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NOVEMBER 2026

THE CONTRACTOR'S COMPASS

Regulatory Shifts Impacting Subcontractors



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November 2026

THE CONTRACTOR'S COMPASS

EDITORIAL PURPOSE
The Contractor's Compass is the monthly educational journal of the Foundation of the American Subcontractors Association, Inc. (FASA) and part of FASA's Contractors' Knowledge Network. FASA was established in 1987 as a 501(c)(3) tax-exempt entity to support research, education and public awareness. Through its Contractors' Knowledge Network, FASA is committed to forging and exploring the critical issues shaping subcontractors and specialty trade contractors in the construction industry. The journal is designed to equip construction subcontractors with the ideas, tools and tactics they need to thrive. The views expressed by contributors to The Contractor's Compass do not necessarily represent the opinions of FASA or the American Subcontractors Association, Inc. (ASA).

MISSION
To educate and equip subcontractors and suppliers with the education and resources they need to thrive in the construction industry. Additionally, FASA raises awareness about issues critical to and about construction in the United States.

SUBSCRIPTIONS
The Contractor's Compass is a free monthly publication for ASA members and nonmembers. For questions about subscribing, please contact communications@asa-hq.com.

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EDITORIAL SUBMISSIONS
Contributing authors are encouraged to submit a brief abstract of their article idea before providing a full-length feature article. Feature articles should be no longer than 1,500 words and comply with The Associated Press style guidelines. Article submissions become the property of ASA and FASA. The editor reserves the right to edit all accepted editorial submissions for length, style, clarity, spelling and punctuation. Send abstracts and submissions for *The Contractor's Compass* to communications@ASA-hq.com.

ABOUT ASA
ASA is a nonprofit trade association of union and non-union subcontractors and suppliers. Through a nationwide network of local and state ASA associations, members receive information and education on relevant business issues and work together to protect their rights as an integral part of the construction team. For more information about becoming an ASA member, contact ASA at 1004 Duke St., Alexandria, VA 22314-3588, (703) 684-3450, membership@ASA-hq.com, or visit the ASA Web site, www.asaonline.com.

CONTENT TASK FORCE
Richard Bright, William Burke, Sheri Kitchen, Joselin Martin, Michael Metz-Topodas, Adrienne Smoot-Edwards, and Cheri Woodsmall

EDITOR
Mary Klett

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PRESIDENT'S LETTER



Dear Readers—

As November arrives, we find ourselves approaching the close of another busy and eventful year in the construction industry. It's a time to reflect on what we've accomplished, recognize the challenges we've overcome, and begin setting our sights on the opportunities that 2027 may bring. For those of us in the subcontracting community, it's also an opportunity to appreciate the relationships, hard work, and determination that keep our industry moving forward.

One of the highlights of this year was our **SUBExcel convention in Bonita Springs, Florida, in September**. What a tremendous opportunity to reconnect with colleagues, exchange ideas, and strengthen the relationships that make ASA such a valuable organization! The energy, enthusiasm, and willingness to share experiences reminded us why gathering as an industry is so important. Beyond the educational sessions and networking opportunities, SUBExcel reinforced something we all know: we are stronger when we work together. SUBExcel reinforced something we all know: we are stronger when we work together. I had the opportunity to sit and meet with so many of my fellow attendees where we talked about things that we all deal with, regardless of which markets we're in every single day. It is one of the many endearing benefits of SUBExcel for me - not only do we meet together to work through common causes that we face nationally, but we are also presented with great opportunities to just be together and talk about individual challenges that crop up for us in our local markets and tease out the best way to handle them. My sincere thanks go to everyone who attended, contributed, sponsored, or helped make the convention a success. And mark your calendars for next **September 13 - 17, when we'll be meeting up in San Antonio**.

As we enter the final months of 2026, many of us are already looking closely at our plans for 2027. While the construction industry continues to face challenges, including workforce shortages, rising costs, evolving technologies, and uncertainty in the economy, there are also opportunities for companies willing to adapt and innovate.

Now is the time to evaluate what worked this year and what could be improved. Are we investing enough in workforce development? Are we taking advantage of technologies that can improve efficiency and productivity? Are we pursuing the right projects and customers? Are we protecting our companies through sound contracts, careful financial planning, and effective risk management?

To further explore these questions and sort through how ASA can best support local contractors in answering them, the ASA National Board will be engaging in a three day strategic planning session in February 2027 in Atlanta, GA. We will be asking these questions of ourselves, and the answers will help determine how successfully we navigate the years to come as an organization. Planning isn't simply about setting revenue goals or filling the project pipeline. It's about building stronger organizations that can withstand uncertainty, embrace change, and create opportunities for employees and future generations. It is our hope that the results of our strategic planning session will only allow our organization to embolden trade contractors to attack these issues confidently.

November also brings Thanksgiving, a welcome reminder to recognize the people who make our success possible. I am particularly grateful for our dedicated employees, industry partners, ASA volunteers, chapter leaders, and fellow members. Your commitment to quality, safety, professionalism, and collaboration is what makes our industry strong.

As we finish out 2026, I encourage you to celebrate your successes, learn from your setbacks, and approach 2027 with optimism and a solid plan. Challenges will undoubtedly arise, but so will new possibilities.

Thank you for your continued support of ASA and for everything you contribute to our industry. **Here's to finishing the year strong and building an even better 2027—together!**

Until next month,

Tony Vermaas
President ASA 2026-27
president@asa-hq.com





CONTRACTOR COMMUNITY

ASA Anniversary Video

For six decades, ASA has been focused on one thing: making sure subcontractors and suppliers have a strong voice in the construction industry.

What started in 1966 has grown into a national organization advocating for fair payment and better contracting practices while giving members access to legal resources, education, leadership opportunities and tools that help strengthen their businesses.

This **video** celebrates the people, progress and milestones that have shaped ASA over the past 60 years, while looking ahead to what comes next.

Check out the **video** and see how 60 years of standing together has shaped ASA, and why our work is more important than ever as we build toward the next 60.

ASA Colorado Health & Safety Summit Brings Construction Community Together to Enhance and Save Lives

The American Subcontractors Association of Colorado (ASA Colorado) will host its 2026 Health & Safety Summit on Wednesday, November 11, at CSU Spur Hydro, 4777 National Western Drive in Denver. Presented by CRS Insurance Brokerage, the event will bring construction leaders, safety professionals, field supervisors, HR teams, and workforce partners together to strengthen safety, health, and wellbeing across the industry.

Keynote speaker Josh McIlwain of Ameresco will open a day of education across three tracks:

- Mental Health, Recovery, and Workforce Wellbeing
- Safety Leadership, Culture, and Human Performance
- Risk Management, Compliance, and Field Operations.

Classroom sessions, showcase pop-ups, and a full-group conversation on the human side of safety will give attendees ideas and resources to bring back to their companies and crews

"Awareness is important, but awareness alone does not save lives," said Nick Williams, CEO of ASA Colorado. "Our goal is to give people practical tools, meaningful connections, and resources they can immediately take back to their companies. The people who build our communities deserve every opportunity to live healthy, connected, fulfilling lives."

The Summit is supported by partner organizations HCC, IECRM, AGC Colorado, the Rocky Mountain Subcontractors Association (RMSCA), the Colorado Contractors Association (CCA), and NUCA Colorado. Their participation connects the event to contractors and trades throughout the state. ASA Colorado also recognizes presenting sponsor CRS Insurance Brokerage and its partnership with Signal Behavioral Health Network to make overdose-prevention resources available to participating employers.

Students from construction and career education programs will join industry professionals for a day built around learning, connection, and action.

Event details and registration

Foundation Donates $7,500 to Construction Industry Education Foundation

The Foundation of the Wall and Ceiling Industry (FWCI) is proud to announce a $7,500 donation to the Construction Industry Education Foundation (CIEF), a premier organization dedicated to empowering students to pursue rewarding careers in the built environment. The donation was officially presented to CIEF leadership



From left to right: Jason Manion, Southwest regional manager, CIEF, accepts the check from Lee Zaretsky, president, Foundation of the Wall and Ceiling Industry.

during AWCI's 2026 Industry Leaders Conference, held September 29 to October 1, in Indian Wells, CA.

SME's 10th Annual Blue Sky Competition Seeks Radical New Ideas for Manufacturing

SME has opened submissions for the **2027 Blue Sky Competition**, launching the tenth year of the signature national contest to identify bold new manufacturing concepts and connect them to the expertise and capital that can turn them into real-world solutions.

"For a decade, the Blue Sky Competition has been a leading incubator for game-changing innovations that are transforming how we build what we need to live and work and ensure a more vibrant and sustainable economic future," said Brett Conner, SME Chief Manufacturing Officer. "As we mark this milestone year for Blue Sky, now more than ever we need radical, even outrageous, ideas to supercharge our most critical industries and supply chains."

SME has been leading the way in the adoption of technologies such as artificial intelligence, automation, and additive manufacturing, while helping develop the talent needed to fully realize their potential. Through initiatives like the Blue Sky Competition, SME is elevating the ideas, innovators, and breakthroughs that will shape the manufacturing competitiveness, resilience, and economic growth for decades to come.

SME started the Blue Sky Competition in 2017 to surface some of the most visionary concepts with the highest potential to revolutionize manufacturing once matched with public or private capital and other partners.

The competition now has a decade-long record of propelling a range of promising new ideas and positioning them to be scaled up.

The winner of the 2026 competition was a conceptual framework from a team of researchers to use molecular information to program and shape the physical structure and properties of materials, rather than via traditional methods such as force, heat, tools, and molds.

Some of the previous contest winners have included early blueprints for building automated factories in space, bio-printing human tissue in the operating room, and leveraging additive manufacturing techniques to enhance food production.

Submissions to the contest are judged by experts from industry, academia, and government who assess their scope, interdisciplinary nature, and potential for wider application in U.S. manufacturing and education.

The deadline for submissions is February 15, 2027. Finalists will present their concepts on May 4, 2027, in Washington, D.C., and the winner will receive the **SME David Dornfeld Manufacturing Vision Award** at the SME Fall Gala in October 2027.

(((LIVE))) WEBINAR

FRIDAY, NOVEMBER 6, 2026
2 PM – 3 PM (EST)

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ConsensusDocs is hosting a live, complimentary community demonstration tailored specifically for ASA Members. This session will cover key platform features, contract navigation, and best practices to help save time and reduce project risk.

25% Member Discount: Every attendee who joins the community this demonstration on November 6th will receive an exclusive flat 25% discount on their ConsensusDocs subscription purchase.

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WEDNESDAY, NOVEMBER 11

2026 ASA COLORADO

HEALTH & SAFETY SUMMIT

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AMERICAN SUBCONTRACTORS ASSOCIATION OF COLORADO

7:00 AM - 3:00 PM **CSU SPUR HYDRO | DENVER** **250 ATTENDEES**

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SAFETY LEADERSHIP, CULTURE & HUMAN PERFORMANCE

RISK MANAGEMENT, COMPLIANCE & FIELD OPERATIONS

OPENING KEYNOTE | JOSH MCILWAIN, AMERESCO

What Happens When We Get Real About What We've Been Through?

A human story of recovery, purpose, connection, and hope.

WHAT YOU'LL TAKE HOME

Tools you can use now
Current risk and compliance insight
Stronger industry connections

CONSTRUCTION-FOCUSED. PRACTICAL. HUMAN.

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- Peer support and recovery-friendly workplaces
- Cognitive overload, fatigue, and safer decisions
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- Safety culture tools for companies of every size
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- Risk management, compliance, and field operations
- Psychological safety, retention, and performance

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Associated General Contractors · Colorado Contractors Association · IEC Rocky Mountain · HCC Hispanic Contractors of Colorado · NUCA Colorado Chapter · RMSCA

BREAKFAST AND LUNCH INCLUDED | CONNECTIONS THAT CONTINUE AFTER THE SUMMIT

IT'S ALWAYS SOMETHING

AWESOME



ASA Celebrates Excellence Across the Subcontracting Industry at SUBExcel

The 2026 national convention honored outstanding leadership, innovative chapters, ethical practices, and dedication to safety.

As the American Subcontractors Association (ASA) celebrates its 60th anniversary, it reflects on six decades of advocacy, leadership, and unwavering commitment to the subcontracting community. Since its founding in 1966, ASA has worked to strengthen the subcontracting and construction industries by promoting fair business practices, advancing education, advocating for policies that protect subcontractors, and fostering collaboration throughout the industry. At the heart of ASA's success are the dedicated individuals, companies, and chapters whose leadership, innovation, and service continue to move the industry forward. During SUBExcel 2026, ASA's national convention, the association proudly recognized those who exemplify its mission and are helping build a stronger future for subcontractors nationwide.

From lifetime service and chapter leadership to innovation, advocacy and community engagement, the awards celebrated contributions that strengthen ASA and elevate the subcontracting industry.

Highest Honors

- **Richard Stocktenberg of ASA Midwest Council** received ASA's highest honor, the John H. Hampshire Distinguished Lifetime Service Award, recognizing an outstanding lifetime contribution to ASA and the subcontracting industry. The award honors the vision of ASA's founders and sustained commitment to advancing that vision.
- **Rusty Plowman of ASA of Colorado** received the Timmy L. McLaughlin Exemplary Leadership Award, which recognizes exemplary leadership and honors the memory of ASA's former president.
- The ASA Outstanding Service Awards recognized **Robert Hughes of ASA of Arizona** and **Patrick Kiley of ASA Houston Chapter** for exceptional contributions to the association.
- **Drew Lewis** received the 2025–2026 ASA President's Award, presented by outgoing President Andrew Christ to recognize an individual whose support was especially valuable during his term.
- **Jennifer Swinney, executive director of ASA San Antonio**, received the CEO Appreciation Award for her commitment to strengthening her chapter and supporting ASA nationwide. Her contributions include volunteer service on the Foundation of the American Subcontractors Association (FASA) board, mentorship of fellow chapter executive directors and collaboration across the association.



