

# Contractor's COMPANION

A reference guide published by the  
Associated General Contractors  
(AGC) of Wisconsin in collaboration  
with the State of Wisconsin  
Department of Administration  
Division of State Facilities



AGC of Wisconsin



# Contractor's COMPANION

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AGC of Wisconsin

Forward from the  
Associated General  
Contractors (AGC)  
of Wisconsin



## AGC of Wisconsin

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July 2007

The Associated General Contractors (AGC) of Wisconsin is pleased to collaborate with the State of Wisconsin Department of Administration (DOA) on the *Contractor's Companion* resource guide for new and emerging construction firms. The *Contractor's Companion* was developed with the support of the DOA by the Leadership AGC class project team of Jim Martin (J.H. Findorff & Son Inc.), Greg Odden (Scherrer Construction Company), Christine Rahlf (Town & Country Electric), and Sam Statz (Hoffman LLC).

The *Contractor's Companion* is AGC's latest response to DOA's effort to increase the number and quality of minority contractors in the construction industry. At DOA's request the AGC adopted an Emerging Contractor membership classification in 2005. The Emerging Contractor classification allows new and emerging contractors to take advantage of the many programs and services provided by the AGC at a very affordable cost. Go to Page 32 for details on Emerging Contractor membership.

Throughout the *Contractor's Companion* you will see AGC's programs and services referenced when it comes to the many legal, safety and business concerns that new businesses face. AGC has made special efforts to reach out to new and emerging businesses and we encourage you to take advantage of this opportunity.

The construction industry is a GREAT industry with a lot of potential and opportunity.

Sincerely,

Robert L. Barker  
Executive Vice President

Forward from the  
State of Wisconsin  
Department of  
Administration



**JIM DOYLE**  
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July 2007

The Wisconsin Department of Administration coordinates a \$400 million state building program every year. We strive to ensure not only well-built structures but also well managed facilities for the people of Wisconsin. Equally important, we work to see that state spending has an economic development impact to benefit all corners of Wisconsin, including the business community, especially small businesses and businesses owned by minorities and women.

Since small businesses, minority-owned businesses and women-owned businesses are extremely important to job creation and economic vitality across Wisconsin, we encourage the participation of both large and small businesses in the state's building program.

Running a business is challenging, even more so for small contractors. Many times small businesses face challenges in finding information about state contracts, the bidding process and identification of bid rooms around the state.

A major goal of the state building program is to encourage the participation of small businesses, particularly those owned by minorities and women, in major state construction projects. At the state level we have undertaken a number of activities to ensure that small businesses and businesses owned by minorities and women participate in all aspects of the state building program.

This publication will help small businesses work through the state contracting and subcontracting process. It is a collaborative initiative with the major construction companies and the state to provide information that can help small construction firms become successful participants in the Wisconsin building program and build on our overall economic development goals.

We are pleased to partner with the Associated General Contractors of Wisconsin to produce this guide. We hope that it will help small businesses, minority-owned businesses and businesses owned by women become successful contractors in the state building program.

Sincerely,



Michael L. Morgan  
Secretary

# Construction Markets

The field of construction is as diversified as the many types of structures and buildings it produces. Many companies operate work within multiple markets due to duplication of project type and/or specialty work they perform. This handbook is intended to primarily assist contractors in the commercial, industrial, educational and governmental/public markets.

- 1. Commercial Construction:** Single and multi-tenant office buildings, multi-family construction, multi-tenant retail centers, freestanding retail stores, condominiums, apartments, healthcare facilities, and high-rise and low-rise buildings.
- 2. Industrial Construction:** Light and heavy manufacturing facilities, telephone switch buildings, power switching stations, chemical plants, electric power generating stations, steel mills, paper mills, and pulp facilities.
- 3. Educational Construction:** K-12 educational facilities, technical schools, state and private universities, daycare facilities, libraries, religious facilities, and sports complexes associated with educational facilities.
- 4. Governmental/Public Construction:** State-owned and leased buildings and local municipal government facilities such as garages, water treatment buildings, city and town halls, judicial buildings, maintenance facilities, sports stadiums and sports complexes.
- 5. Residential Construction:** Single-family homes and duplexes.
- 6. Heavy & Highway Construction:** Infrastructure projects including roads, bridges, dams, utility work, waste water treatment facilities, sewage facilities and underground tunnel projects.

This handbook is geared to address the needs of contractors that operate in the commercial, industrial, educational, and governmental/public construction markets. Portions of the information focus more on **General Contractors** than **Specialty Contractors** (Subcontractors). If you require clarification, we recommend that you contact the AGC of Wisconsin or another expert source for more information.

**GENERAL CONTRACTOR / PRIME CONTRACTOR:**  
A contractor who contracts with a property owner and, in turn, employs a subcontractor or subcontractors to perform some of all of the work.

**SPECIALTY CONTRACTOR / SUBCONTRACTOR:**  
A contractor whose contract is with the general contractor, not the owner. A contractor who follows a recognized trade or commonly installs certain specific items such as flooring, windows or terrazzo.





*Principles*  
TO BUILD UPON

# Certification

State law does not require a General Contractor's license in Wisconsin. Land surveyors, landscape architects, electricians and plumbers must be licensed to practice in Wisconsin. Companies dealing with lead and/or asbestos abatement must be certified by the Department of Health and Family Services. Certification requirements are subject to change. Contact the AGC of Wisconsin to verify certification status before you make a costly mistake.

However, there are various agencies in the State of Wisconsin that offer a certification in order to assist and advocate for small businesses. By being certified, your company may have an opportunity to be on the "bidders list" for construction opportunities. Certification is not a guarantee for work with the Federal, State, County, City or any private company. One should undertake good business development and marketing activities to all of these entities.

*Below is a list of types of certification and the certifying agencies.*

## U. S. Small Business Administration — Small Business Enterprise (SBE) Certification

The U.S. Small Business Administration offers two certification programs for small businesses that want to pursue Federal work.

### 1. HUBZone

SBA's HUBZone program promotes economic development and employment growth in distressed areas by providing access to Federal contracting opportunities. To be eligible for the program, a firm must meet all of the following criteria:

- it must be a small business by SBA standards
- it must be located in a "historically" underutilized business zone (HUBZone),
- it must be wholly owned and controlled by person(s) who are U.S. Citizens,
- at least 35% of its employees must reside in a HUBZone.

### 2. 8(a)/SDB (Small Disadvantaged Business)

To do business with the Federal government and to be certified under the 8(a) Program or as an SDB, you must register in the Central Contractor Registration (CCR) database, and complete the Small Business Supplemental Page within CCR. As a government-wide single point of vendor registration, CCR is a key aspect of streamlining and integrating electronic commerce into the Federal procurement process. Effective October 1, 2003, Federal Acquisition Regulation require contractors to register in CCR prior to award of any contract, basic agreement, basic order-

ing agreement, or blanket purchase agreement. It's easy to register in CCR. Go to [www.ccr.gov](http://www.ccr.gov) and select the "Start a New Registration" link.

## Contact

### MILWAUKEE OFFICE:

310 W. Wisconsin Avenue, Suite 400  
Milwaukee, WI 53202  
(414) 297-3941 Fax (414) 297-1377

### MADISON OFFICE:

740 Regent Street, Suite 100  
Madison, WI 53715  
(608) 441-5263 Fax (608) 441-5541  
Website: [www.sba.gov/wi](http://www.sba.gov/wi)

## Minority-Owned Business Enterprise: (MBE)

The Department of Commerce's Minority Business Development program is designed to generate and foster the growth of minority businesses in the State of Wisconsin. The Bureau of Minority Business Development provides consultation and services to minority business owners, entrepreneurs, and resource organizations. The Bureau certifies minority-owned businesses for participation in the state's minority business purchasing and contracting program. Applicants for certification may apply to the Wisconsin Department of Commerce.

At least 5 percent of state purchasing and contracting under the 1983 Wisconsin Act 390 is targeted for certified minority-owned businesses. Certified minority-owned firms are eligible for a low-bid waiver as long as their bid is no higher than 5 percent of the lowest qualified responsible bidder. Certified minority-owned firms are eligible for technical and marketing assistance, including participation in Marketplace, a statewide minority business marketing conference sponsored by the Wisconsin Department of Commerce. Certified minority-owned firms are eligible to be listed in the State of Wisconsin's Directory of Minority-Owned Businesses.

A minority-owned business (sole proprietorship, partnership, corporation, or joint venture) must meet the following criteria:

- Belong to an ethnic minority group: Native American, Black, Hispanic, Asian Indian, Asian Pacific, Aleut, Eskimo, or Native Hawaiian.
- Be at least 51 percent owned, controlled and actively managed by minority group members.

- Serve a "useful business function" and have customers other than the State of Wisconsin.
- Must be at least one (1) year old under current ownership.

