

# BRIDGING COMMUNICATIONS BETWEEN CONTRACTORS AND OWNER AGENCIES

Improving communication and automating field data collection can increase a company's profits in the long term.

While contractors and owner agencies have different roles and tasks on a given project, they have one goal that unites them: expediting the construction process to minimize any inconvenience to the citizenry. For owner agencies, the citizens are their customers; for contractors, the citizens are family, friends, and neighbors.

Obviously, contractors like to get paid accurately and on time, but project errors or omissions often prohibit timely payments. When there is a discrepancy, it needs to be rectified. Thus, the phone calls start, leading to data searches, faxes, meetings, and e-mails to compare quantities and find the source of the discrepancy.

Ken Terveen is a project administrator with Barrett Paving Materials, Inc. (BPMI), a paving company with locations in seven states. He explains this time-consuming process: "Project administrators would take quantities from our accounting system, call the owner, and have them fax us their quantities to compare. To reconcile quantities between BPMI and the owner agency, we would need to add up each pay estimate and compare the time frame that it covered with our quantities from the same period. If they differed, we would need to contact the owner and request an itemized breakdown by date range to determine where the discrepancy actually took place. This entire process could take up to a few weeks, depending on how busy the project engineer was at the time."

This process is both lengthy and error-prone—two things that make doing business difficult. "Long waiting periods to get the owner's quantities faxed to us made it more difficult to rectify any errors," Terveen notes. He has found an answer to this common problem in a software application BPMI is now using to help. The application communicates with the owner agency's construction management system (in this case, an application used by Michigan Department of Transportation) that sends a filtered read-only file to the contractor with each pay estimate. The folks at BPMI were



By Chad D. Schafer

early adopters of the new technology and found it easy to learn. Benefits were noticeable almost immediately.

"With information coming in a timely manner, it enables a job to close out more efficiently," Terveen says.

## SAVING TIME AND MONEY THROUGH COMMUNICATION

Owner agency and contractor communication throughout the project is essential. By having all project stakeholders utilizing an automated construction management system and sharing information, projects are completed faster and more efficiently. In short, these types of applications give the contracting community easy access to the information tracked by the agencies. Now they can see what was done, where it was done, and when it was done, without the cumbersome tasks of the old methods. This saves time and has a significant impact on the bottom line.

"The savings in time amounts to 2 days a week, minimum, saved between the project administrator and construction administrator," Terveen points out. "Cost savings in a year's time over many projects is in the tens of thousands of dollars, in my opinion."

## UNEXPECTED ADVANTAGES

Sandy Haines, contracts administrator for P.K. Contracting in Troy, Michigan, is also using an application that communicates with the owner agency's system and allows her company to track projects. She says that the improved communication is impressive,

but points to another, unanticipated benefit: increased sense of trust and confidence.

In the past, Haines detected a minor level of discomfort among owner agency staff with regard to accessing information. Now that much of the contract information is available to her, she and the agency are realizing the positive benefits of shared data tracking and open communication.

"The contractor has picked up some of the slack of not enough hours in the day," says Haines. "We are trying to help [owner agency] officials keep records as accurately as possible and resolve any problems as they happen, instead of waiting until job closeout."

## BETTER TECHNOLOGY IN THE FIELD

In addition to applications that improve communication between owner agencies and contractors, more focus has been put on creating applications to automate a contractor's construction project management process in the field. Historically, contractors have focused on automated cost estimation systems, which assist in bid preparation for obtaining work. While estimation and bidding processes have been automated, technology for construction management has lagged; it is often done on paper or in a basic spreadsheet program in a nonstandardized format. This has caused contractors major pains in managing the construction aspect of the contract.

Clearly, communication with the owner agency is essential. With applications available today, the communication process has been automated, and it is being enhanced to provide quantity and payment discrepancy details between the owners' and contractors' data. The next step—providing real-time project access to both parties and allowing automated exchanges of questions, requests for information (RFIs), resolutions, and more—is coming.

For the actual day-to-day construction management portion, various areas of automation have come to the forefront with a focus on the following:

- Tracking the workforce and operations to determine expenses and profits
- Creating timely and accurate subcontractor payments
- Tying all of the company's systems together with a single point of data entry

The goal is to have the estimation system feed the bidding system, the

bidding system feed the construction system, and the construction system feed the accounting system. Then, all of the project data should be fed back to the estimation system for updating item costs.

How much easier would construction project management be if all contractors and owner agencies were able to collaborate throughout the project? How much savings would be realized if the

construction project management was automated to allow for a single point of data entry between all systems? As more contractors grow comfortable with technology, the popularity of these applications will continue to expand. The end result is harmonious communication between owner agencies and contractors, leading to projects finishing faster and citizens happily moving along. ■

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