Chapter Excellence and Leadership

- **ASA of Baltimore** was named Chapter of the Year in the 50–100-member category, while **ASA of Colorado** earned Chapter of the Year honors for chapters with more than 100 members.
- The Chapter President of the Year awards went to **Jared Butterworth of ASA of Southwest Florida** (50–100 members) and **Bethany Beck of ASA San Antonio** (more than 100 members).
- Executive Director of the Year recognition went to **Allison Morse of ASA of Austin** (50–100 members) and **Jennifer Swinney of ASA San Antonio** (more than 100 members).
- **Brandi Monroy of ASA of Arizona** received the New Executive Director of the Year award. **Eddie Trejo of ASA Houston Chapter** was recognized with the Chapter Leader/Mentor Award.
- Individual chapter honors included **Thomas Nolan of ASA North Texas** as Extraordinary Young Leader, and a tie for Recruiter of the Year between **Kevin Rushton of ASA Austin** and **Ted Dunnam of ASA San Antonio**. The Above & Beyond Award also ended in a tie, recognizing Camilo Carvajal of ASA North Texas and **Jan and Todd Meuth of ASA San Antonio**.

Innovation, education and community impact

- Three chapters shared the Innovation Award: **ASA North Texas** for "GC Connect – Speed Networking with GCs," **ASA Houston Chapter** for its reimagined PAC fundraising initiative, and **ASA of Arizona** for its ASA Podcast.
- The Social Event of the Year went to **ASA North Texas** for GC Night, while **ASA San Antonio** earned Educational Event honors for its Master Builders Course.
- **ASA Houston Chapter** received the ASA in the Community Award for its "Brianna Built It" Holiday Fundraiser.
- **ASA San Antonio** was recognized for its Women Only Golf Clinic and Women in Construction Week activities.
- **ASA New Mexico** earned the Mental Health/Suicide Prevention Event Award for its Critical Incident Stress





Debriefing, and **ASA Houston** received the Workforce Development Event Award for its SUBContractor Excellence Awards.

Ethics, Safety, and General Contractor Partnerships

Eleven subcontractors received ASA's 2025–2026 Certificate of Excellence in Ethics for demonstrating high standards of integrity:

- **ACE Glass Construction Corporation** (Little Rock, Arkansas)
- **Bazan Painting Company** (St. Louis, Missouri)
- **Blauch Brothers** (Harrisonburg, Virginia)
- **Haley-Greer, Inc.** (Dallas, Texas);
- **Holes Incorporated** (Houston, Texas)
- **Kent Companies** (Grand Rapids, Michigan)
- **Markham Contracting Company, Inc.** (Phoenix, Arizona)
- **Platinum Drywall** (Maumelle, Arkansas)
- **Shapiro & Duncan, Inc.** (Rockville, Maryland)
- **South Valley Drywall, Inc.** (Littleton, Colorado)
- **Western Engineering Contractors, Inc.** (Loomis, California)

The ASA Safety Recognition program honored member companies identified by their chapters for extraordinary commitment to safe jobsites and safety education:

- **Affton Fabricating & Welding Company, Inc.** (Midwest Council)
- **Alterman, Inc.** (San Antonio)
- **Miller Bonded, Inc.** (New Mexico)
- **Prime Controls (**North Texas)
- **Polk Mechanical Company** (Houston)
- **Florida Service Painting Inc./ Service Contracting Solutions** (Southwest Florida)

ASA also introduced national General Contractor Recognition, underscoring the importance of strong relationships between general contractors and subcontractors.

- The inaugural honorees were **Sundt Construction**, nominated by ASA of Arizona, and **Rogers O'Brien**, nominated by ASA North Texas.

Advocacy and Industry Service

ASA's advocacy honors recognized **Tom Freund of ASA San Antonio** with the Subcontractor Federal Advocate Award and **Fred Wilshusen of ASA North Texas** with the Subcontractor State Advocate Award. **Eric Travers of Kegler Brown Hill & Ritter** received the 2025–2026 Attorneys' Council Award.

The evening also spotlighted FASA Cares, which supports initiatives addressing workforce development, mental health and suicide prevention, women in construction and emergency preparedness. The foundation reported grants supporting chapter initiatives in 2025–2026 and set a goal of awarding $25,000 in grants during the current fiscal year.

Together, the honorees reflect the broad reach of ASA's chapters and members—and the innovation, integrity, service and leadership driving the subcontracting industry forward.

View more photos here: **https://subexcel.com/2026-photos/**

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Construction Data & Figures



Data Center Construction Spending Growing at 149% Annualized Pace Since March

National nonresidential construction spending increased 0.7% in August, according to an Associated Builders and Contractors analysis of data published October 1 by the U.S. Census Bureau. On a seasonally adjusted annualized basis, nonresidential spending totaled $1.309 trillion.

Spending was up on a monthly basis in 11 of the 16 nonresidential subcategories. Private nonresidential spending was up 1.0%, while public nonresidential construction spending was up 0.2% in August.

"Nonresidential construction spending increased for the fifth consecutive month in August as data center investment accelerates," said ABC Chief Economist Anirban Basu. "Frankly, it's becoming difficult to contextualize the size and speed of this boom. Data center construction spending leapt another 7.5% in August and is now up more than 73% over the past 12 months. The increases have been particularly large over the past four months, with data center spending increasing at an incredible 149% annualized pace since March.

"While momentum remains particularly concentrated in the data center segment, several other segments posted surprisingly strong spending growth in August," said Basu. "Manufacturing construction activity, for instance, expanded on a monthly basis for the first time since January, while several public categories grew at a steady, albeit unspectacular, pace.

"Despite this broad improvement, momentum will likely remain confined to the data center and power categories in the months to come," said Basu. "Materials and labor cost escalation have reemerged during the second half of 2026, and the recent surge in Treasury yields will continue to put upward pressure on borrowing costs. ABC members remain optimistic about the sales outlook, according to ABC's Construction Confidence Index, yet those sales will increasingly be in a narrow subset of construction categories."

Construction Materials Prices Jump 2.2% in September, Up 11.2% Year Over Year

Construction input prices increased 2.2% in September compared to the previous month, according to an Associated Builders and Contractors analysis of the U.S. Bureau of Labor Statistics' Producer Price Index data released today. Nonresidential construction input prices increased 2.3% for the month.

Both overall and nonresidential construction input prices rose 11.2% between September 2025 and September 2026. Crude petroleum and unprocessed energy materials prices increased 28.3% and 22.2%, respectively, while natural gas prices increased 5.1% for the month

"Construction input prices have risen more than 11% over the past 12 months, the largest year-over-year increase in nearly four years," said ABC Chief Economist Anirban Basu. "While higher fuel prices brought about by the conflict in Iran have driven a substantial portion of the increase, prices for tariffed materials like iron, copper and other metal products continue to rise rapidly.

"In light of this precipitous and ongoing increase in materials prices, it is unsurprising that more than 1 in 4 ABC contractors expect their profit margins to contract over the next six months, according to ABC's Construction Confidence Index."

Nonresidential Spending Growth

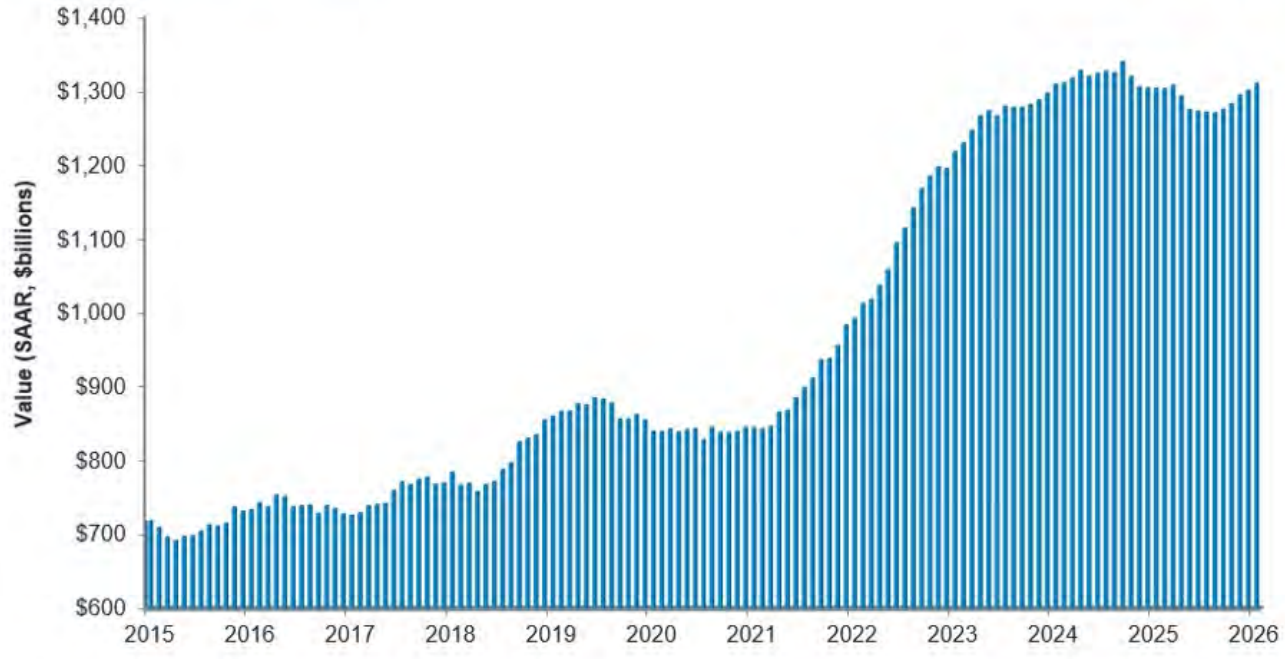
Millions of Dollars, Seasonally Adjusted Annual Rate

	August 2026	July 2026	August 2025	1-Month % Change	12-Month % Change
Total Construction	$2,203,129	$2,184,474	$2,242,024	0.9%	-1.7%
Residential	$894,597	$884,995	$940,035	1.1%	-4.8%
Nonresidential	$1,308,532	$1,299,479	$1,301,989	0.7%	0.5%
Office	$150,669	$145,057	$120,941	3.9%	24.6%
Religious	$6,853	$6,668	$5,791	2.8%	18.3%
Public safety	$21,648	$21,247	$23,302	1.9%	-7.1%
Water supply	$36,804	$36,471	$36,314	0.9%	1.3%
Power	$185,973	$184,409	$171,380	0.8%	8.5%
Health care	$75,787	$75,504	$78,100	0.4%	-3.0%
Transportation	$73,215	$73,028	$71,039	0.3%	3.1%
Highway and street	$152,213	$151,846	$145,561	0.2%	4.6%
Manufacturing	$170,701	$170,339	$211,142	0.2%	-19.2%
Sewage and waste disposal	$53,791	$53,677	$53,417	0.2%	0.7%
Communication	$29,617	$29,568	$28,678	0.2%	3.3%
Conservation and development	$16,685	$16,688	$12,873	0.0%	29.6%
Educational	$137,469	$137,537	$138,186	0.0%	-0.5%
Amusement and recreation	$49,435	$49,491	$47,766	-0.1%	3.5%
Commercial	$122,810	$123,001	$129,870	-0.2%	-5.4%
Lodging	$24,862	$24,949	$27,629	-0.3%	-10.0%
Private Nonresidential	$773,010	$764,979	$780,447	1.0%	-1.0%
Public Nonresidential	$535,522	$534,499	$521,542	0.2%	2.7%

Source: U.S. Census Bureau, Associated Builders and Contractors

Total Nonresidential Construction Spending

August 2015-August 2026



Source: U.S. Census Bureau, Associated Builders and Contractors

Producer Price Index Percent Change Inputs to Construction Industries

September 2017 Through September 2026



Source: U.S. Bureau of Labor Statistics, Associated Builders and Contractors

Producer Price Index September 2026

	1-Month % Change	12-Month % Change	Change Since Feb 2020
Inputs To Industries			
Inputs to construction	2.2%	11.2%	59.1%
Inputs to multifamily construction	1.8%	9.1%	56.4%
Inputs to nonresidential construction	2.3%	11.2%	60.1%
Inputs to commercial construction	1.7%	9.1%	59.1%
Inputs to healthcare construction	2.1%	9.6%	59.4%
Inputs to industrial construction	2.1%	10.2%	56.1%
Inputs to other nonresidential construction	2.7%	12.2%	61.1%
Inputs to maintenance and repair construction	2.4%	12.1%	57.8%
Commodities			
Adhesives and sealants	0.0%	5.5%	47.7%
Brick and structural clay tile	0.0%	1.0%	34.5%
Concrete products	0.4%	4.2%	48.2%
Construction machinery and equipment	0.0%	1.7%	38.0%
Construction sand, gravel, and crushed stone	0.6%	6.3%	58.0%
Copper wire and cable	0.8%	30.8%	106.6%
Crude petroleum	28.3%	71.1%	125.0%
Fabricated structural metal products	1.4%	7.4%	74.5%
Gypsum products	0.8%	1.4%	51.0%
Hot rolled steel bars, plates, and structural shapes	4.4%	15.0%	69.1%
Insulation materials	1.6%	2.7%	50.6%
Iron and steel	1.5%	20.7%	83.3%
Lumber and wood products	0.1%	5.5%	32.5%
Natural gas	5.1%	-1.7%	28.0%
Plumbing fixtures and fittings	0.2%	5.8%	34.1%
Prepared asphalt, tar roofing and siding products	-2.0%	2.7%	49.2%
Softwood lumber	-2.0%	14.2%	25.6%
Steel mill products	2.2%	27.6%	107.4%
Switchgear, switchboard, industrial controls equipment	1.0%	12.4%	84.2%
Unprocessed energy materials	22.2%	49.0%	117.8%

Source: U.S. Bureau of Labor Statistics, Associated Builders and Contractors

ABC Report: Proactive Safety Technology Protects Workers, Jobsites



Associated Builders and Contractors in early October released its sixth annual construction technology report on health and safety tech and innovation, which spotlights how contractors are leveraging technology, data and collaboration to address the industry's health and safety challenges while creating measurable improvements in workforce performance and operational excellence. ABC released the report during Careers in Construction Month to celebrate construction safety professionals' commitment to protecting workers.

