 'Can you get Ian to work on Saturdays?' He asked.

'Ian who?'

'The carpenter.'

‘What do you mean?’

‘He doesn’t want to work on Saturdays. He doesn’t want to employ chippies either.’

‘Can’t do much about it.’

‘He needs to work on Saturdays. Otherwise, we can’t make it on time.’

‘Mate, I can email Ian and write in bold letters where it’s stated in his contract that he has to work on Saturdays, but do you think he is going to care?’

Ian was a local carpenter that had been working for us since the beginning of the job. He was probably in his fifties and more keen to go fishing than to work on Saturdays. As he pointed out one day, ‘I have paid my mortgage. I have a boat too, why should I work on Saturdays?’

‘Because your contract says so’, I thought, but contracts didn’t mean much to Ian. It was just a piece of paper he remembered signing. The only contract management he cared about was to drop by my office, at the end of each month, to drop his progress claim on my desk with that don’t-forget-to-pay-me-or-else look on his face. His variations were sometimes hard to understand, but it was a lot harder to negotiate them.

Greg thought for a while. He said, ‘Okay, leave it up to me. I will find someone to do some of his work.’

When I was about to hang up, Greg asked, ‘What about J&N?’

‘What about them?’

‘Gary doesn’t want to do the concrete wash.’

‘Why not?’

‘They are too busy.’

‘Can’t we use someone else?’

‘No one is available. Besides he was the concreter on this job anyway.’

‘I can’t really stand that guy sometimes. He talks to everyone like he owns this site.’

‘He doesn’t want to talk to me. He wants to talk to you.’

Gary, from J&N, the concreter, was a difficult person that I had to deal with. Everyone on site loathed him. Brett didn’t get along with him either and I was not allowed to call Gary without Brett knowing about it. ‘I will deal with him, not you,’ Brett told me.

Gary was the kind of subcontractor that would walk off site if things weren’t to his liking. Program wise his work was on the critical path. He could deliberately delay the job. Personally, I have never come across a subcontractor that could threaten such a stand, but everyone knew, or suspected, that Gary would never hesitate doing it, and would deal with the contractual consequences later.

I called Gary that day because we needed someone to do the concrete wash and unfortunately I couldn’t think of anyone else to do it on such short notice.

‘Gary, how are you?’

‘What’s up?’

‘Concrete wash, why can’t you do it for us? Greg told me you wanted to talk to me. We need your help, man. We need you.’

‘I’m busy working on the tower.’

‘Mate, what difference is it going to make to send 2 guys in the morning to sort us out. How many men have you on the Tower? 20 or 30? I’m sure you can spare 2 and help us out.’

‘It’s going to be expensive.’

‘Just do it. We need you.’

‘I’ll see what I can do.’

I always had to approach Gary as if he was doing us a favour. Eventually he did the concrete wash for us, for twice the market rate, but we paid him the full amount nevertheless.

3.50PM

Leigh popped into my office. He seemed worried, but he always seemed worried to me; and his questions always sounded the same.

‘I wasn’t expecting to see you on such short notice. What’s up?’

‘Why haven’t we been paid?’

‘Leigh, come over here please.’

Leigh leaned over my desk. I found a sample of our contract and explained to Leigh the payment procedures. Progress claims were to be submitted on the 28th of each month. I would then assess everything and process the payment. Four weeks was the normal turnaround for most subcontractors to get paid. In the end I looked at Leigh and said, ‘This is not a Mum and Dad property development company; and you are not the only one putting your progress claims forward. You just have to stick to the process.’

Leigh looked at me and said, ‘But why can’t I get paid this week?’

I sighed.

‘Leigh, I am doing you a favour explaining how the contract works. If you don’t want to listen fine, but don’t waste my time.’

‘How do you want me to explain to my men that they have to wait 6 weeks to get paid?’

‘Leigh, this is how the construction industry works.’

‘I have been in the construction industry for decades and never experienced anything like this.’

‘Leigh, do you mind letting me work on my cost report?’

‘I’m going to talk to Brett about this. He can’t push us this hard for no pay.’

‘Please do. If you can convince him to pay you this week, I will cut the cheque for you myself.’

Leigh left my office with a smile on his face. He probably thought that Brett was going to approve the earlier payment. But he had felt the same the month before, and the previous, and so forth.

I returned to my cost reporting.

4.25PM

Brett came to see me. The two of us never got along. I never felt he respected my work.

‘Gary told me you called him.’

‘Gary from G&N?’

‘Yes.’

‘I had to. We needed someone to do the concrete wash.’

Brett started to steam like a locomotive. I already knew what was coming. Seconds later he started shouting, ‘Didn’t I tell you not to speak to him unless you talked to me first? Didn’t I?’

‘Take it easy, man. We only need two men.’

‘Two men for f-----g what? Can’t you get someone else to do it? Gary can’t be distracted. The tower is more important than that shitty job you’re doing.’

‘It’s too late to get someone else to do it. Besides, his contract is already in the system. I only need to put a variation through.’

‘Can’t you f-----g get someone else to do it?’

The shouting was just ridiculous.

‘What for? What difference does it make?’

‘It makes a hell of a difference. I don’t want him to say he is helping us on another job. The Tower his is ONLY f-----g job.’

‘Brett, that’s fine. I’ll see what I can do.’

‘Don’t you f-----g talk to him again,’ he said and left my office; just in time for me to finish my cost report and issue it to the development management team.

5PM

When I was about to go home, two site managers started to have a go at each other and the end result was that Bruce punched Nick in the face. In line with company policy Bruce was dismissed straight away.

CONCLUSION

From initial design conception to handing over the keys, property development is a fascinating process. However, as these notes hopefully portray, designing a building is different than building it, as pretty much anything can happen on site.

I have taken the liberty of describing one day in the life of a contracts administrator working for a reputable property developer. My personal experience tells me that these notes could be a lot different if I was describing one day in the life of a contracts administrator working for a Tier 3 builder; and even more disturbing if I was working on a job under financial pressure.

In order to make sense of this story, I would like to emphasize two things: Firstly, that construction is a people’s business. Buildings are not assembled together by machines, but rather by people on the tools. From beginning to end, a great deal of what a property professional does is to engage with other professionals, and more often than not, I had to ask subcontractors for favours. Which often made me think, what are the odds of a subcontractor doing a good job for a head contractor they dislike?

People are people. Everyone is different. Everyone will have a distinct character, his or her own mannerism, a particular ambition and so forth. In an extremely labour intensive industry, managing relationships is key to the success of every project; and in that sense a head contractor is only as good as their subcontractors.

Which brings me to my second point. If you look back at my set of notes you might find different subcontractors with different issues, but one particular issue kept cropping up regardless of the subcontractor.

That issue was payments.

Subcontractors not being paid on time is one of the most common, recurring themes on site. This poses an important question, a question that I believe needs to be addressed: How can subcontractors deliver a good service and stay focused on the job at hand, if they spend a great deal of their time chasing payments?

We can always frame subcontractors under a construction contract, but it’s one thing to get a signature on a piece of paper, it’s another thing to enforce it, as more often than not, few subcontractors actually know what they are signing up to.

But how can we blame them? Most subcontractors are small companies with poorly drafted systems. In an industry where the lowest tender is most likely to win the job, how can subcontractors have the resources to understand their contractual obligations when they can hardly secure a profit and often struggle to be paid on time?

Based on my personal experiences the answer to the question above is quite simple: They can’t.

H Cardeira (2015) One day in the life of a contracts administrator

If we want to be proud of the construction industry something needs to be done about it. We all have a role to play.