

Pointers for Construction Contract and Collections Management

Most General and Sub-Contractors rely on the binder for contract information. While a binder is needed to hold contract information, it can be a problem if a) removed and not returned or b) information is needed at the site. Some firms make up duplicate binders so the project managers and field superintendents have information close at hand. However, keeping the binders updated is often not accomplished, leaving on-site people with bad data. A better way is to digitize documents and provide a link via laptop to the home office server.

1. On the server, each project should have its own folder with sub-folders for bids, blueprints, contracts, certs, billings, etc.
2. A spreadsheet with one line per project provides information much faster than the data sheets buried in individual binders. The columns should include contract requirements such as insurance and WC certs with request and confirmation dates, OCIP, safety requirements, certified payroll, billing dates, required billing documentation and unusual contract terms.
3. Insurance and WC certs sent via email to the General with a copy to the Contract Administrator provides definitive proof of transmission, an electronic copy that can be easily re-sent if the original copy gets mislaid and avoids "ghost faxes" that never reach the intended recipients.
4. Contracts, change orders, and submittals converted to .pdf files can be word searched in seconds as opposed to searches through hard copy.
5. A billings and collections spreadsheet available online that lists projects total value, SOV breakdown and billings and collections to date helps the PM make informed decisions on proposed change orders or requests for increased work activity. Invoices in .pdf format also provide critical information to the PM if disputes occur.
6. An email relationship with customer accounts payable and vendor accounts receivable shows respect for their time and is often rewarded with timely response. An email, particularly for collections or invoice status, is much less disrupting than a telephone call and can be researched properly before reply. In addition, having the reason for a late-pay in writing (via the email) can reduce or eliminate miscommunication that might delay payment even more.
7. Ensure your contracts administrator/manager can perform high-level tasks. The more he or she can do, the less the burden on estimators, project managers and you. The CA should:
 - Understand the legalities of contracts, certified payroll, prevailing wage worker assignments, mechanics liens, insurance and collection issues particularly with government contracts. In my role I didn't just ensure the contract was read and signed off by affected parties, I **read** the contract and noted items unacceptable to the company or needing further analysis. I worked with attorneys and third parties on payment issues, many of which involved litigation and/or bankrupt General Contractors. Because I understood the legal issues, I could provide the attorneys and third parties with the information they needed to pursue legal actions, taking the work off the owner's shoulders and reducing our legal costs. I also interacted with our Field Superintendent to ensure we did not have certified payroll and safety issues even writing a tailored safety manual when requested by a General.
 - Understand the requirements and workings of OCIP. For example, on a contract with OCWC, I completed the WC forms that were usually filled out by the insurance company. Not only did it get the paperwork to the Owner faster, it also made our company aware of what reports the Owner needed, why they were needed and how to deal with issues that

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arose. The Owner/General dealt with me on insurance issues not our insurer, saving time and avoiding misunderstandings with needed certificates and reports.

- Understand what the company does and what/how materials are used. Because I understood our construction activities, I could clear up issues with submittals and negotiate contract materials and construction method issues with the Generals. This gave estimators and project managers more time to do the jobs they were hired for.

Most important, ensure organization is the primary goal. For example, on every collection job I've had, permanent or temporary, my supervisor's first order was call the customer and demand payment. (Note I do not work consumer collections.) At each job I had to explain to the company owner that demanding payment when I had no idea why payment had not been made didn't seem very productive. I noted we were dealing with companies that we expected to do business with in the future. I was always given permission to research each job before making the calls, research that generally involved getting the files organized. In 90% of the collection issues inability or disinclination to pay was not the problem. When the problems were fixed, the checks arrived. They generally only required one call but that call was always the deal maker.

Think on how you conduct your contract administration/management operation. I'm sure you'll see even more ways to make the task more efficient and effective—and reduce your own workload in the process.