ABC's Tech and Innovation Report: Health and Safety features case studies authored by safety and risk management leaders at ABC member contractors finding better ways to keep workers hydrated in the heat, detect patterns in incident data to eliminate injuries and establish safety standards for hand tools. Health and safety experts also described the deployment of Relationship Dynamics Ambassadors to connect employees with coaching and resources, better jobsite security monitoring, faster and safer inspections with drones and digitizing pre-task planning and hazard recognition.

Visit abc.org/techreport to read the digital report.

Where construction is still growing in 2026

FMI's fourth-quarter 2026 North American Engineering and Construction Outlook is out. We now forecast U.S. construction spending at $2.167 trillion this year, down 3.4% from 2025. Last quarter, we projected a 1.3% decline.

Data centers and power are still growing. Ten of 19 segments are declining, including all three residential segments.

Key Trends

Housing drives the downgrade. Residential spending falls 5.9% to $881 billion. Single-family spending drops 5.8% as the 30-year mortgage rate tops 7% after the Federal Reserve's September rate increase.

Data centers carry the office segment. Office spending rises 13.7% on data center work, while traditional office construction falls 11%. In July, data center spending hit a $75 billion annual pace.

ower growth speeds up in 2027. Spending grows 4.9% this year and 8.1% next year, reaching $273 billion by 2030. Turbine backlogs and waits of three years or more for transformers delay projects.

Federal deadlines and rising costs add risk for 2027. Stopgap funding for the federal government and for highway and transit programs expires Dec. 11. Prices for materials and other construction inputs are up about 7% from a year ago, and costs are rising faster than revenue.

This report includes forecasts for all 19 segments through 2030, contractor sentiment scores, metro growth projections and Canada's outlook.

Download the Q4 Report

AWCI Releases 2026 Wall and Ceiling Industry Trends Report

Backed by the Foundation of the Wall and Ceiling Industry, the AWCI-FMI 2026 Industry Trends Report delivers vital market insights for wall and ceiling professionals. The report evaluates member sentiment on the economy, construction sector and business performance, while highlighting key priorities and concerns for contractors, manufacturers and suppliers.

With continued funding and support from the Foundation of the Wall and Ceiling Industry, the Association of the Wall and Ceiling Industry (AWCI) once again partnered with FMI to conduct a comprehensive survey and analysis of industry trends. The 2026 findings provide critical market insights enabling companies in the wall and ceiling industry to think strategically about the market and their businesses.

The 2026 survey measured AWCI member companies' sentiment on the performance of the economy,



the construction industry and their businesses, while also exploring strategic priorities, business operations and top concerns among contractors, manufacturers and suppliers.

Key findings include:

Economic Outlook and Growth Segments: Member sentiment has shifted toward stability, with 47% to 51% of respondents expecting conditions to remain unchanged across evaluated areas, while data centers and health care are expected to see the strongest growth and project demand in 2027.

Labor and Business Concerns: Talent availability remains the leading concern for contractors, alongside workforce development and cost escalation, with field management and skilled trades cited by over 90% of respondents as pressing staffing needs.

Demand and Strategy: Product demand has generally improved over the past 18 months, and contractor backlog conditions remain healthy with 77% reporting at least seven months of contracted work. Contractors are prioritizing increasing volume with existing customers and gaining market share, whereas manufacturers focus on new products and suppliers focus on geographic and segment expansion.

View the Report

NEW ASA MEMBERS

We are pleased to welcome the newest members of the American Subcontractors Association! By joining ASA, you become part of a nationwide community of subcontractors, suppliers, and industry professionals committed to strengthening our businesses and advancing the construction industry. We encourage you to get involved, make connections, and take advantage of everything ASA has to offer—from education and advocacy to networking, resources, and opportunities to learn from fellow members. Some of the greatest value of ASA comes from the relationships built with people who understand the challenges you face every day.

To our longtime members, please take a moment to introduce yourself when you see a new face at an ASA event. A simple welcome can be the beginning of a valuable business relationship—or a lasting friendship. To our newest members: Welcome to ASA. We're glad you're here, and we look forward to getting to know you!

- Alpha Coatings
- Alpha Energy and Electric, Inc
- Approach Management Services
- AZ Keystone Masonry
- BluSky Restoration Contractors
- Bram
- Bulldog Demolition
- Capitol Roofing Service
- Central Power Systems & Services
- CF Metals
- CMI Drug Testing
- Commonwealth Fire Protection
- Cortex AI Labs LLC
- Current Electric Service Inc.
- Desertsun Heating, Cooling & Refrigeration Inc.
- EOS Worldwide—Brent Oetken
- Floyd Site Services LLC
- Frontier Waste Solutions
- Fully Promoted
- H L Moe Co Inc
- KBS Waste Solutions
- Labor Systems Temporary Service
- Lakeside Concrete Cutting, Inc.
- Malstrom Electric
- Mason Private Locating
- National Construction Workforce
- Negwer Materials, Inc.
- NextGen Fabrication
- Powers of Arkansas
- Praevideo
- Precision Wall Tech, Inc.
- Rapidfire Rentals
- Resilient Energy Solutions
- Rich & Cartmill, Inc.
- Schwarz Ready Mix
- Siemens
- Simpliance
- Sitecon Exteriors
- Spectra Painting Co
- SteelHold Inc.
- Structured Trades
- TexPro Equipment
- The Safety Link LLC
- THG Marketing
- Towner Communications, LLC
- TwoRoads Strategy
- USI Insurance Services
- Valsan Specialties, Inc.
- Varnco LLC
- White Cap
- Wireless CCTV LLC
- YSC Paving

Regulatory Shifts ImpactingSubcontractors

by Jeanie Cunningham

A Moving Target Heading Into 2027

For subcontractors, health benefits have become as much a compliance issue as a recruiting tool. In the past twelve months, federal subsidies for individual coverageexpired, the Department of Labor moved to rewrite worker-classification rules and ACA employer-mandate thresholds and penalties climbed Each of these shifts lands differently on a 12-person specialty contractor than on a general contractor with hundreds of employees. But together they point to the same conclusion: the way your company, your crews, and your 1099 partners get health coverage deserves a fresh look before 2027 renewals. This column walks through what changed, what it means for subcontractors, and how ASA members can use theASAdvantage Health Plan to respond.

Shift	Status (Oct 2026)	Why it matters to subcontractors
Enhanced ACA premium tax credits expired	Ended Dec. 31, 2025; no extension enacted	Owners, crews and 1099 workers buying their own coverage pay far more
Marketplace rates rising again	Median proposed increase of 15% for 2027	"Send them to healthcare.gov" is no longer a low-cost answer
DOL independent contractor rule	Proposed Feb. 26, 2026; final rule pending	Changes how the FLSA test treats your 1099 relationships
ACA employer mandate thresholds	Set for 2027 plan years	Higher penalties for employers with 50+ full-time employees

1. Individual coverage got much more expensive

The enhanced premium tax credits created in 2021 expired on January 1, 2026, after Congress failed to agree on an extension. KFF found average out-of-pocket premium payments for Marketplace enrollees jumped 58% in 2026, and average deductibles rose by about $1,000 per person.

Relief is not coming in 2027. Insurers have proposed a median Marketplace increase of 15% for next year, the second double-digit hike in a row. They cite rising medical pricesand a sicker risk pool as healthier people drop coverage. For subcontractors, this hits owners and family members buying their own policies, employees who were told to "get it on the exchange," and independent subs working alongside your crews.

2. Worker classification is being rewritten again

On February 26, 2026, the Department of Labor proposed rescinding the 2024 independent contractor rule and returning to a test built on two "core factors": control over the work and the worker's opportunity for profit or loss. The comment period closed April 28, 2026, and a final rule is still pending.

The proposal is generally viewed as friendlier to genuine contractor relationships. It also clarifies that requiring a contractor to meet safety standards or carry insurance is not, byitself, evidence of employer control. But it does not change IRS rules or stricter state tests, such as the ABC tests used in several states. Classification still deserves a careful audit, and workers who remain 1099 still need somew here to get affordable coverage.

3. ACA employer mandate numbers moved for 2027

For firms with 50 or more full-time employees, the stakes rose. For plan years beginning in 2027, the IRS set the affordability threshold at 10.22% of household income, up from 9.96%. The "A" penalty for failing to offer coverage rises to $3,780 per full-time employee (minus the first 30), and the "B" penalty for unaffordable or

inadequate coverage rises to$5,670 per subsidized employee. Seasonal hiring and crew swings make it easy to drift over the 50-employee line without noticing.

What It Means on the Jobsite

These changes converge on three practical pressures for ASA members.

- Recruiting and retention. Skilled trades remain hard to hire. When a worker's own Marketplace premium jumps, a company-sponsored health plan becomes a deciding factor between your offer and a competitor's.
- Cost control. Small-group premiums keep rising, and the individual market no longer offers a cheap fallback. Owners need coverage that delivers real value per dollar, not just the lowest sticker price.
- Compliance confidence. Classification rules and mandate thresholds are both in motion. Subcontractors need a benefits partner who tracks these changes so the owner does not have to.

For a small specialty contractor, the question is no longer whether to offer healthbenefits. It is how to offer competitive coverage at a cost the business can sustain.

How the ASAdvantage Health Plan Helps

The ASAdvantage Health Plan is an exclusive ASA member benefit, offered through ASA's partnership with Affinity Benefits. It was built for subcontractors and suppliers, their employees and their dependents, and it puts the association's collective purchasing power to work for member companies of every size.

- Built for small groups. Major medical coverage for groups of 1 to 99, so a two-person shop has access to the same program as a growing firm.
- Coverage that travels. A broad nationwide network of doctors and pharmacies follows your crews from one jobsite to the next.
- Plan designs that fit. Multiple plan designs let owners match benefits to budget and workforce.
- Built-in cost control. Reference Based Pricing (RBP) models help contain claim costs, which helps keep premiums competitive while the individual market climbs.
- A partner watching the rules. Affinity Benefits works exclusively with associations and member organizations. Our team tracks ACA, Department of Labor and IRS changes so members can focus on running their jobs.

With Marketplace premiums climbing for a second straight year, many members are finding that group coverage through ASAdvantage compares favorably for owners and employees alike. Certain state restrictions may apply

Five Steps Before Your 2027 Renewal

1. Audit your workforce. Review who is W-2 and who is 1099, and confirm classifications with counsel under both federal and state tests.
2. Count full-time employees. If you are near 50, model your 2027 exposure using the new 10.22% affordability threshold and penalty amounts.
3. Price your options. Compare your current renewal, and what your people are paying on the Marketplace, against an ASAdvantage quote.
4. Talk to your team. Ask employees what coverage they have today. Many may be paying far more than they did a year ago.
5. Watch the classification rule. A final independent contractor rule could change how you structure your 1099 relationships in 2027.

Get a Quote

ASA members can request a no-obligation ASAdvantage Health Plan quote at asaonline.com/asadvantage-health-plan or contact the program administrator directly:

Jeanie Cunningham
Affinity Benefits Director
ASAdvantage Health Plan Administrator
Affinity Benefits LLC
jcunningham@affinitybenefits4u.com
660-525-0274
affinitybenefits4u.com

This column is for general information only and is not legal or tax advice. Consult your attorney or tax advisor about your specific situation.

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ASA, ASAdvantage Health Plan

Exploring New Construction Markets? Five Things to Consider

by Garett Fuller, Foundation Software



There comes a time for any good subcontractor when new market opportunities come knocking. Maybe someone on your team suggests taking on a job in a market segment you've never done before. Maybe you've saturated most of the current market in your area, and business growth now means you must diversify. Whatever the reason, when the work is steady and your crews are sharp, a new market segment might start to look like a smart move.

And it often is. A new market segment gives you something to lean on when one market cools off. It puts you in front of new owners and new general contractors. And the skills your crew already have can open doors you didn't know were there.

But here's what often gets overlooked. The field side of a new market segment is usually the part you already know how to do. The back office is where companies get tripped up. A new segment can mean new pay rules, new billing requirements, new codes and more compliance to prove. Before you say yes to the work, make sure the tech stack behind your business is ready to say yes, too.

Now, there are lots of parts and pieces when it comes to construction software, but it's mainly your accounting software that acts as the backbone of how you run jobs, payroll, billing and reporting. While it's important to consider tools that sit beside it, like estimating and time tracking, accounting is the main software component you should assess first.