### Wisconsin Unified Certification Program: (DBE Certification)

In order to be certified as a Disadvantaged Business Enterprise (DBE), your business must be:

- at least fifty-one percent (51%) owned by one or more socially and economically disadvantaged individuals.
- controlled (managed and operated daily) by one or more socially and economically disadvantaged individuals.
- The industry size standards of the Small Business Administration apply to businesses applying for DBE certification.

Through the Wisconsin Unified Certification Program, a firm certified with one of the agencies below, is automatically certified as a DBE with the City of Madison, State of Wisconsin Department of Transportation, Dane County, or Milwaukee County.

Bid documents will specify which targeted business (MBE, WBE, DBE and/or SBE) is being targeted for a specific contract. In general, the targeted business type is determined by the source of funding. Public Works contracts estimated to cost \$100,000 or more that are funded solely with city dollars will have an SBE goal attached. Projects with federal monies will have a MBE, WBE and/or DBE goal attached.

Certification under the UCP is available through any of these organizations:

### Contact

#### Wisconsin Department of Transportation

Civil Rights & Compliance Section  
4802 Sheboygan Ave. Rm. 451  
P.O. Box 7965  
Madison, WI 53707-7965  
(608) 266-6961 Fax (608) 267-3641

#### Milwaukee County

Office of the County Board  
Community Business Development Partners  
2711 West Wells Street, Rm. 830  
Milwaukee, WI 53208  
(414) 278-5248 Fax (414) 223-1958

#### City of Madison

Department of Civil Rights  
City County Building  
210 Martin Luther King, Jr. Blvd. Suite 523  
P. O. Box 1626  
Madison, WI 53701-1626  
(608) 266-4082 Fax (608) 266-4083

#### Dane County

Dane County Executive Office  
Office of Equal Opportunity  
City-County Building  
210 Martin Luther King, Jr. Blvd. Rm. 421  
Madison, WI 53703  
(608) 266-4114 Fax (608) 266-2643

### Contact

**Wisconsin Dept. of Commerce  
Bureau of Minority Business Development**  
P. O. Box 7970  
Madison, WI 53707  
(608) 267-9550 Fax (414) 220-5360  
MBD@Commerce.state.wi.us  
www.commerce.wi.gov

### Women-Owned Business Enterprise (WBE Certification)

The Women-Owned Business Certification provides credibility to women-owned businesses. Entities that choose to do business with women-owned businesses are confident that their reporting of dollars spent with women-owned businesses will be verifiable and credible. Certified women-owned businesses are eligible to be listed in the State of Wisconsin Directory of Women-Owned businesses.

A women-owned business (sole proprietorship, partnership, corporation, LLC, LLP or joint venture) must be organized for profit and fulfills all of the following criteria:

- If privately owned, it is at least 51% owned, controlled and actively managed by one or more women who are either U.S. citizens or lawfully admitted to the U.S. for permanent residence.
- If publicly owned, at least 51 percent of the stock is owned and controlled by one or more women who are either U.S. citizens or lawfully admitted to the U.S. citizens for permanent residence and the management and daily operations are controlled by one or more of those women.
- It is currently performing a useful business function in Wisconsin.

### Contact

**Wisconsin Dept. of Commerce  
Bureau of Minority Business Development**  
P. O. Box 7970  
Madison, WI 53707  
(608) 267-9550 Fax (414) 220-5360  
MBD@Commerce.state.wi.us

### City of Milwaukee Emerging Business Enterprises Program (EBEP)

EBEP was created to assist and protect the interest of emerging and small business concerns. The City of Milwaukee promotes and encourages full and open competition in the public work so emerging businesses may successfully compete in a free market as independent business owners.

To qualify to participate in the EBEP, the business must be owned, operated and controlled by one or more individuals who are at a disadvantage. The individuals must have day-to-day operational and managerial control and interest in capital, financial risks and earnings commensurate with the percentage of their ownership. A 51% business owner who is a citizen or lawful permanent resident of the United States of America who has or continues to experience substantial difficulty in achieving business-related success. The business owner must be at an economic disadvantage, and meet three out of the five criteria listed below:

- At a disadvantage with respect to education
- At a disadvantage with respect to employment
- At a disadvantage with respect to residence or business location
- At a social disadvantage
- Lack of business training

### Contact

#### Emerging Business Enterprise Program

City Hall Room 606  
200 E. Wells Street  
Milwaukee, WI 53202  
(414) 286-5553 Fax (414) 286-8752

### Wisconsin Supplier Development Council

The regional Council operates under the umbrella of the National Minority Supplier Development Council. It is a nonprofit organization consisting of companies and public agencies from throughout the state. Members work together to increase the amount and quality of business transacted with minority-owned firms. Membership in the Council is a voluntary effort that demonstrates the initiative of the private sector concerning minority business opportunities

Certification in the Council allows the contractor a listing in the national computerized database.

### Contact

#### Wisconsin Supplier Development Council

PO Box 8577  
Madison, WI 53708  
(608) 241-5858 Fax (608) 241-9100

# Getting Ready to Bid Checklist

Once you have made the decision to bid on a project, it is critical that you do your best to gather all the necessary information for a complete and accurate bid. The following list will help provide you with some areas to look for new projects bidding and the measures to ensure that your bid is accurate.

## Where to look:

1. Visit the local plan rooms in your area. Refer to the section on Plan Rooms (Page 10) to locate a plan room in Wisconsin. You may usually check out plans on a loan basis or pay a deposit fee to take the plans home for your use.
2. Subscribe to an internet plan room that allows you to be listed as a bidder based the CSI specification in which your company performs work.
3. Visit government agencies' websites to see what upcoming construction projects they may have. Refer to Page 11 for information about obtaining plans for public projects in Wisconsin.
4. Subscribe to industry journals and periodicals that report on new and upcoming projects (ex: The Daily Reporter, Western Builder, Dodge Reports, etc).
5. Read your local paper to learn about potential projects in the area.

## What to do once you have selected a project to bid:

1. Study the plans and specifications you intend to bid on. Make sure to review the "front end" specifications that will describe the payment details, construction schedule, and the insurance / bonding requirements. (Front end specifications are usually at the beginning of the specification book and are numbered Division 0 and Division 1.)

**BID BOND: A bond, secured by a bidder, which guarantees that the bidder selected by the owner will accept the project, or the owner will have the project for the bid price as noted in the accepted bid.**

2. Give the plans to your estimator. Make sure either you or your estimator have thoroughly read the specifications and plans in detail to ensure that you have a completed scope of work including any addenda issued after the initial bid offering. (Addenda are formally issued changes to the plans and specifications after the original bid package is released.)
3. Contact your insurance / bonding company to verify you will be able to obtain the necessary bonds should you be awarded the project.
4. Attend pre-bid meetings to learn more about the project and ask questions. Attending these meetings will give you exposure to the prime bidders. Request a copy of the pre-bid meeting sign-in sheet and a copy of the potential bidders or plan holders' list.
5. Contact as many prime bidders as possible to submit your bid to. This will give you the most opportunity to be the potential low bidder for your work. Verify the time and date the bids are due to ensure that you do not miss the opportunity due to a late submittal.
6. Follow up with the prime contractors to verify where your bid came in. If you were not selected, try to find out why.
7. Keep records of each bid and its outcome for future knowledge.

## Member Benefit



Contractor members of the AGC of Wisconsin receive access to BID+ BUILDERS EXCHANGE as part of their membership!

# Plan Rooms

Most construction projects are filed in plan rooms in order to attract a large number of potential bidders. Membership in a plan room provides access to a large number of project plans and specifications.