1. Accounting software should be construction-specific

There's plenty of software out there that was built to be used by any business and then given a construction label after the fact. Entering a new construction market segment will quickly show you whether yours is one of them.

Before you diversify, make sure your accounting software was built for how construction really works. It should handle job costing across multiple profit centers so you can see each segment on its own. It should track retainage correctly, since terms can differ between public and private work. And it should give you reports, like cash flow and WIP, that make sense for a contractor.

These reports matter more than you might think. If your new segment includes public work, you'll typically need performance and payment bonds, and sureties look closely at your financial statements and WIP schedule when deciding how much work they'll back. Your books can shape how much of that new segment you'll be able to bid.

2. Can your software handle multiple rates at once?

Different segments often mean different pay structures. Public work may bring prevailing wage and certified payroll. Some markets are union and others aren't. And larger public projects may come with a project labor agreement that sets its own terms.

Your accounting system's payroll and job costing need to handle multiple rate structures cleanly, and your field and office teams need clear communication about which rate applies to which job, crew and segment.

Time tracking matters here, too. As crews move between roles, segments and jobsites, you need a tool that lets workers switch tasks and locations easily and feeds those hours straight into payroll without losing accuracy. When you find construction accounting software that gives you what you need, be sure it integrates with the time tracking tool your crew will use on the job.

3. Don't neglect cost tracking and scheduling.

Cost tracking is essential for construction because every job is its own profit center and each will have its own complexities that need to be monitored to prevent overruns.

For example, say you mostly do private commercial work, and you take on your first public school project. You want to know, job by job, that you're still turning the profit you'd expect even with prevailing wages to now track.

When it comes to job costing, you should be able to see, on any given day, how many labor hours, how much equipment, time and what other costs went into a specific project, not just how many hours your crew logged overall. Then compare it to your estimate as the job moves along, so you can see how the new segment stacks up against the work you already know.

This is also where cost codes come in. Much of what you already have will carry over. Your core work uses the same cost codes whether the job is an office building or a school. But a new segment may include work you've never had to track before, like bond premiums, after-hours or weekend premium pay to work around the school day, or time spent on badging and security check-in. Those need their own codes. Without them, costs will land in a generic overhead code, making it much harder to tell if the job is actually making the profit it should.

Scheduling also plays a part, since your crews might split their time between different jobs in different segments and get pulled onto another job on short notice. Your scheduling tools should show where every crew is at any moment, and your cost tracking should follow them.

4. Learn the compliance requirements for your new segment.

A new segment can bring compliance requirements you've never dealt with, and a few of these requirements deserve special attention.

Let's start with wages. If you're moving into public work with prevailing wage, you need accurate tracking of the work your team is actually doing, because rates are tied to the work performed. On a job site, for example, it's not uncommon for one worker to spend the morning on general labor and the afternoon running an excavator, and those can be two different classifications with two different rates. Your time tracking and reporting needs to capture exactly how many hours went to each, or you could end up owing the higher rate for all of them. Prevailing wage work can also bring fringe benefit calculations and apprentice-to-journeyman ratios you may not be used to.

But don't just stop there. Many construction accounting systems can integrate with safety and project management systems. A connected system that tracks worker training, certification and requirements — like background checks for crews working on school grounds — alongside your wage rates keeps your compliance records in one place. It also helps you decide faster who's qualified for which projects.

And if the day comes when you get audited, whether for prevailing wage, union fringe benefits or an owner's compliance review, having clean, accessible records already built into your system is what can really save you.

5. Prioritize real-time visibility.

More construction market segments mean more jobs, more crews and more numbers to keep an eye on.

That's why good reporting is a must. You want a dashboard that shows you, all in one place, how every job across every segment is performing right now, not at month end. That's how you catch a slipping schedule, a tightening margin or field costs running ahead of budget while there's still time to fix them.

You also want WIP and cash flow reports at the click of a button, whenever you need them, instead of waiting for someone to pull them together by hand. Just remember those reports are only as good as cost-to-complete projects your project managers keep current. Cash flow deserves extra attention if your new segment is public work, where payments can often come slower and retainage can be held longer than you're used to.

Next Steps if Your Technology Falls Short

If working through this list turned up gaps in your system, here's how I'd move forward. First, build a clear list of must-have features based on what a new segment will require. Don't just think generally — get specific. If your new work involves certified payroll, add that to the list. If it uses a different billing structure than what you're used to, say unit pricing instead of time and materials, or AIA-style progress billing instead of straight invoicing, put that on the list too.

The clearer you are about what your company needs, the easier it becomes to tell which vendors can genuinely meet them and which are just giving you lip service. Pay close attention to construction-specific capabilities like job costing, retainage and reporting, since these are the features that reveal how well a system can keep up with more complexity.

Be sure to add "good support" to the list. When you're investing in a long-term solution you want to know that there will be a responsive team behind your tech that'll help whenever you need.

And before you start looking for software, it's also worth talking to the part of your team who will feel this change most directly, like your payroll, accounting and project management staff. They're the ones who'll run into workflow challenges first, and they often know exactly where an existing system could fail.

Finally, always get demos and ask direct questions: can this handle multiple rate structures? Can it isolate cost and revenue by project and by segment?

Even if their answer is yes, have them show you how everything flows. Does it feel like a fit for your business? It's better to find the gaps now, while you're still planning, than after you've won the first job.

About the Author

Garett Fuller is a regional sales manager for Foundation Software, the developer of FOUNDATION construction accounting software. With more than 20 years of experience serving the construction industry, he has worked with thousands of contractors and subcontractors to provide software that fits their companies' specific needs. He is passionate about helping contractors learn how to leverage new construction technology to enhance their efficiency.



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The Rules Are Changing

by Leslie A. Boe, Dysart Taylor McMonigle Brumitt & Wilcox, P.C.



The construction contract has always been the subcontractor's rulebook, and it still is. If the subcontract said you wouldn't be paid until the owner paid the general, you waited. If it said you waived your lien rights, or that your retainage would sit until the end of the job, you may have signed and hoped for the best. What has changed is that the contract no longer works alone. Laws in many states now determine whether some of those terms are enforceable and what rights you have, even if the subcontract says otherwise. My advice is simple: keep negotiating your subcontract terms, but know what the law already gives you. That knowledge can strengthen your negotiating position, help preserve claims, and improve your chances of getting paid. Those who don't understand the law may be conceding points they never had to, or losing rights simply because they didn't know they had them.

Here are the legal trends I see having the greatest practical impact on subcontractors today, and what you should be doing about each one. My practice is centered in Kansas and Missouri, so many of my examples come from there, but the trends they illustrate are playing out nationwide.

Start Strong: Know What the Law Already Gives You

Every subcontractor knows the feeling of reviewing a subcontract filled with provisions that place a disproportionate share of the project's risks on the subcontractor, while leaving the general contractor with comparatively little exposure. The good news is that some of those clauses may not be enforceable at all. A growing number of states have passed laws that refuse to enforce the harshest terms, such as clauses requiring you to waive lien or bond rights before you're paid, or waiving delay damages on public work when the owner caused the delay. In Kansas and Missouri, where I practice, several of these clauses are simply void. Before you give up a point in negotiation, or decide a claim isn't worth pursuing, find out whether the law has already settled that issue in your favor.

Getting Paid: Know Which Laws Are on Your Side

Payment uncertainty is one of the biggest stressors in our industry, but the law increasingly gives subcontractors real protection. Many states have prompt payment statutes that set deadlines for paying you after the general contractor is paid, add interest or penalties when

payment is late, and often let the winning party recover attorney's fees.

That last protection matters more than it might seem. Litigation is expensive, and the possibility of paying your attorney's fees on top of the balance and interest gives a general contractor a strong reason to resolve a legitimate claim before it gets that far. Just remember that fee-shifting usually works both ways, so make sure your claim is solid before you lean on it.

Some laws go even further. In Kansas, if an undisputed payment is late under the statutory timeframe, after the required notice period, you can suspend work and recover your reasonable costs of demobilization, delay, and remobilization. But not every state offers this right, and walking off a project without protection under the law or your subcontract can put you in breach, so confirm that your state's law or your subcontract allows it before suspending work.

The release of retainage is getting attention from lawmakers as well. In Missouri, retainage on private commercial work is held in trust for the subcontractors who earned it and must be released within set deadlines after substantial completion. On a $500,000 subcontract, every point of retainage is $5,000 of your money sitting in someone else's account. You may not have to leave that cash on the table at all. Missouri lets you substitute a certificate of deposit, retainage bond, or letter of credit for cash retainage, and on Kansas public projects you can request alternate security before work begins. If your trade finishes early, such as sitework, you may be able to get your retainage released before the whole job is done. Kansas allows early release on public work as well. Check your statute and pursue your right to early release if it's available to you.

Pay-if-Paid: Know How Your State Treats It

Prompt payment laws generally don't rewrite the payment terms you agreed to. An enforceable "pay-if-paid" clause may still control when (and whether) you get paid, which is why it is still important to negotiate for "pay-when-paid" language.

States treat these clauses very differently, so it is important to understand the law of the state that governs your project. In a handful of states, including California, New York, and North Carolina, pay-if-paid clauses are unenforceable. In most others, they are enforced only if the contract clearly makes payment by the owner a condition of paying you; an unclear clause is usually treated as pay-when-paid. Others, like Kansas and Missouri, enforce the clause but limit its reach. In Missouri, it can't defeat your mechanic's lien, but no statute protects your payment bond claim. On a public project, where the bond is your safety net, that's a real gap. Kansas protects your lien and statutory bond claims, including on public projects.

For a state-by-state breakdown, the Foundation of the American Subcontractors Association publishes Contingent Payment Clauses in the 50 States. Before signing a pay-if-paid clause, know whether your state's law will enforce it and what rights you may still have if the owner doesn't pay.

Stay Strong: Know the Steps You Have to Follow

New protections are only valuable if you follow the steps to use them. Lien rights are the best example. They remain one of the most powerful tools a subcontractor has, but every notice and deadline must be followed exactly. In Missouri, for instance, a subcontractor must give the owner ten days' notice before filing a lien, and Kansas has its own filing deadlines. Some states even require notice at the very start of a job, long before anyone expects a payment problem. Miss one step, and the lien may be lost.

The solution is building good habits into your business and making sure your team follows them. Build these six habits into your project management procedures:

- Know the rules before you sign. Find out whether the project is public or private and which state's laws apply; if you work in several states, don't assume the rules carry over.
- Ask for the prime contract and the payment bond at the start. Flow-down clauses can bind you to terms you've never seen, and bond claim deadlines are often found only in the bond itself.
- Track every deadline. Calendar alerts, project software, or a simple spreadsheet will keep notice, lien, and bond deadlines from slipping.
- Read every waiver before you sign it. Sign waivers tied to payment you have actually received, and strike broad or unconditional waivers of your lien and bond rights.
- Educate project managers, superintendents, and on-site personnel. Make sure everyone representing your company on the project knows the contract requirements, when notices must be given, and how to give them.
- Document the project. Daily reports, photos, and professional emails are what turn your legal rights into payment.

The Bottom Line

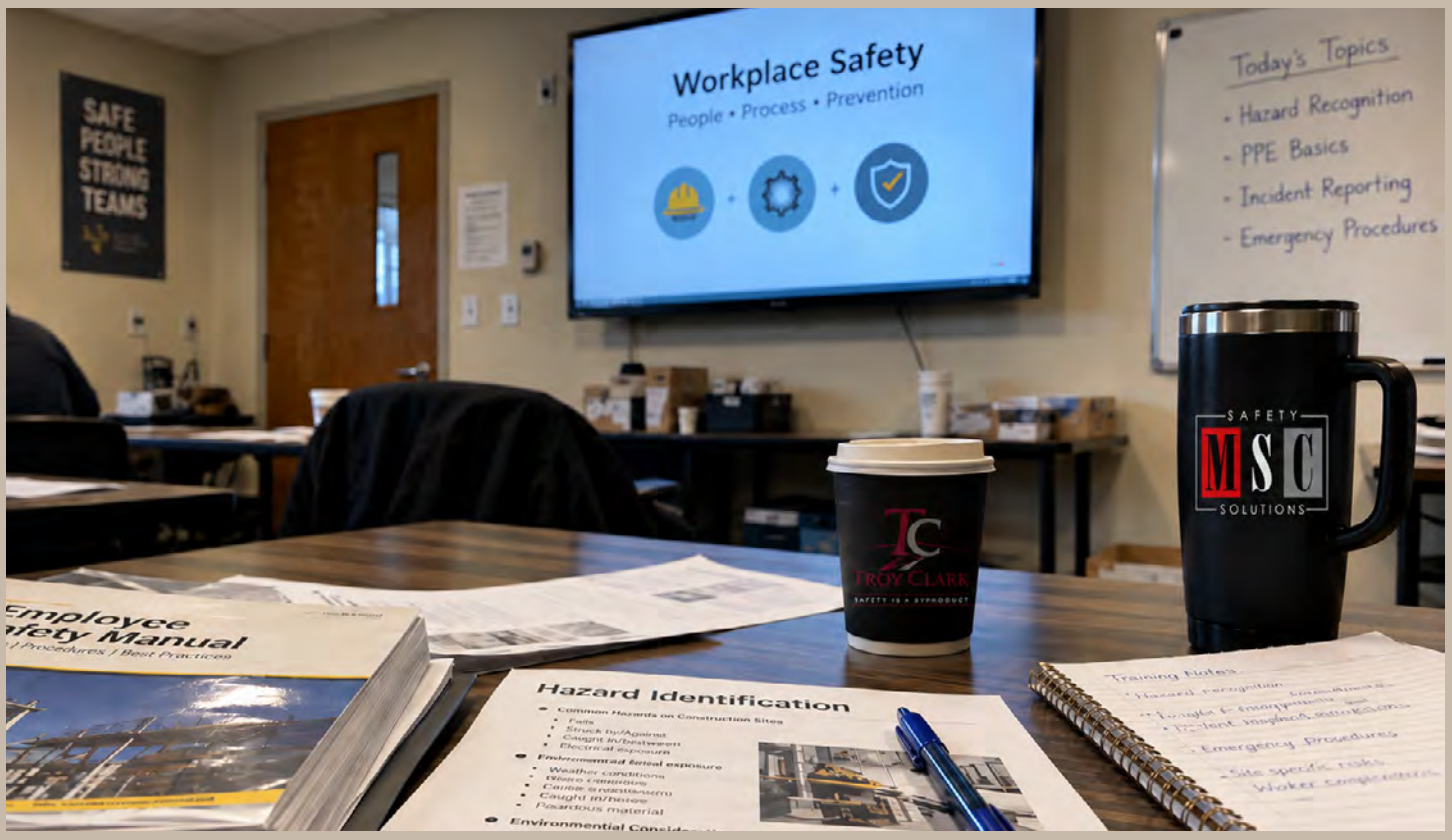
While more laws are starting to limit how much risk general contractors can shift onto subcontractors, these protections only help those who know about them and follow the rules for preserving them. Your subcontract is still your rulebook; it just isn't the only one anymore. Review your standard terms, waiver forms, and notice procedures with the laws of the states where you work in mind. What I see in Kansas and Missouri is part of a national trend, and similar protections may already exist, or may be coming, in your state. In a changing legal landscape, the subcontractors who stay informed are best positioned to leverage their knowledge and protect their rights.

About the Author

Leslie A. Boe is a Shareholder and Director at Dysart Taylor McMonigle Brumitt & Wilcox, P.C., where she advises subcontractors and other construction industry professionals on contract negotiations, risk management, payment disputes, and construction claims. She emphasizes client education and proactive strategies to help clients avoid disputes, but when disputes arise, she helps clients navigate mechanic's liens, payment bond claims, and litigation to protect their interests and pursue payment. For more information, visit: **www.dysarttaylor.com/our-people/leslie-a-boe**

The Regulation Changed. Did Your Workforce?

by Troy Clark, MSC Safety Solutions



Construction companies are used to change. OSHA revises standards. Building codes move through new cycles. Owners introduce different requirements, while sustainability expectations continue to influence how projects are designed and built. Companies respond by reviewing their programs, updating procedures, and communicating what has changed.

The difficult part comes after that work is finished. A company can have a current policy while the field continues operating under yesterday's expectations. An employee performing the task may have received the information without fully understanding how it changes the work. At the supervisory level, knowing that a new requirement exists is different from knowing what needs to happen before the crew gets started.

For subcontractors, this matters because regulatory compliance eventually becomes field execution. The regulation can establish the requirement. Someone still has to build the work correctly.

Regulatory Change Eventually Reaches the Craft

OSHA's construction PPE rule provides a straightforward example. OSHA revised 29 CFR 1926.95 to explicitly require employers to select personal protective equipment that properly fits each affected employee. The change became effective January 13, 2025. OSHA has explained that improper fit can reduce the protection PPE is intended to provide and can introduce additional hazards.

Updating the company PPE program addresses the administrative requirement, but consider what the change looks like at the employee level. A worker using gloves that are too large can lose dexterity while handling small fasteners. Safety glasses that fit poorly can leave gaps in protection. Fall protection equipment also has to fit the person who will wear it rather than simply being available in the gang box.

Now the issue looks different. Purchasing practices become part of implementation. The employee issuing the equipment needs to understand fit, and the person supervising the work needs to recognize when something is wrong. An inspection conducted weeks later should be able to determine whether the change actually reached the people using the equipment.

The regulation started in Washington. Compliance ended up on the jobsite.

Look at What the Work Requires

Hazard Communication shows another side of the same problem. OSHA updated the Hazard Communication Standard in 2024, including revisions involving hazard classifications, labels, and safety data sheets. In January 2026, OSHA extended several compliance dates by four months while additional guidance was being developed.

The safety department can study the revised standard and update the written program. For the employee using a chemical product, the issue is much more practical. Different hazard information can affect how the product is handled or what protection is appropriate. A supervisor planning the activity needs enough information to account for those conditions before the container is opened and the crew begins work.

Companies are generally good at proving that information was delivered. There are training rosters, toolbox talks, email notifications, and revised documents. Those records serve a purpose, but they answer a different question than whether the workforce can perform under the new requirement.

Field observation provides another kind of evidence. Watch the task after the training has been completed. Listen to how the supervisor explains the work. Ask an employee to explain the hazard associated with the product being used. The answers quickly show whether the information moved beyond the classroom.

That should influence how companies respond to future regulatory changes. Before deciding what training is needed, determine what will actually be different about the work. A minor wording change and a new work practice deserve different responses.

When a Code Change Becomes Rework

OSHA is only part of the regulatory picture for subcontractors. Building and energy codes continue to evolve as new editions are published and jurisdictions



decide what they will adopt. The 2024 International Energy Conservation Code is the latest IECC edition, and the U.S. Department of Energy has completed its technical analysis of the updated code.

The field experiences a code through the plans, specifications, submittals, and inspection requirements rather than through a publication date or adoption cycle.

Imagine a crew installing a detail the same way it was installed successfully on previous projects. The material looks familiar and the work appears routine, but the current project requires a different detail. The installation reaches inspection before anyone recognizes the difference. Finished work now has to be opened, removed, or corrected.

The immediate conversation will probably be about rework. The larger issue is how the requirement reached the crew in the first place.

Changes involving energy performance or sustainability can create the same type of challenge. A project can introduce unfamiliar products or different installation requirements. Documentation expectations can also affect the subcontractor's work. Depending on the contract, sustainability requirements can reach procurement decisions long before material arrives in the field.

Some code revisions require little additional training, while others change how the work is performed. The subcontractor needs a process for identifying which changes affect field performance and getting that information to the right people before installation begins.

Safety, quality, and production are tied closely together at that point. Correct work protects more than compliance. It reduces the labor spent doing work twice and limits the schedule pressure created when completed work has to be corrected.

Training Is Only Part of the Response

Construction training often becomes an event. Employees attend a class, the instructor covers the required material, and a roster documents completion. That model works for documenting training, but workforce development requires another step.

The employee has to use the information.

For a simple change, a short field

discussion and demonstration could be enough. A different type of equipment or an unfamiliar installation process deserves more attention. The response should be based on what employees are expected to do after the training rather than how quickly the company can put everyone through a presentation.

Verification can also be simple. A supervisor can watch the employee perform the task and correct a misunderstanding before it becomes normal practice. An experienced craft worker can demonstrate the new method while explaining what changed. Safety and quality personnel can focus inspections on the affected work for a period after implementation.

Training is complete when the employee can apply the change correctly in the field.

Supervisors Are Part of the Process

Subcontractors should pay particular attention to supervisors when regulatory requirements change. The field supervisor is often the person who has to turn a company expectation into tomorrow morning's work plan.

Many supervisors earned their positions because they were good at their trade. They knew how to build the work and could keep a crew productive. Promotion gradually added responsibilities that were different from the craft skills that originally made them successful. Regulatory compliance became part of the job along with leadership and planning.

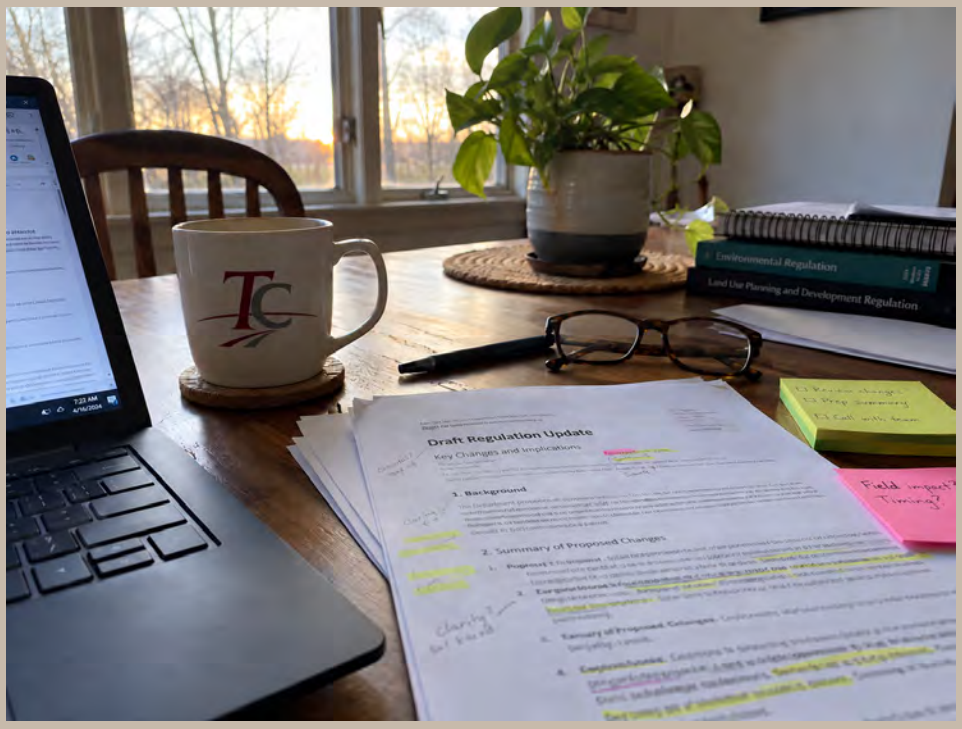
A policy update alone does little to develop those capabilities.

If a new requirement affects an installation, the supervisor needs that information while planning the activity rather than after an inspector identifies the problem. When different PPE is required, the supervisor should understand the expectation before seeing an employee improperly equipped in the field. New materials deserve the same attention before they are distributed to the crew.

Regulatory implementation becomes much stronger when supervisors are developed as part of the process instead of being treated as another distribution point for information.

Go Look at What Happened

After a significant change has been implemented, someone should go look at the work.



An inspection or audit can determine whether the process produced the intended result. That requires looking beyond the presence of a policy or signed training record. Spend time where the affected work is taking place and compare the written expectations with what is happening in front of you.

Sometimes the process will work exactly as intended. In other cases, several employees will interpret the same requirement incorrectly. The field may expose a practical issue that was never apparent when the procedure was written. A supervisor could also be following an older practice because that is how the work has always been performed.

That information has value beyond the individual finding. When several people make the same mistake, the company should examine the process that produced it. Correcting one employee addresses the condition in front of you. Understanding why the expectation failed to reach several employees can prevent the condition from appearing across multiple projects.

Regulatory changes will continue. New code editions will be adopted, OSHA standards will evolve, and project requirements will place new expectations on subcontractors. Keeping the written program current will always be part of doing business.

The field is where a company finds out whether the change actually worked.

If the crew is still performing yesterday's work under today's requirement, the paperwork was only the first step.

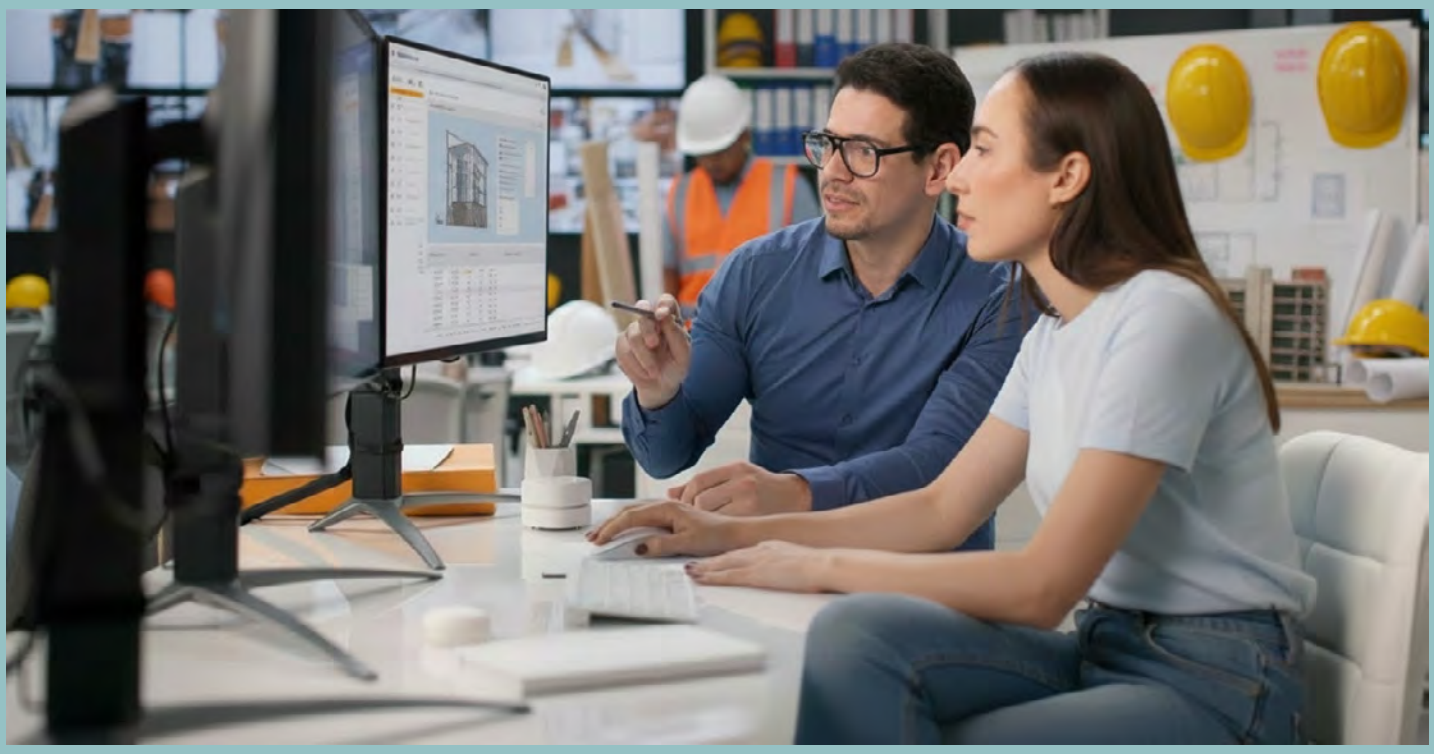
About the Author

Troy Clark leads MSC Safety Solutions and its family of companies, including Colorado Crane Operator School, Crane Qualified, MSC Workforce Development, and Prolevari. He writes and speaks on leadership and workforce development, sharing a philosophy shaped by decades in construction safety: Safety is a Byproduct of Workforce Development. Troy's work centers on building safer job sites by building stronger people.