## PRIVATE PROJECT PLANS

### Wisconsin plan rooms include:

#### **BID+ Builders Exchange**

4814 E Broadway  
Madison, WI 53716-4141  
Ph 608.221.3148 F 608.221.0536  
[www.agcwi.org](http://www.agcwi.org)

#### **Contractors Exchange**

1513 S 113th St.  
West Allis, WI 53214  
P 414.453.1509 F 414.453.1445  
[www.contractorsexchange.net](http://www.contractorsexchange.net)

#### **Fond du Lac Builders Exchange**

N5528 Miranda Way  
Fond du Lac, WI 54937  
P 920.924.7442 F 920.924.7443  
[www.fdlbe.com](http://www.fdlbe.com)

#### **Fox Valley Builders Exchange**

W2518 County Rd JJ  
Appleton, WI 54913  
P 920.687.8782 F 920.687.8705  
[www.fvbe.com](http://www.fvbe.com)

#### **Great Lakes Builders Exchange**

1223 North 8th Street  
Sheboygan, WI 53081  
P 920.458.3676 F 920.458-6228

#### **Green Bay Blue**

22240 Holmgren Way  
Green Bay, WI 54304  
P 920.468.7233 F 920.468.7477  
[www.greenbayblue.com](http://www.greenbayblue.com)

#### **Green Bay Builders Exchange**

1048 Glory Rd, Ste G  
Green Bay, WI 54304  
P 920.338.0921 F 920-338-0928  
[www.gbbuildersexchange.com](http://www.gbbuildersexchange.com)

#### **La Crosse Builders Exchange**

427 Gillette St.  
La Crosse, WI 54602  
P 608.781.1819 F 608.781.1718  
[www.laxbx.com](http://www.laxbx.com)

#### **Marinette Builders Exchange**

601 Marinette Ave.  
Marinette, WI 54143  
P 906.863.2679 F 715.735.6682  
[www.marinettechamber.com](http://www.marinettechamber.com)

#### **Milwaukee Builders Exchange**

10400 Innovation Dr. Suite 210  
Milwaukee, WI 53226-0569  
P 414.778.4100 F 414.778.4119  
[www.agc-gm.org](http://www.agc-gm.org)

#### **Northwest Regional Builders Exchange**

2228 N Hillcrest Pky  
Altoona, WI 54720  
P 715.834.2934 F 715.834.3590  
[www.nwrbx.com](http://www.nwrbx.com)

#### **Wausau Builders Exchange**

4405 Stewart Avenue Suite A  
Wausau, WI 54401  
P 715.842.2215 F 715-848-8707  
[www.wausaubex.com](http://www.wausaubex.com)

### Other sources for plan information:

#### **The Daily Reporter**

225 E. Michigan St. Suite 540  
Milwaukee, WI 53202  
P 414.276.0273 F 414.276.8057  
[www.dailyreporter.com](http://www.dailyreporter.com)

#### **Hispanic Chamber of Commerce**

1021 W. National Ave  
Milwaukee, WI 53204

#### **National Association of Minority Contractors**

3100 W. Concordia Ave.  
Milwaukee, WI 53216  
P 414.449.0837

#### **Northern Illinois Building Contractors Association (NIBCA)**

1111 South Alpine Road, Suite # 202  
Rockford, IL 61108  
P 815.229.5636 F 815.226.4856  
[www.nibca.net](http://www.nibca.net)

#### **Wisconsin MBOC**

2711 W. Wells St.  
Milwaukee, WI 53208

**Other sources for plan information:**

Many companies prefer to utilize an online plan room to avoid the travel and time associated with visiting a plan room. For private and public projects bidding, internet plan room sites include:

**Wisconsin Internet Plan Room**  
(608) 221-3148 Fax (608) 221-0536  
[www.agcwi.org](http://www.agcwi.org)

**Blueprints Inc. (BPI) Online Plan room**  
[www.bpiinc.com](http://www.bpiinc.com)

**PUBLIC PROJECT PLANS**

In Wisconsin, public sector construction, remodeling and additions for all State Agencies are administered by the:

**Department of Administration  
Division of State Facilities**  
101 E. Wilson Street  
PO Box 7866  
Madison, WI 53707

All projects are advertised on the Division website:  
[www.doa.state.wi.us/dsf](http://www.doa.state.wi.us/dsf). Click on “project bidding.”

Bidding documents may also be obtained by contacting the Plan Distribution Unit of the Division of State Facilities (DSF) at:  
[www.doa.state.wi.us/dsf](http://www.doa.state.wi.us/dsf). Click on “Project bidding” and “Order plan.”

**Member Benefit**



AGC of Wisconsin contractor members receive 24/7 access to the WISCONSIN INTERNET PLAN ROOM bulletin as part of their membership. Member discounts are also available for iSqFt subscriptions.

# Construction Bid Checklist

There are five basic elements for determining costs:

1. Labor
2. Material
3. Construction equipment
4. Subcontractors
5. Services and other expenses

## 1. Cost of Labor

It is important to understand that the cost of labor is much higher than the actual wage the employee is paid. The first requirement for determining the labor costs is to determine the cost per hour for each item of labor, including burden costs (taxes, insurance and fringe benefits). The chart on page 13 illustrates the burden costs that influence the true cost of labor that you should use for your bids. In addition to estimating the labor costs for skilled tradespersons, be sure to include the appropriate number of hours for office personnel such as:

- a. Principal owner
- b. Superintendent
- c. Project Assistant/Secretary
- d. Draftsman
- e. Estimator

## 2. Cost of Materials

Material prices are quoted by suppliers in two general categories – unit prices for materials when the contractor has responsibility for the quantities or lump-sum prices for categories of materials when the supplier warrants the quantity and final price.

Unit price materials may be temporary materials (staging, sheeting, forming, etc.) or permanent materials (concrete, crushed stone, etc.). The cost of materials not only the direct cost of the material item, but any other costs that may be included (except labor or equipment for installing) when buying the material. Additional items of cost may include sales taxes, delivery costs, warranties, cost of patent rights, etc.

## 3. Construction equipment

After identifying the type of equipment required to perform each task, the cost per unit of time for each piece or class of equipment needed is determined and the rate of production for each task is estimated. The cost of equipment should include:

- a. Equipment purchase
- b. Equipment maintenance & amortization
- c. Fuel and operating supplies
- d. Equipment depreciation

## 4. Subcontractors

The contractor must solicit, expedite and receive prices from specialty subcontractors. Each subcontractor estimated its own costs and selling price similar to the way a contractor estimates costs and tenders a price to the bidding contractor for consideration.

## 5. Services and other expenses

The contractor incurs many costs that are job-specific and do not fall in the categories of labor, material, equipment or subcontractors. These costs may include:

- |  |   |
|--|---|
| a. Licenses and permits                            | k. Insurance (property, casualty, liability and health) |
| b. Small construction tools                        | l. Builder's risk insurance (if required)               |
| c. Temporary utilities                             | m. Accounting fees                                      |
| d. Lease or rental costs                           | n. Legal fees   |
| e. Temporary toilets                               | o. Marketing/Advertising                                |
| f. Company vehicles                                | p. Training costs                                       |
| g. Company vehicle maintenance                     | q. Membership dues                                      |
| h. Vehicle registration and insurance costs        | r. Office supplies                                      |
| i. Gasoline  | s. Printing costs                                       |
| j. Bonding required (Bid, payment, or performance) | t. Postage costs  |

Source: *Construction Estimating & Bidding*, Associated General Contractors of America, 2005

# Cost of Labor Calculator

Sample reflects Dane County Wisconsin  
 Cost of Labor - June 2007

|   | Bricklayer     | Carpenter      | Cement<br>Mason | Electrician    | Iron<br>Worker | Laborer        | Oper.<br>Engineer | Plumber        | Sheet Metal<br>Worker |
|---|----------------|----------------|-----------------|----------------|----------------|----------------|-------------------|----------------|-----------------------|
| <b>Base Rate<br/>(based on Prevailing Wage Rate)</b>                              | \$28.41        | \$26.11        | \$28.43         | \$29.82        | \$29.70        | \$22.29        | \$30.22           | \$33.90        | \$28.03               |
| <b>Total cost of fringes<br/>(based on June 2007 Collective Bargaining Rates)</b> | \$ 13.93       | \$ 12.95       | \$ 13.01        | \$ 15.87       | \$ 14.99       | \$ 11.24       | \$ 16.13          | \$ 16.56       | \$ 12.02              |
| Health & Welfare  | \$ 7.10        | \$ 7.60        | \$ 7.10         | \$ 6.65        | \$ 4.80        | \$ 7.00        | \$ 8.75           | \$ 5.77        | \$ 6.00               |
| Pension   | \$ 6.11        | \$ 4.90        | \$ 5.48         | \$ 8.07        | \$ 5.96        | \$ 3.82        | \$ 6.50           | \$ 9.93        | \$ 5.33               |
| Annuity   | \$ -           | \$ -           | \$ -            | \$ -           | \$ 3.60        | \$ -           | \$ -              | \$ -           | \$ -                  |
| Appr./Trng.   | \$ 0.60        | \$ 0.26        | \$ 0.33         | \$ 0.75        | \$ 0.38        | \$ 0.23        | \$ 0.55           | \$ 0.58        | \$ 0.51               |
| Other   | \$ 0.12        | \$ 0.19        | \$ 0.10         | \$ 0.40        | \$ 0.25        | \$ 0.19        | \$ 0.33           | \$ 0.28        | \$ 0.18               |
| <b>Subtotal (base &amp; fringes)</b>  | <b>\$42.34</b> | <b>\$39.06</b> | <b>\$41.44</b>  | <b>\$45.69</b> | <b>\$44.69</b> | <b>\$33.53</b> | <b>\$46.35</b>    | <b>\$50.46</b> | <b>\$40.05</b>        |
| <b>Taxes Insurance Other</b>  |                |                |                 |                |                |                |                   |                |                       |
| FICA 7.65%  | \$2.17         | \$2.00         | \$2.17          | \$2.28         | \$2.27         | \$1.71         | \$2.31            | \$2.59         | \$2.14                |
| *Ump. .8% & 9.8% (Fed & WI)   | \$0.86         | \$0.72         | \$0.86          | \$0.94         | \$0.94         | \$0.53         | \$0.97            | \$1.22         | \$0.83                |
| **Worker Comp (Rate Below)  | \$4.55         | \$3.89         | \$2.50          | \$1.63         | \$15.03        | \$1.96         | \$2.34            | \$2.30         | \$12.24               |
| Liab BI/PD (Ins.) 12%   | \$3.41         | \$3.13         | \$3.41          | \$3.58         | \$3.56         | \$2.67         | \$3.63            | \$4.07         | 2.93                  |
| Umbrella (Ins.) 7.3%  | \$2.07         | \$1.91         | \$2.08          | \$2.18         | \$2.17         | \$1.63         | \$2.21            | \$2.47         | \$2.05                |
| Mobilization 7%   | \$1.99         | \$1.83         | \$1.99          | \$2.09         | \$2.08         | \$1.56         | \$2.12            | \$2.37         | \$1.96                |
| <b>Subtotal</b>   | <b>\$57.39</b> | <b>\$52.53</b> | <b>\$54.45</b>  | <b>\$58.38</b> | <b>\$70.74</b> | <b>\$43.59</b> | <b>\$59.92</b>    | <b>\$65.48</b> | <b>\$62.21</b>        |