FEATURE

The Hidden Compliance Risk in Fringe Benefit Reporting

by Jack Biltis, CEO, eBacon



Ask most contractors where they're most likely to get burned on a certified payroll audit, and they'll usually point to the obvious things: misclassified labor, missing time records, an apprentice working outside their approved ratio. Those are real risks, no question. But there's another one that doesn't get talked about nearly enough, and it happens to be one of the most common findings in Department of Labor prevailing wage investigations: fringe benefit reporting.

Fringe benefits look simple on paper. Under the Davis-Bacon Act and related state prevailing wage laws, contractors on covered projects have to pay workers a base wage plus a fringe benefit rate. That fringe portion can be paid out in cash, credited toward a bona fide benefit plan, or split between the two. Simple enough in theory. In practice, this is exactly where a lot of contractors get tripped up, and they usually don't find out until an auditor points it out to them.

Why Fringe Benefits Are Harder Than They Look

The fringe benefit rate isn't something you calculate once and forget about. It has to be documented thoroughly, and if you're crediting any part of it toward a benefit plan instead of paying it in cash, that plan has to actually qualify as "bona fide" under Department of Labor standards. In plain terms: the plan needs to provide a real, measurable benefit to the worker, and you need to be able to show exactly how those fringe dollars were calculated and applied. Here's where things typically go sideways:

- Annualization errors—If a benefit plan covers a worker for both public and private work, you generally can't take full credit for the plan cost against just the hours worked on the prevailing wage job. The plan cost needs to be annualized, meaning it gets spread across all the hours the plan covers, not only the covered project hours. Only the proportional share gets credited. Skip this step, or fumble the math, and you've got one of the most frequent audit findings out there.
- Cash-in-lieu miscalculations—When fringe dollars get paid out in cash rather than credited toward a plan, that cash has to show up separately from the base wage on certified payroll reports. Contractors sometimes lump it into the base rate instead. That can make it look like they're underpaying the fringe requirement even when they aren't, or worse, it can mean they actually are underpaying because the math was never broken out correctly in the first place.
- Plan documentation gaps—A legitimate benefit plan can still fail an audit if the paperwork doesn't back it up. Auditors want to see plan documents, contribution records, and proof the plan runs the way

it's supposed to on paper. Good intentions without documentation still count as a finding.

- Non-bona fide plans—Not every benefit arrangement actually qualifies. A plan that isn't funded, doesn't meaningfully cover the worker, or mostly exists as a piece of paper isn't going to hold up. Contractors sometimes inherit plans like this from a broker or a Professional Employer Organization (PEO) without ever checking whether they meet the bona fide standard for prevailing wage purposes.

What Auditors Are Actually Looking For

When the Department of Labor or a state agency digs into fringe benefit compliance, they're really checking three things. Is the fringe rate being paid or credited correctly for every hour worked? Is the plan, if one is being used, legitimate and properly annualized? And does the certified payroll report reflect all of that accurately, hour by hour, worker by worker?

The tricky part is that this isn't a one-and-done calculation. Fringe rates can change by jurisdiction, by classification, and sometimes mid-project if a wage determination gets updated. A plan credit that was correct in January might need to be recalculated by summer if a worker's hours or plan enrollment shifts. Multiply that across a crew, a project, or a whole portfolio of jobs, and it's not hard to see why fringe benefit errors are so common. They're also rarely caught until someone outside the company goes looking for them.

Why the Problem Gets Bigger With Scale

Fringe benefit compliance is manageable when you've got one crew, one plan, and one jurisdiction to keep track of. It gets a lot harder as the business grows. Contractors working prevailing wage jobs across multiple states might be juggling different wage determinations, different plan credit rules, and different documentation expectations, sometimes on overlapping projects running at the same time.

Throw in a mixed workforce of union and non-union labor, workers moving between covered and non-covered projects mid-year, or benefit plans changing because of a new insurance carrier or renewal cycle, and the math that seemed straightforward on one job can get inconsistent fast across a whole portfolio. This is usually where manual tracking breaks down: spreadsheets, standalone payroll systems that weren't built for prevailing wage work, or fringe calculations that fall to whoever has time that week.

It's also worth pointing out that fringe benefit errors rarely stay contained to themselves. An audit that starts by questioning fringe credits often opens the door to a broader look at classifications, apprentice ratios, and certified payroll reporting overall. Get fringe compliance wrong, and you're not just risking a finding on that one line item. You're inviting a closer look at everything else on the job too.

A Practical Checklist for Getting It Right

None of this requires an accounting degree to manage well, but it does take consistency. A few habits go a long way toward keeping fringe benefit reporting audit-ready:

- Document every plan in writing, including what it covers, how it's funded, and how the cost translates into an hourly credit.
- Annualize plan costs correctly whenever a worker splits time between covered and non-covered work, rather than crediting the full plan cost against covered hours alone.
- Separate cash fringe from base wage on every certified payroll report. Never combine them into a single rate.
- Recalculate fringe credits whenever wage determinations, plan costs, or worker hours change, instead of assuming last quarter's numbers still hold up.
- Keep a paper trail. Plan documents, contribution statements, and calculation worksheets should be organized and easy to pull up, not scattered across old email threads and spreadsheets.
- Review fringe compliance on a schedule, not just when a bid or audit forces the issue. A quarterly check is a reasonable cadence for most contractors doing regular prevailing wage work.

Treat Fringe Compliance as a System, Not a One-Time Task

The contractors who handle fringe benefits well tend to treat it the same way they treat safety or quality control: as an ongoing process with clear steps, not a box to check once a year. That shift in mindset, from "we calculated this correctly at the start of the job" to "we're verifying this correctly every pay period," is usually what separates a clean audit from a costly one.

Fringe benefit reporting isn't the flashiest part of running a construction payroll operation, but it's one of the areas where small mistakes quietly pile up until they turn into a big finding. Get it right, and you protect your workers, your bids, and your standing with the agencies overseeing prevailing wage work.

For contractors who want a quick way to check their fringe benefit credit math before it becomes an audit question, eBacon offers a free FringeMAX Calculator (https://ebacon.com/fringe-calculator) that walks through the annualization steps.

About the Author:

Jack Biltis is the co-founder of eBacon, bringing over 20 years of experience in payroll, insurance, and administrative services. At eBacon, a leading construction payroll software company, Jack focuses on innovative technologies that help businesses streamline workforce management operations and improve profitability. Learn more at eBacon.com.



FEATURE

Quality Assurance vs. Quality Control

Is rework taking all of the reward out of the project?

by Gregg Schoppman, FMI Corp.

Checklists, testing, and manuals. If someone mentions anything about quality, those are the top mentions, and they are usually followed by a deep yawn. Quality control is certainly an essential part of any organization's infrastructure. However, it does beg an important question – in an industry that is characterized by low margins and high risks, is leaving potential "rework" conditions until the end of a phase, project or work package, a reactive situation? First, it is important to examine the true cost of rework. While it is hardly an exact science, Figure 1 is a brief summary of the potential cost multipliers that come with rework.

There is certainly the initial cost of putting the work in place that must be assumed but when one considers that rework could have a 10X multiplier, quality control seems somewhat defensive in posture. In the end, every time there is a mistake, there is a potential impact to more than the bottom line as is demonstrated by everything from employee morale to customer sentiment. However, how does a firm create a culture of quality assurance to complement their quality control function?

Migration from Checklists to Collaborative Tools

Checklists serve a function. Plans? Check. Specifications? Check. However, they tend to be incredibly superficial and with so many industry professionals that lack experience, there is a risk of simply "pencil whipping the checklist. Consider the comparisons shown in Options 1 & 2.

A more experienced manager or field leader probably has considered all of the alternatives with option #1. Option #2 asks questions that forces the team to think through the options. For instance, consider the question of the compatibility of the form release and any painting or coating. There are probably plenty of instances where someone might not have asked this question early enough only to find out late in the painting process that entire wall systems needed to be power washed for fear of a paint not adhering to the substrate.

Red Teaming

Bryce G. Hoffman, author of Red Teaming, created a masterful concept for all businesses that builds upon the thesis that the military uses in its exercises. For instance, in any war games or simulation, there is always a team that plays the role of the enemy insurgent. Even in sports, the scout team will run the opponents plays and simulate an environment reminiscent of what the first team will see on game day.



FIGURE 1

Item	Check?
Mix Design	X
Equipment	X
Reinforcing Steel	X
Formwork	X
Form Release	X
Clean-up	X

OPTION 1

Item	Preconstruction Considerations	Project Response
Mix Design	▪ What are the special needs? ▪ Has the engineer approved this? ▪ Is there an alternate mix design allowed if materials become scarce?	X
Equipment	▪ What is the most cost effective placement technique (e.g., pump, bucket, etc.) ▪ Do we have back-up equipment?	X
Reinforcing Steel	▪ What are the lead times on rebar? ▪ Are they any special considerations? ▪ Who has to approve the rebar shop drawings?	X
Formwork	▪ Are special engineered forms required? ▪ What is our re-use plan?	X
Form Release	▪ Are there issues with form release and coatings? ▪ Are the form releases approved?	X
Clean-up	▪ Where is the wash out area? ▪ Who will take care of stacking forms?	X

OPTION 2



Organizations can use a similar technique in several capacities to drive a quality assurance initiative. For instance, consider the following:

Red Teaming AFTER Preconstruction:

Once the team that will build the project has developed an effective plan, a "Red Team" is organized to challenge the assumptions. They might include:

- How will you protect the finished product from damage from other trades?
- How will you manage to drive 1-2% to the bottom line?
- How will you avoid a voluminous punch list?
- How will you integrate our service department sooner?

The intention is to create a stimulating yet "uncomfortable" set of questions to ensure the project team can effectively execute the work. An answer like "We'll just do our best to protect the project from damage" should be a red flag to everyone involved (no pun intended).

Red Teaming DURING Construction:

A small team is brought in to simulate a surgical strike at a random time on the project. The intention is to ensure the team is prepared BEFORE close-out. Too often, things are left until the end, leading to the aforementioned punch lists and ultimately annoyed customers. The Red Team's focus is as follows:

- Project cleanliness
- As-built drawing and close-out documentation
- "Next step" preparation – Put another way, does the team have the next 3-4 moves well calculated

Red Teaming DURING Close-out:

To be clear this is not a separate punch list crew or team but rather another project team that is enlisted to be that extra set of eyes. How often does a project team wear that set of rose-colored glasses (i.e., "Well, if you look at the wall from this angle in this sun, you can't see the imperfection…"). The Red Team attacks every aspect of the project from punch list to close-out documents. Certainly, this would be perceived as rework as any punch list would be but it is important to note that this is putting the Red Team in the shoes of the customer PRIOR to the actual customer close-out. While it is repaired, it does prevent repairing customer perceptions and ultimately truncating the close-out timeline.

Quality assurance has been around for many years and there are professionals that have dedicated themselves to providing QA and QC. However, there are also organizations that look at having dedicated professionals as a luxury or added cost. The intention of quality assurance in this vein is to provide proactive solutions with the project teams. Even the Red Teams are simply redeployed team members that could easily be on the other side, playing defense. Firms that integrate assurance into every aspect of their work, create the ultimate assurance in the end: profitability.

About the Author

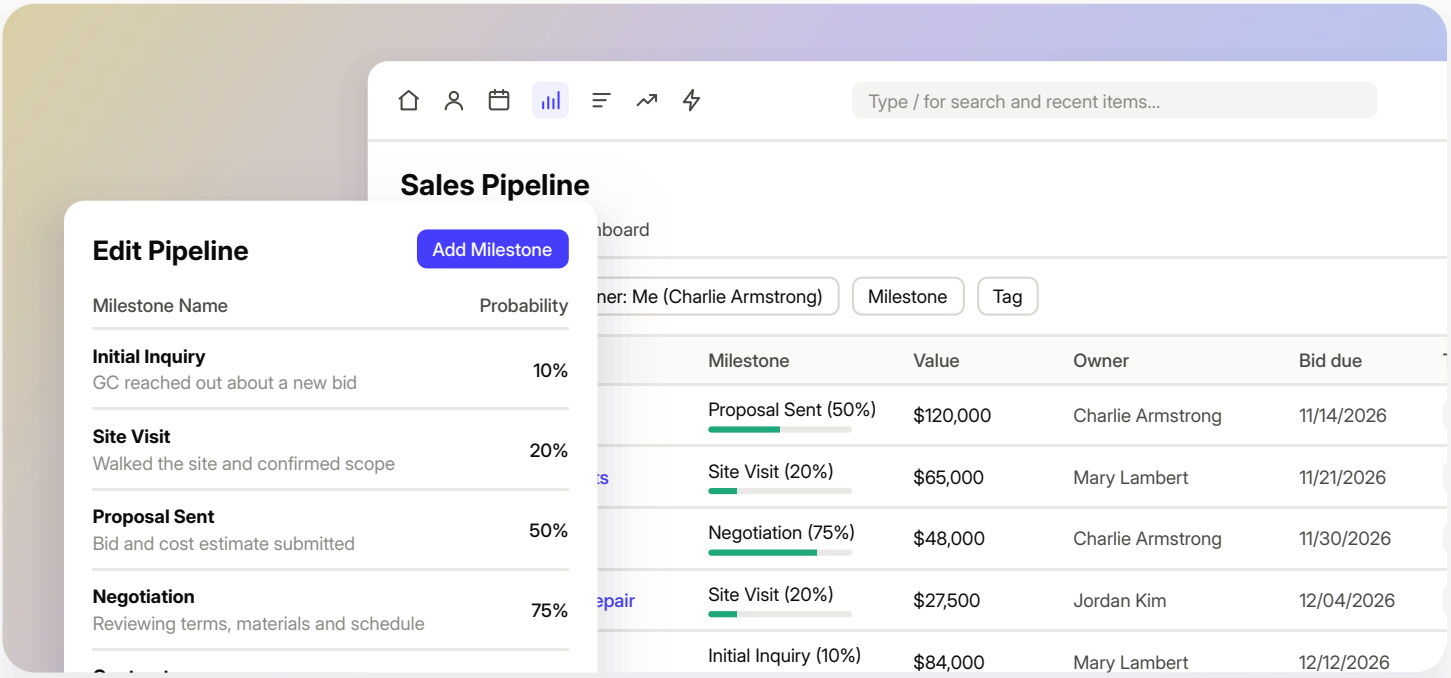
As a principal with FMI, Gregg specializes in the areas of productivity and project management. He also leads FMI's project management consulting practice. He has completed complex and sophisticated construction projects in several different niches and geographic markets. He has also worked as a construction manager and managed direct labor. FMI is a unique and fast-growing firm of professionals passionate about creating a better future for engineering and construction, infrastructure and the built environment throughout North America and around the world. For more information on FMI, please visit ***www.fminet.com*** *or contact Schoppman by email at* ***gschoppman@fminet.com****.*

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FEATURE

How Can Legacy Companies Evolve Without Losing Their Legacy?

by Valerie Jimenez, Bold Entity



When a company has been successful for 30, 40, or even 50 years, the history that gives it tremendous credibility can also make the market assume it hasn't changed.

I am regularly asked to help legacy contractors bring their businesses into a new era. As the next generation or new leadership takes over, they put their stamp on things by introducing new technology, streamlining processes, and pursuing different kinds of work. But from the outside, the company looks exactly the same.

That isn't a management problem, it's a perception problem.

The next generation wants customers to understand that the business is evolving, but doesn't want to erase the relationships, reputation, and identity that made the company successful in the first place.

So how can a legacy firm preserve the sheen of the past while focusing on the future? The answer, in most cases, isn't a dramatic reinvention. It's blending patience with strategic thinking and a deft hand to show the market that the company is moving forward.

Your Legacy Is a Key Part of Your Value

Modernization shouldn't begin with the assumption that old equals bad. Construction companies are tremendously proud of longevity, and they should be – we all know that it's a tough, tough industry. If your firm has survived recessions, labor shortages, market shifts, leadership changes, and can point to successfully completing decades of increasingly complicated projects, that history means something.

Clients know your name. Employees may have been with you for 20+ years. You're part of the community. Those relationships – and that reputation – are invaluable assets that a "new guy on the block" cannot manufacture overnight.

That's why I'm cautious when the new generation immediately asks for a new name, logo, or even color palette. Yes, that's one way to announce "we're

different now" but in my experience, it's not always the best way.

I prefer to start the meeting with a simple question: What still has value, and what no longer reflects who we are today?

The Market Needs to See Who's In Charge

Most clients think that once visuals are tweaked and an announcement is posted somewhere, that's it, but that's actually just the beginning: In my experience, the most overlooked – but critical – element of a generational transition is making the new leadership visible.

If Dad has been the face of the company for 30 years, it makes sense that customers associate the organization with him personally. They've seen him at association meetings, industry events, jobsites, golf tournaments, and dinners. His reputation and persona became intertwined with the company's. Then the next generation takes over the C-suite and assumes the market magically understands that the company has changed too.

That almost never happens.

This is why I encourage my clients to prioritize face-to-face marketing during the transition; in other words, the new president, CEO, or ownership team needs to be "in the room where it happens." That means attending industry events and volunteering for leadership roles in associations. The next generation needs to visit clients just to say hello, speak on panels, and be active, engaging, and authentic at conferences. During this phase, it's just as important to have conversations with the people who already know the company as it is to chat with potential new relationships.

Think of it not just as networking, but as transferring trust.

And since trust is such a critical component of the construction industry, it's imperative that the people that "knew your Dad" know how you think, and that you clearly communicate the vision that you have for Dad's business.

If You Can't Be in the Room, Find Another Room

Of course, there are only so many lunches, conferences, and association events a leader can attend – you also have a company to run, right?

That's where digital visibility becomes incredibly useful.

If there aren't opportunities to regularly speak to your industry in person, look for podcasts that serve your market. Contribute to industry publications. Participate in webinars. Write articles. The gold standard is to create your own platform, where the new leadership – as well as the old guard, if they're still involved – can regularly talk about what the company is seeing in the market, how it solves problems, and what it envisions for the future.

This kind of consistent, intentional communication with the public is critical during a succession because it gives the next generation a platform to demonstrate how they think rather than simply announce they're in charge.

There's a gigantic difference between publishing a press release that says, "Jane Smith has been named president," and hearing Jane spend 30 minutes discussing labor challenges, code changes, the effects of tariff fluctuations, or where she thinks her trade is headed.

One tells people her title.

The other shows people why they should trust her leadership.

Modernization Requires Both Perception And Reality

Many legacy companies engage me because their internal operations have changed dramatically. Since leadership changed hands, they've adopted new technology, expanded their capabilities, and pursued different markets. Their culture has evolved, too.

But nobody on the outside knows, because their website, messaging, and overall market presence still tell the story of the company from 15, 20, or even 30 years ago.

Long before they sit across the conference table, today's decision-makers look at websites, LinkedIn profiles, project stories, content created by or featuring leadership, photography, and search-engine results.

If what they find looks outdated, that perception can be hard to shake—even when you present evidence to the contrary. Competitors who appear more forward-thinking gain an advantage with clients who value that quality.

In other words, if your company has evolved, your market presence needs to show it.

Don't Reinvent. Refine.

Companies often jump straight to rebranding when what they really need is thoughtful refinement.

Yes, there are situations where a full rebrand makes sense: I've worked with companies where the old name no longer reflected what the business does today, created confusion in the market, or carried baggage that made keeping it counterproductive.

But those situations are the exception, and they're different from feeling like your logo looks old or wanting to put your own stamp on things. I've seen a font change and small logo adjustments make a huge difference without starting over.

Here's what I know from years of experience: A costly redesign alone won't fix a company that isn't visible, isn't communicating its expertise, or isn't giving customers reasons to perceive it differently.

So before you spend money on replacing your identity, spend time examining how you're using the identity you already have.

Make the refinements you need, then focus the rest of your efforts here: Could your website better communicate your capabilities? Could leadership be more visible? Could you publish stronger, more detailed project stories? Could your business development team have better materials? Could you showcase more of your people, processes, technology, and expertise?

Use Your Marketing to Show What Has Changed

During a leadership transition, your marketing should be laser focused on giving people information about how the firm is evolving.

- If you've invested in technology, demonstrate how you're using it.
- If a new generation has changed how projects are managed, show it through case studies or employee features.
- If you've expanded into a new service or market, explain why, and why you do it well.
- If your recruiting culture has changed, let your current employees tell that story.

Consistency matters much, much more than one long, dramatic announcement. A single article about new leadership gets forgotten. Six months of seeing that leader speaking at events, appearing on podcasts, sharing insights on their social media, showcasing projects on their website, and showing up in the community begins to change perception.

I get it – a blanket press release is quick and easy. But if you want the market to stop thinking of the company as "the business Dad runs" and start recognizing the next generation – your generation! – as the real leadership team, it's what you have to do.

Let Data Help Settle the Family Debate

Of course, succession conversations are rarely purely strategic, especially since it's usually a father or mother sitting across the table from their children. Naturally, emotion plays a big part.

The founder is often deeply attached to a company name, logo, slogan, or way of doing business. Meanwhile, the next generation is equally passionate that things need to change.

Both sides dig in, quickly. When that happens, I like to bring neutral parties into the conversation: customers and employees.

Ask longtime clients what they value about the company. Ask newer prospects how they perceive it. Talk to employees who have been there for decades and employees who joined recently. Look for the common threads.

Quite often, my clients discover that something new leadership considers outdated is actually a meaningful (and monetizable) part of the company's reputation. Other times, they learn that customers are confused about what the firm does, or see it as less innovative than competitors.

Either way, when clients open the conversation beyond the family, they get something more useful than personal preference.

They get data.

Small Changes Build Pathways for Bigger Ones

One of the first things I do is remind companies that they don't have to modernize everything at once, and that doing things in stages makes it much easier for the founders to digest the changes.

I've seen legacy organizations begin their transition with a clearer message, a stronger tagline, an updated website, or more consistent content, before touching any aspect of their visual identity. Taking small steps allows the company to start appearing more current without suddenly looking like a completely different organization.

Making smaller changes also gives everyone a chance to measure results. Did clients respond positively? Did business development get better tools? Did recruiting become easier?

Once founders see that modernization isn't erasing their company's history, they usually become much more comfortable with additional change – that's especially important with founders (and longtime employees) who may initially take modernization as criticism of everything that came before.

The Bottom Line

Legacy companies don't need to choose between honoring their history and preparing for the future.

The can – and should – do both.

They need to be clear-eyed about which elements of their history are genuine competitive assets, and which are simply familiar.

Legacy shifts are inherently emotional, so the goal is to take what worked in the past and make sure it continues working in today's market.

Understand the value and potential of the brand they already have before they spend a fortune on inventing a new one.

Keep the reputation. Keep the relationships. Keep the values and expertise that earned people's trust. Then make the new leadership visible by putting them in front of customers and getting them involved in the industry. Give new leaders opportunities to speak, write, appear on podcasts, and share how they see the market. Update marketing tools so the company's external presence reflects what's happening internally.

Because most legacy companies don't need to become something completely different.

They just need the market to see what they've already become.

About the Author

Valerie Jimenez is the Founder and CEO of **Bold Entity**, *a strategic marketing firm that helps commercial construction and industrial companies strengthen their positioning, visibility, recruiting, and business development outcomes. Her work has helped contractors reduce recruiting costs by up to 82%, improve market recognition ahead of successful ownership transitions, and reposition second generation companies for high growth. Bold Entity clients maintain an average of 35% annual growth by becoming better positioned to win the right opportunities.*

What Is "Incorporation by Reference" and What Does That Mean?

by David Harris, Manier & Harod

THE DOCTRINE OF incorporation by reference is a general rule of contract law that applies when a contract expressly describes another document which is incorporated and interpreted as part of the new contract. The doctrine allows contracting parties to add or supplement their agreement by referencing a separate document and without having to add the entire text of that document to their contract.

There are no particular "magic words" to incorporate a document by reference. The incorporating agreement must make clear reference to the document and sufficiently describe the incorporated document such that its identity may be determined beyond doubt. Additionally, to be effective, the parties must have assented to and be aware of the incorporation.

There is risk to a party incorporating by reference in one agreement a document that hasn't been reviewed. The incorporated document doesn't need to be reviewed by the



incorporating parties, so long as it's identified and readily available for inspection. The incorporating parties may incorporate an entire separate agreement, or parts of it, and they may be parties to the separate agreement, which is incorporated, but that's not necessary.

The practice exists to assist contracting parties in ensuring harmony between a new agreement and a prior document. And thus, it's a common practice, especially within surety bonds. Nearly all contract bonds incorporate by reference the bonded contract. The surety wasn't originally a party to the bonded contract and may not have had the chance to review the bonded contract. The vigilant surety will obtain and review incorporated documents prior to the execution of the bond to fully understand the risk that's being undertaken.

1. When Does a Bond Incorporate a Contract by Reference?

For an effective "incorporation" to occur, the incorporating document, such as a bond, must contain more than a mere reference to the collateral document. To determine whether an incorporation by reference has occurred, courts will look at the language of the incorporating document to ensure it reveals an intent to be bound by the terms of the collateral document.

The phrases "is hereby incorporated by reference" or "is hereby incorporated as though fully set forth herein," along with specific information identifying a particular document, are widely used and judicially adopted. Such terms, along with the date, amount, and a brief description of the incorporated document, such as provided in common bond forms, is sufficient.