**Terms and Conditions** Individual job overhead, main office overhead and profit need to be added to arrive at total cost.

**Job O.H.** Bonding, trailers, temporary power/water/fencing, barricades/roads, clean-up, permits, special requirements (safety scaffolding), scheduling, testing, winter protection, sales tax, and equipment.

**Main Office O.H.** Legal, accounting, clerical, engineering, estimating, utilities, marketing, training/education, cost of plans and other costs.

| Profit   | Profit  | Profit  | Profit | Profit | Profit  | Profit | Profit | Profit | Profit  |
|--|---------|---------|--------|--------|---------|--------|--------|--------|---------|
| -----  | -----   | -----   | -----  | -----  | -----   | -----  | -----  | -----  | -----   |
| <b>**Worker Comp Rates<br/>(Mod 1.0) Per \$100/Payroll</b> | \$16.00 | \$14.88 | \$8.80 | \$5.46 | \$50.62 | \$8.80 | \$7.75 | \$6.77 | \$43.67 |
| <b>Classification Code</b>                                 | 5022    | 5403    | 5221   | 5190   | 5059    | 5221   | 6217   | 5183   | 5538    |

\* Unemployment is based on first \$8,000 at .8% for federal and first \$10,500 at 9.8% for state

## Member Benefit



The AGC of Wisconsin and the American Society of Professional Estimators offer an annual ESTIMATING ACADEMY to help fine tune estimating skills.

# Construction Bond Checklist

Applying for a payment and performance bond for the first time is often a frustrating experience. It is frustrating not only because of the depth and breadth of paper that has to be provided (ex: tax returns, financial statements, insurance certificates, resumes and forms), but often after the documents are reviewed by the surety agent, he will come back with additional requests for information, clarification or may even ask that some of the documents be revised. Once a contractor has struggled through this process, he often recognizes the value of the experience and puts in place new policies and procedures that will improve the financial and administrative management of the business.

There are two key parties involved in the surety bonds process: the surety agent and the surety company. The surety company provides the bonds, providing a financial guaranty that it will make sure the project is completed and bills paid if the contractor fails to meet its obligations. The surety companies usually distribute the bonds through independent surety agents. Surety agents typically work with several different surety companies that vary widely in the type of contractors they are interested in serving. The surety agent's role is to evaluate your bonding needs and capacity through the application process and to submit your application to the surety company that best meets your needs.

The first step in applying for a payment and performance bond is making sure you have all the documents that will be requested. Make sure you keep the originals and provide copies to the surety agents. The key documents that you should have include:

- The last two years of business tax returns and personal tax returns of the owners of the firm.
- The last two years of income statements and balance sheets on the business and a current income statement and balance sheet that is no more than 60 days old.
- Certificate of insurance
- Copy of contract (if applicable)
- Copy of bond requirements from the request for proposal or invitation to bid
- Resumes of owner and key personnel

The following are documents the agent typically provides to you to complete:

- Contractor questionnaire
- Status of contracts
- A payment and performance bond request form
- Job cost breakdown
- Personal financial statement of owners

In addition to the information above, the surety agent will ask for references from the following:

- **Bank** – Your bank may be required to complete a form providing information on average balances of your accounts and your payment performance on any loans or lines of credit.
- **Creditors** – Your suppliers may be called or sent a form to complete assessing your payment history.
- **Customers** – Your customers will be asked if you performed your work according to the plans and specifications and on time. In addition, they may also be asked if you submit your pay requests and other paperwork in a timely and accurate manner.

The surety company will also obtain a personal credit report on all owners of the business. Companies with owners and credit scores below 650 are often considered marginal. Prepare written explanations for credit problems if your credit score is below 650. Marginal credit scores are one of the primary reasons for a bond application to be denied.

If your company does not meet the traditional guidelines for approval, the agent may attempt to place you with a surety company that offers programs for contractors considered higher risk. These programs include:

- **Collateral** – The surety company requires collateral equivalent to 10 to 20 percent of the contract size. Often the collateral required is cash or a letter of credit.
- **Funds control** – In this program, a third party (or the surety may do it themselves through an affiliate entity) manages the receipt and disbursement of all funds for the bonded contract, charging a fee for the service.

## Member Benefit



Many INSURANCE AND SURETY COMPANIES are Associate Members of the AGC of Wisconsin. Membership offers you the opportunity to develop relationships with these individuals that are crucial to your company's financial success.

# Competitive Sealed Proposals

Competitive Sealed Proposals (CSP) awards are based on “Best Value” to the Owner, whereas Bid Awards are based on “Lowest Price.” CSP responses are evaluated against specific criteria set out in the Request for Proposal (RFP).

## Getting Started:

### 1. Thoroughly review the RFP package and instructions before preparing your CSP. Highlight critical information such as:

- a. CSP submission date, time and location (jobsite or main office)
- b. Proposal format
- c. Evaluation criteria
- d. Required prevailing wage rates
- e. Bonding and insurance requirements

**PREVAILING WAGE RATE:** A law that establishes minimum wages for job classifications in the construction trades. The State of Wisconsin Department of Workforce Development monitors the prevailing wage in Wisconsin. To learn more on this topic, visit their website at [http://www.dwd.state.wi.us/er/prevaling\\_wage\\_rate/default.htm](http://www.dwd.state.wi.us/er/prevaling_wage_rate/default.htm).

### 2. Make Sure You Understand the Evaluation Criteria:

- a. Price
- b. Experience
- c. Workforce assigned to project
- d. Financial record and experience
- e. Experience modification rate (EMR)
- f. Value engineering
- g. Interview

**EXPERIENCE MODIFIER RATE (EMR):** The experience modifier is one of the most important components of a company's workers' compensation premium. It is used as a multiplying factor of an individual company's manual premium and it is often the most effective tool for controlling premium cost. An average experience modifier is expressed as 1.00 and simply means that a company has average losses and will pay 100% of their manual premium discussed earlier. A higher than average experience modifier would be any number greater than 1.00. A company with a 1.43 experience modifier will pay 143% of their manual premium. The 43% surcharge reflects higher than average claims the company has experienced. A lower than average modifier gives the company a discount and reflects the company's lower than average losses, claims and injuries.

### 3. Proposal Format

- a. Use required forms or format, when specified
- b. Answer all questions even if “Not Applicable” (N/A)
- c. Acknowledge all addenda (call to ensure all addenda have been received)
- d. Neat format and packaging

### 4. Common Proposal Questions and Requirements

- a. Number of years in business (minimum years of experience is sometimes specified)
- b. Expertise and qualifications of on-site supervisor and other key personnel
- c. Organizational chart and resumes of key personnel
- d. Description of projects completed with similar scopes as proposed project
- e. References

- f. Incidents of
  - Failure to complete projects
  - Lawsuits filed by you on a construction project
  - Lawsuits filed against you on a construction project (pending or outstanding)
  - Arbitration (pending or outstanding)
  - Judgments (pending or outstanding)
  - Claims (pending or outstanding)
- g. Other names under which firm has operated
- h. Current work load
- i. Financial capacity
- j. Insurance and bonding agent
- k. Safety record
- l. Cost proposal
  - Price
  - Owner Controlled Insurance Policy (OCIP) Add or Deduct
  - Bond cost

#### 4. Final Checks

- a. Final addendum and all other addendum
- b. Signature and notary as required
- c. Enclose bid bond or certified check as required
- d. Enclose MBE/WBE/DBE certificate as required
- e. Seal and properly label envelope for submission
- f. Final check of submission date, time and location

### Member Benefit



**SAFETY PAYS!** AGC of Wisconsin members benefit from access to professional safety staff that improve your bottom line through lower incident rates.

# State of Wisconsin Job Order Contract Program

Projects are awarded by the State of Wisconsin in one of two ways. The first is for projects under \$150,000 and the second is for projects over \$150,000. Projects in this second category are subject to the formal bidding requirements. Projects under \$150,000 utilize simplified bid documents and contracting procedures, with bids being solicited rather than going through a formal bid opening. Since a bid guarantee is not usually required, this is a project which is ideally suited to small and minority business firms. Typically, there is no charge for plans and specifications, no bid security is required, no performance and payment bond is required and minimum liability insurance is required.

MBE (Minority Business Enterprise) prime contractors may be allowed a 5% bidding preference if they have been certified by the Department of Commerce as meeting the statutory definition of MBE firm and their bid is within 5% of the apparent low bid.

# Contracts

A contract is defined as “a binding agreement between two or more parties for performing, or refraining from performing, some specified act(s) in exchange for lawful consideration.” A contract can vary from written or oral, unilateral or bilateral, short term or perpetual. The most important thing to remember about contracts is to always read and understand the specific terms and conditions of your contracts.

The most common contracts in the construction industry are:

**Guaranteed Maximum Price:** *An amount stipulated in a construction contract as the maximum sum payable by the owner to the contractor for the work specified.*

**Lump Sum:** *A contract in which the amount to be paid to the contractor is agreed in advance to be a stipulated sum.*

**Cost Plus:** *A type of construction contract where the contract price is the sum of the costs of labor, materials, and subcontracts plus a fixed or percentage fee.*

Contract foundation and enforcement are subject to numerous legal rules and doctrines. A qualified attorney can be a valuable resource in helping you understand your rights and obligations pursuant to your contract. See Page 30 for lawyer referral services.

## Member Benefit



AGC CONTRACT DOCUMENTS are available from the AGC of Wisconsin office. These contracts reflect balanced risk allocation between owners, architects, engineers and contractors.

# Key Components of Contracts

All contracts can be complicated and contain some difficult terms and conditions to understand. You should always consult an attorney if there are clauses you do not understand or for contract review. However, here are some common mistakes that contractors can make when signing and implementing contracts.

1. **Not reading the entire contract.** The owner or prime contractor may have included contract terms that require you to waive claims for liability, or damages for delay caused by the owner, prime or other subcontractors. It is recommended that you thoroughly understand the contract provisions regarding indemnity, insurance requirements, warranty, withholding, termination, etc.
2. **Believing that you will be paid within 30 days of the invoice may not always be the case.** You must understand all aspects of your payment terms and conditions. This includes but is not limited to:
  - a. Understand your obligations prior to receiving payments. Do you need insurance certificates? Bonds? Submittals? Certified Payroll?
  - b. Filling out the correct pay application as required per the contract.
  - c. Is payment contingent upon the prime receiving payment from the owner?

A cash flow analysis of the project should be completed once you know and understand all the terms and conditions for the contract. This will help you better prepare your bid for any soft costs, or financing rates, that you may need.

3. **Not understanding the referenced documents that your contract may include** such as:
  - a. The prime contract with the owner
  - b. Payment bond information
  - c. Addendums to the contract documents

4. **Not requiring the owner or prime contractor to provide written notification** of any contract breaches caused and allowing the contractor a reasonable time to cure the failure.
5. **Not having a clause that requires all extra work authorizations to be in writing prior to commencing said work.**
6. **Not utilizing a contract that specifies the subcontractor will be reimbursed for all changed work, receive the appropriate time extension, and be paid regardless of owner's agreement to pay.**

Once the contract is signed, the following guidelines will help with the implementation of the contract.

1. **Receive written acceptance of a substitute material that varies from the contract documents.**
2. **Comply with deadlines set forth in the contract.** This could include timelines for filing a lien or requesting the release of retainage

## Member Benefit



Contractor members of the AGC of Wisconsin receive **LEGAL COUNSEL** – including **CONTRACT REVIEW** – as part of their membership.

# Construction Pay Applications and Schedule of Values

This “how to” tool box tip is intended to help subcontractors and suppliers understand what the General Contractor needs to ensure efficient processing of its Pay Application. The payment process required for monthly billing can take upwards of 45 to 60 days to pay out the subcontractors and suppliers once the process begins. You need to identify this upfront in order to properly manage your company cash flow as the project progresses.

## General Contractor and Prime Contractor Responsibilities

- Review the scope of work during the bid process and solicit bids from subcontractors and suppliers.
- Upon being the successful bidder, the Prime Contractor enters into a contract for construction with the owner.
- The Prime Contractor then issues subcontracts and purchase orders to subcontractors and suppliers.
- Per the agreed upon terms, the Prime Contractor will submit Pay Applications on a periodic basis.
- The Construction Project Schedule is prepared and monitored as the project progresses and is submitted to Owner's Representative on agreed upon basis

## Owner Representative (Architect or Employed Representative) Responsibilities

- Review Schedule of Values submitted by the Contractor
- Receive and process change orders as submitted by the Prime Contractor
- Receive and process payment requests as dictated in the contract documents

## Owner's Representative Pay Application Review Requirements

- Review completed work to see that is completed based on the requested values.
- Verify change order submittal work is completed.
- Verify that proper attestation of work is completed.
- Ensure that all subcontractors are listed on subcontractor's report.

- Verify that retainage amounts are proper.
- Once this is complete, the request is submitted to the proper department for payment.
- Payment is made to Prime Contractor who in turn makes payments to all subcontractors and suppliers as dictated in agreements between them.

## Payment Process Delays

Avoid the chance of having your payment application delayed by double-checking for:

- Missing or incorrect addresses
- Funding changes
- Unsigned documents
- Late submission
- Incorrect contract amount
- Change orders not included
- Failure to submit required documents
- Other: claims/ wage compliance issues

## Ensure a Prompt Pay Process

Following five easy steps can help the process and ensure that you are paid on time!

1. Carefully review contract and project requirements and provide all documentation promptly and accurately.
2. Provide additional required paperwork as dictated in the agreements. Partial and Final Lien waivers are a good example of this.
3. Provide required backup for change orders promptly and in a clear manner.
4. Provide project closeout documents at the completion of the job.
5. Complete project deficiency punchlist in the prescribed time.

## Member Benefit



AGC offers electronic versions of many contract document forms, including payment requests. Members of the AGC receive a substantial discount when purchasing DocuBuilder electronic contracts.

# Managing Your Change Orders

## What is a Change Order?

A change order is a change to your scope of work. Change orders may be caused by a number of factors including:

- Design deficiencies
- Suggested alternates of material or methods
- Owner requested additions
- Delays caused by weather, late owner furnished equipment, other contractors
- Differing site conditions

A change order may affect your scope of work, time for project completion, or both. A change order may increase or decrease your cost to perform your work.

## How do I know a Change Has Occurred?

The first step in recovering costs associated with a change order is to recognize when a change has occurred. Read your contract. Certain clauses in your contract including the “Defaults Clause,” “Schedule Clause,” and “Disputes Clause” will help define what is considered a change to the contract, what compensation you are entitled to, and what procedures you must follow to gain compensation for the change work.

Carefully review the contract drawings and specifications to understand what is in your scope and what is not. Review the site conditions and make sure that they match what is represented in the contract documents.

Train your field personnel to recognize when a change has occurred. Instruct them to inform you whenever there is a discrepancy between the contract plans and specifications and the actual field conditions, or when the owner, prime contractor, or other subcontractor asks for work not shown on the drawings.

## Steps To Preparing a Change Order:

1. **Notify the owner as soon as a change has occurred or is identified.** Many contracts require written notice within a specified time limit in order to obtain compensation. The contract will specify if subcontractors are not permitted to contact the owner directly.
2. **Get agreement up front that work is considered a change order and you will be compensated.** Preferably, you should obtain written authorization at this time.
3. **Document change order conditions, costs and impacts.** Take pictures of the changed conditions.
4. **If possible, provide price estimate of change order work prior to proceeding.** Use industry accepted estimating guides such as Means Estimating Guides to help prepare your estimate. Review the contract to verify the markup provisions allowed for additional work.
5. **If pre-pricing is not possible, keep written track of all costs associated with the change** including labor, material, equipment, and indirect costs.
6. **Submit change order request to owner or prime contractor.** Write request on company stationary and clearly identify the project and that your letter is a change order request. Change order request should include a description of the change work, the cost of the change, and the amount of time extension necessary to complete the change.
7. **Once the owner or prime contractor issues a contract modification to compensate you for the change order, sign and promptly return the contract modification.** Include the contract modification on your next invoice or payment application.
8. **If the owner delays issuing a change order, remind them of the outstanding change request.** One way to effectively track change order status is a change order log. Verify if you are permitted to stop work while the dispute is resolved.
9. **If the owner refuses to issue a change order, review your contract for dispute resolution procedures to learn what alternative means of resolution are available to you.**

## Member Benefit



AGC of Wisconsin contractor members can utilize the LEGAL STAFF for assistance in getting paid and dispute resolution.

# Mechanics' Lien

Mechanics' liens exist to ensure that laborers, suppliers, contractors and other parties who make an improvement to property have a tool to enforce payment of amounts owed. When properly executed, a mechanics' lien creates a security interest in the title to property for the benefit of those who have supplied labor or materials for the improvement. The lien prevents the owner from selling the property without paying those who have liens on the property.

In Wisconsin, the availability of lien rights, deadlines for enforcement and overall procedure to properly execute a mechanics' lien are spelled out in Wisconsin Statutes Chapter 779. Lien rights, deadlines and procedure vary whether the project is private or public, if the project is large or small and whether you are a prime contractor or a subcontractor.

You may have an obligation to provide certain notices well before a payment issue arises to protect your lien rights. For example, if you are a prime contractor working on a small project, you must include notice to the project owner in any written contract that certain subcontractors and material suppliers may have lien rights on the project. If you do not have a written contract, you must prepare the notice separately and deliver it to the owner within ten days of the start of work.

Often referred to as the "Ten-Day Notice Requirement," this notice is one of many potential pitfalls that may limit your ability to employ mechanics' liens as a collection tool.

On certain projects you may not have the right to a mechanics' lien. For example, a contractor cannot place a lien against a public property and, therefore, a prime contractor does not have lien rights when working on a publicly-funded project. Some subcontractors, however, do have safeguards on public projects through the prime contractor's payment bond or claims on funds owing to prime contractors (often referred to as a "stop notice").

The creation and enforcement of a mechanics' lien requires contractors to strictly follow both lien deadlines and procedure. A full description of the use of mechanics' liens is outside the scope of this handbook and you should consult with an attorney if you are considering a mechanics' lien to assist in collecting an outstanding debt.



## Member Benefit



AGC of Wisconsin members can receive **LEGAL COUNSEL** on the lien law process. Don't miss your opportunity to protect your lien rights!

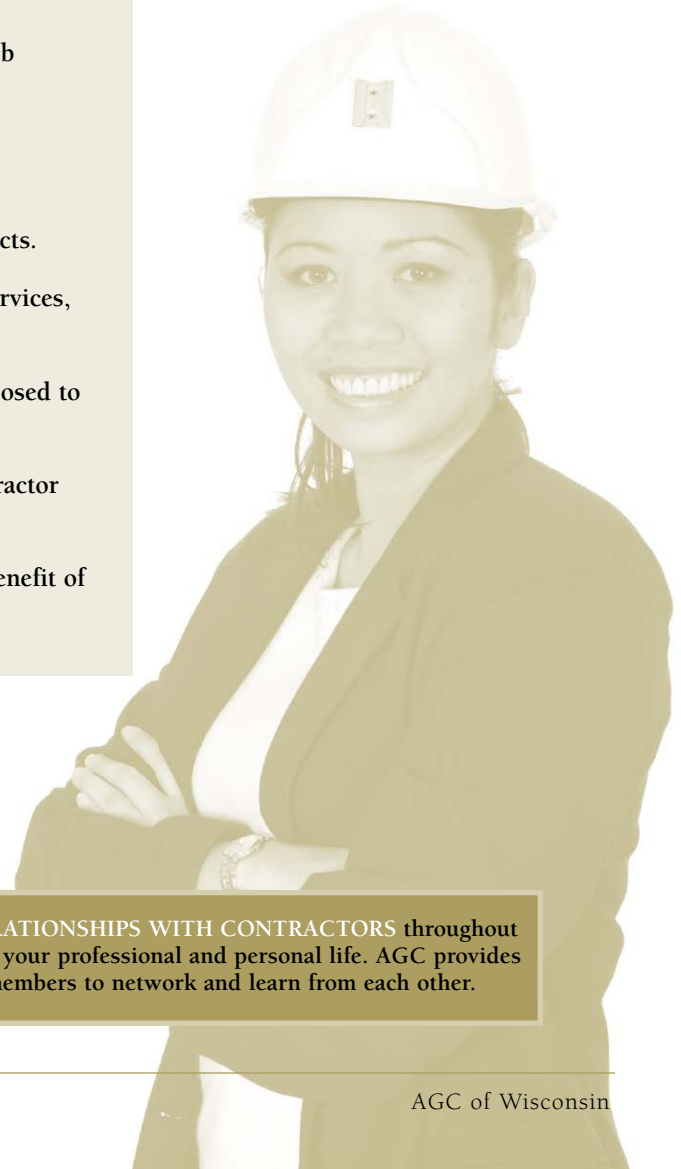
A hand holding a set of keys is positioned in the upper right corner of the frame. The background is a low-angle shot of a modern building with a grid-like facade of windows and balconies. The entire image is overlaid with a semi-transparent, light-colored filter.

# *Keys* TO SUCCESS

# Principles of Success in Construction

Defining success in the construction industry is not an easy task nor is there a guaranteed recipe for success. However, there are some principles that should be followed which will greatly increase your chance for success in this industry. These include:

1. Develop knowledge of the law as it relates to construction and to your specific projects and the contracts you commit to.
2. Plan and execute construction in a manner to ensure maximum practical efficiency at the lowest cost.
3. Develop the ability and utilize the tools to estimate your projects accurately, including intangible factors that influence the cost of a project.
4. Be techno-savvy and work proficiently in today's modern world of internet plan rooms, electronic project management, and accounting.
5. Maintain accurate project records of costs, as-built drawings, and job correspondence.
6. Apply and enforce safety practices that meet or exceed the OSHA regulations.
7. Motivate your employees to want to succeed in their personal projects.
8. Develop and maintain good relationships with banks, accounting services, insurance and bonding agencies.
9. Be proactive and seek out what the issues will be in advance as opposed to being reactive and fixing the problems that arise.
10. Plan and drive a schedule that works. Considering lead times, contractor availability, and material resources is critical to this ability.
11. Be willing to make some personal sacrifice when required for the benefit of the project or the owner.



## Member Benefit



Develop LIFE-LONG RELATIONSHIPS WITH CONTRACTORS throughout the state that will impact your professional and personal life. AGC provides many opportunities for members to network and learn from each other.

# Establish a Business Plan

Planning plays an important role in any business venture. It is often said a failed attempt to complete a project is not from “planning to fail but by failing to plan” and this can make the difference between success or failure of your business. You should plan very carefully before investing your time and money into any business venture.

Many factors influence the outcome of a business venture and you need to come up with a carefully thought out plan to start. This list is comprised of guidelines to establishing a business plan. It is recommended that you seek out professional business planning assistance.

The first step in the strategic planning of your company is to do an assessment of the market in which you plan on working. Key questions to consider include:

- Do you bring better resources to the buyers of your work? Is the market stable so you are not starting a company in a dying industry? (Ex: This could be equated to selling horse collars when automobiles are now being used.)
- Who is your competition and how good are they? Can you offer something compelling to make the buyers of their services want to hire you instead?
- What type of work will you not want to do?

The second step is to establish clear goals which you can strive for and then set objectives to achieve your goals. Questions to consider are:

- Are the goals clear and concise?
- Are they measurable?
- Do you have a target date for reaching each goal?
- Who in your organization is holds responsibility for achievement of each goal?
- Are your goals arranged according to priority?

Creating the business plan is the most important first step you can take. It makes the difference between success and failure of all your hard work.

Once you complete the brainstorming portion of your business plan process, you need to address the legal and financial aspects of the planning process. During this stage you will determine what type of company you will be (corporation, partnership, sole proprietor or LLC), develop a budget, analyze start-up costs, and investigate licensing.

## Contact

The **Small Business Administration (SBA)** has a great deal of information available to start-up ventures.

By visiting the website:

[www.sba.gov/smallbusinessplanner/index.html](http://www.sba.gov/smallbusinessplanner/index.html)

you can receive good information as well as being routed to other sites which can further aid you in building your business plan.



## Member Benefit



AGC of Wisconsin members have access to a STATEWIDE AND NATIONAL NETWORK OF CONSULTANTS that can insure your company business planning process is a success.

# Business Development and Marketing Efforts

This marketing plan checklist is a guide for small construction firms and serves as a blue print to plan how your company will capture more business. A marketing plan explains **who the company is, where it is going, and how to get there.**

## The goals of a marketing plan are to:

1. Identify your company's performance within specific industries
2. Identify the geographical market you wish to serve
3. Explore the external market forces that may affect your company
4. Establish your company's short and long range goals
5. Assess your company's strengths and weaknesses
6. Develop innovative approaches to growing your company

## Initial Marketing Plan Checklist

1. Determine the types of services or materials your company supplies to the construction consumer.
2. Forecast your industry's sales trend for the next five years. (Do research on the internet to obtain economic projections for the geographic region and industries where you work.)
3. Describe your present market geographical area. Where are your customers located? What is the potential growth in these areas?
4. Analyze your current customers by volume of business, contract type, industry type, etc. Determine how you can leverage your existing customer base to expand your business.
5. Survey your current customers (if any) to determine why they hired you and what strengths and weaknesses they identified.
6. Identify and target new customers. Establish a strategy for reaching and engaging new customers.
7. Define your current business capacity. List your manpower by number and type: management, professional, skilled or unskilled. List your equipment on hand. What is your bonding capacity? This will help define the current volume and type of work you can manage.
8. Review your pricing approach. How do your labor rates compare to your competition?
9. Identify any training needs (skill development, safety, supervisory, etc) required to upgrade labor skills or qualify for additional business opportunities.
10. Develop your marketing budget.

Once you've established who you are, what services you provide, and who your target market is, you can take steps to market your company's services. Here are some helpful suggestions:

1. **Develop a compelling web site describing your company's capabilities.** If needed, outsource web site design to a professional. Start with a basic site to get your name on the Internet.
2. **Subscribe to an internet plan room services** that automatically adds your company to interested bidders lists based on the type of work that you perform.
3. **Consider advertising in trade publications** where project bid information is located.
4. **Get on bidders lists.** Contact your customers and get qualified to bid on their projects. Begin by writing letters or sending post cards to express interest in doing business with them. Set up appointments and meet face-to-face with your customer's estimating and project management staff to talk about your company's experience, capacity, and capabilities. Sign up with local municipalities, governmental agencies and the private sector.
5. **Attend vendor conferences and networking sessions** to find out about upcoming contracting opportunities and to market services to potential prime bidders.
6. **Join a trade association such as the AGC** to network with similar businesses and to learn about current market trends and opportunities in your area.
7. **Consult with business development organizations and chambers of commerce** to find out what they can do to help your business grow.
8. **Develop a brochure, flyer or introduction sheet** identifying services offered and disseminate at vendor conferences, networking sessions, and marketplaces. Update on a periodic basis. Have on-hand a company project resume supporting your capability and capacity.
9. **List your company in the business section of the telephone directory** and maintain a working business phone number, e-mail address and voice mail.
10. **Maintain appropriate communication equipment for responding to bid requests and inquiries in a timely manner.** Many project procurements are now conducted completely online. In addition to telephone, fax, and email, high speed internet access is now required to compete in the construction marketplace.
11. **Utilize business stationary, business cards and bid proposal sheets to respond in a professional manner.**
12. **Implement a CRM (customer relations management) system** where all contacts information, calls and correspondence, and sales activity can be tracked.
13. **Become involved in the community** where you work by attending local networking meetings, city council or planning meetings, and industry functions. Treat every new person you meet as a potential job lead.
14. **Monitor and measure the effectiveness of your marketing measures.**

## Member Benefit



AGC offers ongoing education programs with a marketing and business development focus. The interactive **MARKETING YOUR FIRM CD-ROM** is available for AGC members to purchase at a substantially reduced cost.

A woman and a man in business attire are sitting at a desk, looking at a laptop screen. The woman is on the left, and the man is on the right, resting his chin on his hand. A glass of water is on the desk in the foreground. The image has a warm, yellowish tint.

# *Resources* & REFERENCES

# Construction Industry Resources

## Associated General Contractors of Wisconsin

4814 East Broadway  
Madison, WI 53716  
PH(608)221.3821 FAX (608)221.4446  
[www.agcwi.org](http://www.agcwi.org)

*AGC of Wisconsin is a statewide trade association for commercial contractors that offers training & education, legal services, safety services, and legislative representation.*

## Division of State Facilities

### *(Bidding Process and Minority Bidding)*

Godwin A. Amegashie, Assistant to the Administrator  
Division of State Facilities  
P.O. Box 7866  
Madison, WI 53707  
608-267-7806

## Immigration Laws

Employment Eligibility Verification (Form I-9).  
Call (800) 375-5283.

## Minimum Wage and Prevailing Wage

Wisconsin Department of Workforce Development (DWD)  
Equal Rights Division  
Madison Office (608) 266-6860 Fax (608) 267-4592  
Milwaukee Office (414) 227-4384 Fax (414) 227-4981

## New Hire Reporting

Wisconsin New Hire Reporting Center  
P.O. Box 14431  
Madison, WI 14431  
(888) 300-4473 or  
[www.dwd.state.wi.us/ui](http://www.dwd.state.wi.us/ui).

*Wisconsin law requires employers to report each newly hired employee to the State Directory of New Hires within 20 days after the employee starts work.*

## Occupational Safety & Health Administration (OSHA)

[www.osha.gov](http://www.osha.gov)

### **Appleton Area Office**

1648 Tri Park Way  
Appleton, Wisconsin 54914  
(920) 734-4521  
(920) 734-2661 FAX

### **Eau Claire Area Office**

1310 W. Clairemont Avenue  
Eau Claire, Wisconsin 54701  
(715) 832-9019  
(715) 832-1147 FAX

### **Madison Area Office**

4802 E. Broadway  
Madison, Wisconsin 53716  
(608)441-5388  
(608)441-5400 FAX

### **Milwaukee Area Office**

Henry S. Reuss Building, Suite 1180  
310 West Wisconsin Avenue  
Milwaukee, Wisconsin 53203  
(414) 297-3315  
(414) 297-4299 FAX

## Service Corps of Retired Executives – SCORE

*SCORE counselors are active and/or retired business executives who are highly qualified to assist new or expanding businesses.*

[www.score.org](http://www.score.org)

### **Madison Chapter**

MG&E Innovation Center  
505 South Rosa Road  
Madison, WI 53719  
(608) 441-2820  
[www.scoremadison145.org](http://www.scoremadison145.org)

### **Milwaukee Chapter**

310 W. Wisconsin Avenue, #425  
Milwaukee, WI 53203  
608-297-3942  
[www.scoremilwaukee.org](http://www.scoremilwaukee.org)

## Small Business Administration

608-441-5263 or 414-297-3941  
1-800-U-ASK-SBA  
[www.sba.gov](http://www.sba.gov)  
[www.sba.gov/wi](http://www.sba.gov/wi) for local information

*Both federal and state SBA offers multiple resources, partners and programs to support the needs of the small business.*

## Small Business Development Centers – SBDC

*Small business development centers are located on or near University of Wisconsin campuses and offer one-on-one counseling and business education courses.*

[www.wisconsinsbdc.org](http://www.wisconsinsbdc.org)  
1-800-940-SBDC

### State of Wisconsin

[www.wi.gov](http://www.wi.gov)

Click on “Business Wizard” for help with starting and running a business in the State of Wisconsin. This site will help with licensing, permitting and regulatory requirements and provide access to state agencies, forms and other business related items.

### Tax Identification Number (EIN)

Federal Employer Identification Number (FEIN) -  
[www.irs.gov/businesses/small](http://www.irs.gov/businesses/small)

Wisconsin Employer Identification Number (WEIN) –  
[www.dor.state.wi.us/forms/sales/btr-101.pdf](http://www.dor.state.wi.us/forms/sales/btr-101.pdf)

### Tax Requirements

Wisconsin Department of Revenue

Phone: (608) 266-2776

Appleton (920) 832-2727

Eau Claire (715) 836-2811

Madison (608) 266-2776

Milwaukee (414) 227-4444

[www.dor.state.wi.us](http://www.dor.state.wi.us)

Department of Revenue Offices provides assistance Monday through Friday 7:45 am to 4:30 pm.

### Unemployment Insurance

Wisconsin Department of Workforce Development (DWD)

PO Box 7905

Madison, WI 53707-7905

Phone: (608) 266-3100

Fax: (608) 267-0593

### Wisconsin Department of Commerce

1-800-HELP-BUSINESS (1-800-435-7287)

[www.commerce.state.wi.us](http://www.commerce.state.wi.us)

Small business specialists can help with regulations and requirements that apply to particular businesses and professions. The Department of Commerce offers a publication titled “An Entrepreneur’s Guide for Going Into Business in Wisconsin: Piecing it All Together.”

### Workers Compensation

Wisconsin Department of Workforce Development (DWD)

Worker’s Compensation Division

201 East Washington Avenue

P.O. Box 7901

Madison, WI 53707-7901

Phone: (608) 266-1340

## OTHER RESOURCES

### Accounting Assistance

For help finding an accountant, contact the Wisconsin Institute of Certified Public Accountants (WICPA) at (800) 772-6939 or [www.wicpa.org/FOR\\_PUBLIC/for\\_public.html](http://www.wicpa.org/FOR_PUBLIC/for_public.html).

### Chambers of Commerce

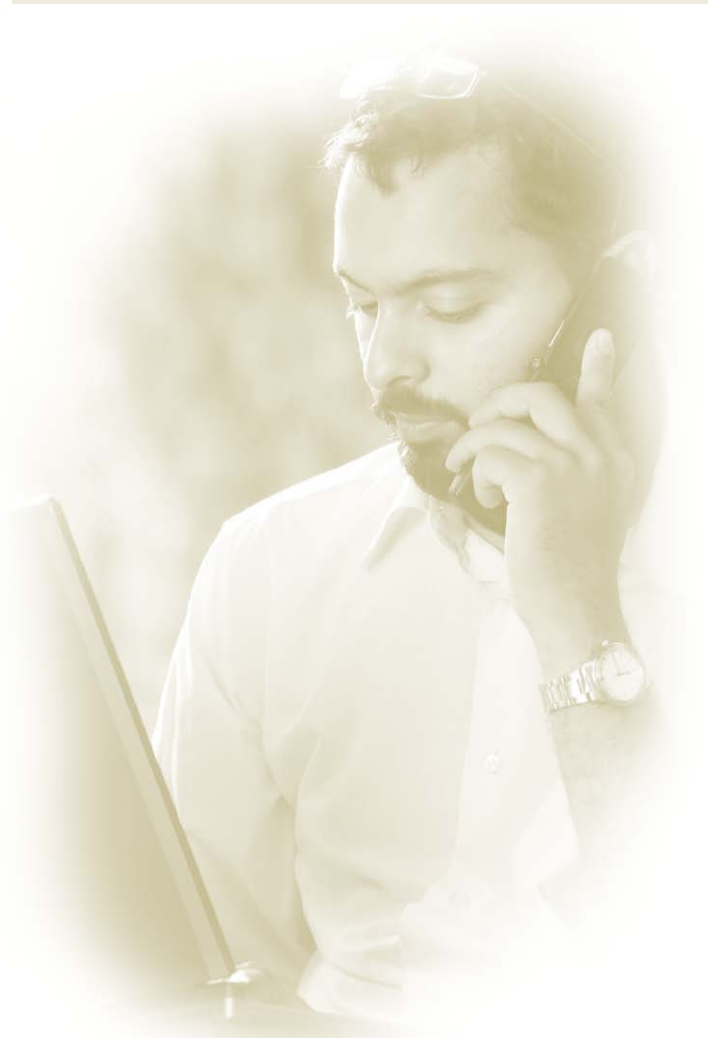
Contact the Wisconsin Manufacturers and Commerce at 608-256-3400 to find information about local chambers of commerce.

### Legal Assistance

For the name of a business lawyer in your area, contact the State Bar’s Lawyer Referral and Information Service at (800) 362-9082 or [www.wisbar.org/bar/LRIS](http://www.wisbar.org/bar/LRIS).

### Surety Bond Providers

For help finding a company provides bonds, see [http://www.sba.gov/wi/WI\\_WISURETY.html](http://www.sba.gov/wi/WI_WISURETY.html)



# Construction Terminology

**Architect or Engineer** – Is known as the design professional who is a part of the firm that designed the project.

**Bid Bond** – A bond, secured by a bidder, which guarantees that the bidder selected by the owner will accept the project, or the owner will have the project for the bid price as noted in the accepted bid.

**Competitive Bidding** – Contract award goes to the lowest responsible bidder.

**Competitive Sealed Proposals (Sealed Bids)** – Contract award goes to the firm providing the best value.

**Construction Management** – There is no universally accepted definition for construction management. It is a term that means different things to different people. In what might be considered as the typical arrangement, the owner contracts with an architect-engineer for design services and with a construction manager for specified construction services, for example, advising, and recommending construction alternatives, furnishing information concerning cost, labor, and material availability, scheduling and managing the project from start to finish.

**Construction Management at Risk** – A construction manager selected on the basis of best value, typically contracted early in the design phase. The construction manager may or may not self perform work, depending on the contract with the owner.

**Contractor** – An individual with experience and education capable of interpreting and analyzing a set of plans and specifications for a project, estimating the quantities and cost of all labor, materials, equipment, overhead and profit necessary to construct the project in a given length of time for a set contract price.

**Cost Plus** – A type of construction contract where the contract price is the sum of the costs of labor, materials, and subcontracts plus a fixed or percentage fee.

**Design-Build** – A single entity to provide both design and construction services.

**Experience Modifier Rate (EMR)** – The experience modifier is one of the most important components of a company's workers' compensation premium. It is used as a multiplying factor of an individual company's manual premium and it is often the most effective tool for controlling premium cost. An average experience modifier is expressed as 1.00 and simply means that a company has average losses and will pay 100% of their manual premium discussed earlier. A higher than average experience modifier would be any number greater than 1.00. A company with a 1.43 experience modifier will pay 143% of their manual premium. The 43% surcharge reflects higher than average claims the company has experienced. A lower than average modifier gives the company a discount and reflects the company's lower than average losses, claims and injuries.

**General Contractor / Prime Contractor** – A contractor who contracts with a property owner and, in turn, employs a subcontractor or subcontractors to perform some of all of the work.

**Guaranteed Maximum Price (GMP) or Negotiated Contracts** – Contract is awarded to a general contractor or construction manager based on an interview and/or RFP. The contract is typically awarded prior to a complete design and estimate. The general contractor works with the owner and design team to develop the plans and specifications so that the project fits within the owner's budget and schedule.

**Lump Sum** – A contract in which the amount to be paid to the contractor is agreed in advance to be a stipulated sum.

**Owner** – Is the party that owns and finances the project either from own resources or from external financing resources. The owner may be the public or private sector.

**Prevailing Wage** – A law that establishes minimum wages for job classifications in the construction trades.

**Prime Contractor** – Most often known as the general contractor (public projects in Wisconsin allow multiple primes in which subcontractors are considered prime), is the business firm that is in contract with the owner for the construction of the project, whether in its entirety or for some specialized portion. The prime contractor brings together all of the diverse elements and inputs of the construction process into a single coordinated effort. The primary function of the prime contractor is close management control of the construction process.

**Private Owner** – May be an individual, partnership, corporation or a combination. Some private owners have the structure built for their own use. However, most private owners do not intend to become the end users. In most cases, the structure is to be sold, leased or rented to others.

**Public Owner** – Ranges from agencies of the federal government to state, county and municipal entities. Public projects are paid by appropriations, bonds, tax levies or other forms of financing and are built to meet some defined public need.

**Speciality Contractor / Subcontractor** – A contractor whose contract is with the general contractor, not the owner. A contractor who follows a recognized trade or commonly installs certain specific items such as flooring, windows or terrazzo.

**Subcontractor** – Is a firm that engages in a specialty trade to execute a particular portion of the overall construction project for a general contractor. Subcontractors are usually able to perform their work specialty much more quickly and at a lesser cost than the general contractor.

*Source: Construction Contracting, 4th Edition, by Richard H. Clough, Department of Civil Engineering, the University of Mexico.*

# Emerging Contractor

The AGC of Wisconsin is committed to supporting emerging contractors as they seek to enter the construction industry. We offer a special category of membership for these companies in order that they may benefit from the expertise, training and professional services available through the AGC. Examples of the services available to AGC members are highlighted throughout the *Contractor's Companion*.

## Membership entitles contractors to:

- **Legal Counsel: Human Resources/Contracts/Construction Law/Tax Issues/Contract Disputes/Labor Disputes** – On-staff attorneys provide consultation to members on a variety of legal matters.
- **Safety** – Three safety and environmental directors provide an extensive array of training and consultation services.
- **Professional Development** – We continue to offer the most comprehensive educational training to Wisconsin's construction industry. Education is available for every employee of your company whether they are a skilled tradesperson, project manager or company president.
- **Legislative Representation** – AGC's goal is that no legislation or regulation affecting our industry comes out of Madison without our stamp of approval. We are actively protecting your interests!

Emerging Contractors receive the same benefits as other contractor members but **at a reduced membership rate** for the first three years. To learn more about membership in the AGC of Wisconsin, contact the AGC of Wisconsin office at 608-221-3821 or by visiting the website at [www.agcwi.org](http://www.agcwi.org)



AGC of Wisconsin

[www.agcwi.org](http://www.agcwi.org)



AGC of Wisconsin

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