2. What Does Incorporation by Reference Mean for a Surety?

Fundamentally, what incorporation by reference means to the surety is that to determine the terms of a performance or payment bond, courts must look to the bond and the incorporated contract. The bond and the contract will be read together and construed fairly and reasonably as a whole.

Like any contract, the polestar guiding courts in the interpretation of bond language is the intent of the parties. When the language is clear and unambiguous, the bond is to be enforced as written. The terms in the incorporated contract don't override or modify the express language in a bond. However, when provisions of a contract appear to be in conflict, they should be reconciled and harmonized to reflect the intent of the parties.

The scope of incorporation may extend beyond the contract identified by a bond. The doctrine has been furthered in the context of "chain[s] of incorporation." Meaning, courts have held that contract terms in a prime contract were enforceable against a surety because the surety bond incorporated a subcontract which incorporated the prime contract.

The majority of these "chain of incorporation" cases relate to the enforcement of arbitration provisions, and the courts generally note the strong federal policy favoring arbitration agreements when holding the arbitration clause was enforceable. However, courts vary on whether arbitration provisions are enforceable even when there is one link (i.e., an arbitration provision within the contract identified and incorporating into a bond).

3. Application of Incorporation by Reference to Specific Clauses

Courts vary on enforcing terms from an incorporated contract against a surety. The following provides a review of courts' treatment of specific contract clauses and demonstrates the limits of the doctrine.

i. Arbitration Provisions

The majority view is that a surety is bound to an arbitration contained in the bonded contract provision by virtue of the bond's incorporation of the contract containing the arbitration clause. A minority view, represented by a decision of the Eighth Circuit, applying North Dakota law, holds that a surety cannot compel arbitration, or be compelled to arbitrate, pursuant to an arbitration provision contained in the bonded contract incorporated by reference in its performance bond.1

Specifically focusing on the incorporation clause, the Eighth Circuit determined that the bond's incorporation clause didn't clearly reflect a mutual intent to compel arbitration of all disputes between the surety and the obligee but instead had the mere obvious purpose of clarifying the extent of the surety's liability to the obligee.

The extent of a surety's rights as a non-signatory to an arbitration provision also varies depending on the jurisdiction. For example, courts within the Eleventh Circuit have extended the general incorporation by reference doctrine to hold that sureties may also have the right to compel a party to participate in arbitration.

ii. Default Provisions

Many bonds, including the AIA A312 Performance Bond, provide that notice of the principal's default is a condition precedent to the surety's obligation under the bond. Specific cure requirements may also be included in the performance bond, as well as the requirement that the obligee terminate the bonded contract. These bond provisions are rarely the same as the default provisions contained in the bonded contract. The bonded contract may, for example, allow the obligee to take action and incur costs without termination of the bonded contract. Other differences may include different cure time periods within the bonded contract than the performance bond.

As to the definition of a default, courts will often look to the incorporated bonded contract to determine what constitutes a default. Once the principal's default has been determined, any specific provisions contained in the performance bond, such as the conditions' precedent in the AIA A312 Performance Bond, will apply. Where the performance bond doesn't expressly require any particular process to declare a default or cure provision, the terms of the bonded contract will control.

iii. Damages

The types of damages that an obligee may recover from a surety often becomes a point of contention. Delay damages can be especially contentious, leading to costly disputes. Under basic surety law, a surety's obligations cannot be more burdensome than those of its principal. But also, a surety's liability for damages is limited by the terms of the performance bond. Thus, what's recoverable under the bonded contract is the outer limit of the surety's potential liability, but that may be restricted further by limits contained in the performance bond.

Specificity in the performance bond is key. For example, where the bond language obligates the surety to cover costs of completion and "other costs and damages," some courts have held the surety was responsible for delay damages outlined in the incorporated contract.3

Courts vary when it comes to an award of delay damages depending upon whether bond incorporated the underlying contract. However, all cases have a common thread, which is the consideration of the true purpose and intent of the performance bond. Absent clear limiting language in the bond, a surety's best defense to an award of additional damages outlined in the underlying contract is to specify the purpose of the bond and the intended scope of the guarantee.

4. Conclusion

The incorporation by reference clause is the primary vehicle by which the surety's liability to the obligee becomes coextensive with that of the principal. However, incorporation by reference of the bonded contract doesn't rewrite the performance bond. Courts have recognized the surety's liability is limited by the purpose and terms of the performance bond; the surety's liability shouldn't be extended beyond that purpose.

The reading together of the explicit terms of the performance bond, and those incorporated by reference from the bonded contract, can lead to areas of dispute with the obligee. A thorough review of the bonded contract before execution of the performance bond can assist the surety with mitigating its risk related to onerous contract terms.

About the Author



David A. Harris is a shareholder at Manier & Herod with a practice concentrated on representing sureties in Georgia, North Carolina, and South Carolina. Harris has experience in providing full-service surety representation, including claim investigations, indemnity and subrogation rights, payment and performance bond disputes, commercial and miscellaneous bonds, fidelity bonds, fraudulent transfer claims, and creditor rights in bankruptcy. Harris serves on the NASBP Attorney Advisory Council. He can be reached at dharris@manierherod.com or 770.905.8074.

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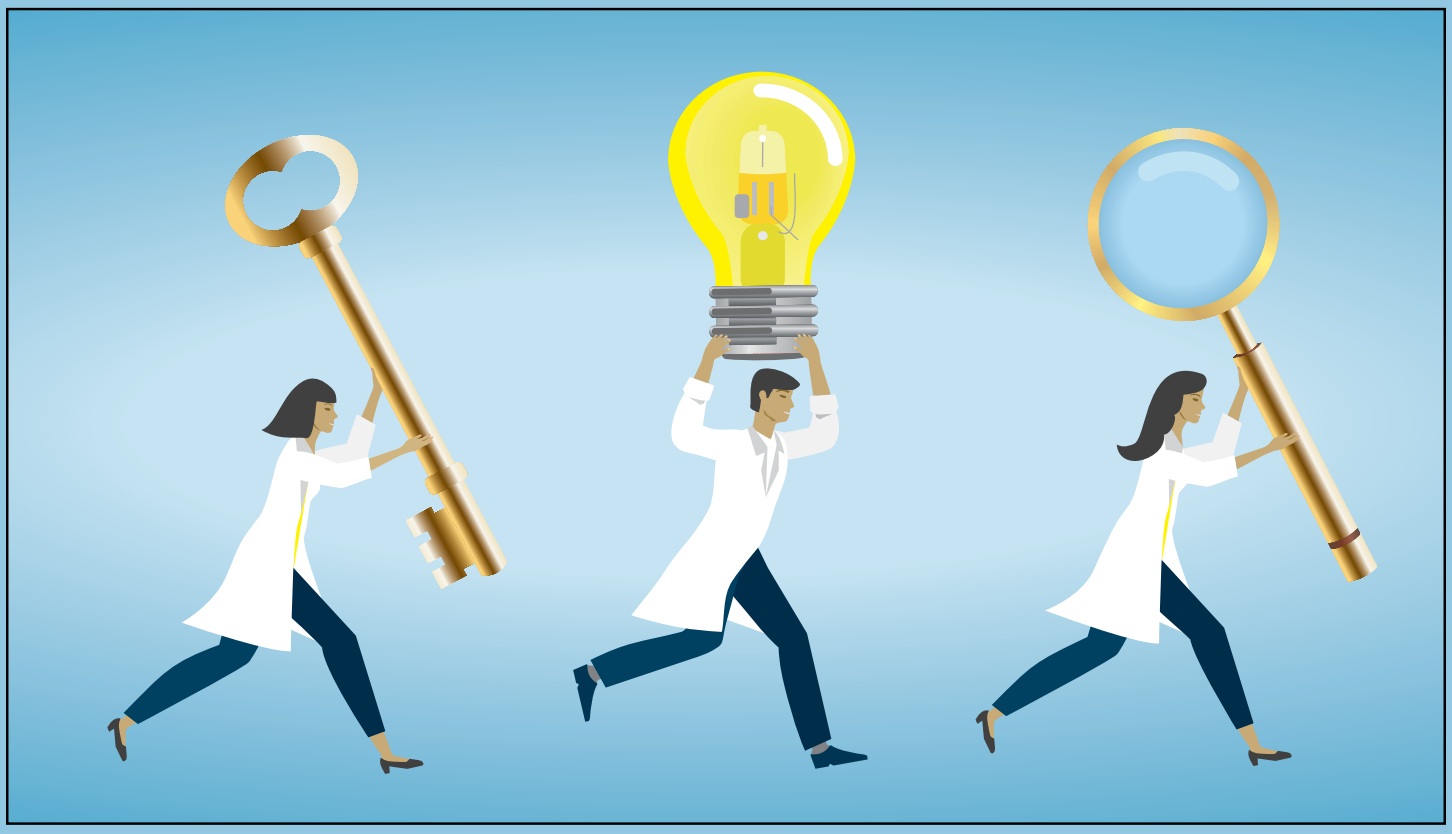
End Notes

1. See AgGrow Oils, L.L.C. v. National Union Fire Insurance Co., 242 F.3d 777, 780-781, 782 (8th Cir. 2001).
2. See Berkman Plaza 2, LLC v. Fidelity & Deposit Company of Maryland, 2009 WL 10671363, at 2 (N.D. Ga. July 31, 2009); Firemen's Insurance Co. v. Edgewater Beach Owner's Association, 1996 WL 509720, at 3 (N.D. Fla. June 25, 1996).
3. Cates Construction, Inc. v. Talbot Partners, 980 P.2d 407, 415 (Cal. 1997); National Fire Insurance Co. v. Fortune Construction Co., 320 F.3d 1260, 1274 (11th Cir. 2003).

FEATURE

The 15-Minute Project-Risk Triage: What Needs Attention Before it Hits Money or Schedule?

by Jason Kuglin, JKDesigns, LLC



Specialty contractors rarely lose control of a project because they have no information. More often, the problem is that the important information is spread across email, meeting notes, spreadsheets, drawings and several project-management systems. An unanswered RFI, an unapproved submittal, an uncommitted long-lead item or a potential change can sit quietly until it becomes a field problem.

A short daily risk review can expose those items before they become expensive.

The goal is not another meeting and not another complicated reporting system. It is a 15-minute review that answers one question: What needs attention today before it costs money or schedule?

Start with One Action List

Across every active project, maintain one simple list of items that can affect work. The tool can be a spreadsheet, a report from existing project-management software or another system the company already uses. The important part is consistency.

For each item, capture only what helps someone act:

- Project
- Item type (RFI, submittal, procurement, potential change, or open issue)
- Short description
- Responsible person
- Date opened
- Required or due date
- Next action
- Cost or schedule exposure, when known
- Current status

Every open item should have an owner and a next action. “Waiting” is a condition, not an action. “Call supplier for confirmed ship date” or “send GC pricing backup” tells the team what actually needs to happen.

1. Find Decisions That Are Aging

Begin with RFIs and submittals. Sort open items by required date and days open. Look for anything that is already late or approaching the date

when the answer will affect fabrication, procurement or field work.

The useful question is not simply, "How many RFIs are open?"

Ask: "Which unanswered item will affect us first?"

An RFI that has been open 20 days may be harmless if the work is months away. Another that has been open four days may stop fabrication tomorrow. Age matters, but consequence matters more.

For each critical item, establish the next action. That may be escalating an RFI, confirming that a reviewer received a submittal, identifying an alternate detail or documenting the date an answer is required to avoid an impact.

2. Check Long-Lead Procurement Backward from Need Date

Procurement risk is easy to underestimate because "ordered" can sound like "handled."

For each important material or equipment item, track the required-on-site date and work backward through the dates that make it possible: release, approval, purchase order, fabrication and shipping.

Then look for missing commitments. If equipment is required on site December 1 and the supplier needs eight weeks after approved submittals, the useful deadline is not December 1. The useful deadline is the latest date the submittal can be approved and the order released without creating schedule exposure.

During the 15-minute review, focus on items where the required date and current commitment no longer agree.

Ask:

- Is the submittal approved?
- Has the item actually been released?
- Is the vendor ship date confirmed?
- Does that date still support installation?
- If not, who is acting today?

This turns procurement from a historical log into an early-warning system.

3. Surface Change Exposure Before the Paperwork Catches Up

Potential changes often become financial problems while everyone is still deciding whether they are officially a change.

Track potential change items as soon as the exposure becomes credible. Do not wait for a formal change-order number.

Record what happened, who directed or requested it, the next documentation step and the known or estimated labor, material and schedule exposure.

The daily review should flag potential changes that have work proceeding without written direction, pricing waiting on backup, aging proposals with no decision, or schedule effects that have not been documented.

The purpose is not to argue entitlement during the review. The purpose is to make sure exposure does not disappear into email until weeks later.

4. Review Exceptions, Not Everything

A 15-minute review only works if the team does not read every line every day. Filter the list to exceptions:

- overdue actions;
- decisions required soon;
- procurement dates at risk;
- changes with unresolved cost or schedule exposure;
- items with no owner;
- items with no next action.

That exception list becomes the daily control view. A project manager overseeing several jobs should be able to look at it and quickly determine which five or ten items deserve attention now.

5. End with Ownership

Every flagged item should leave the review with three things: an owner, a next action and a date.

If an issue cannot be resolved internally, the action may simply be a documented escalation. That still creates accountability and a record of when the risk was recognized.

The process also makes weekly project meetings more useful. Instead of spending meeting time discovering problems, the team arrives knowing which exceptions require decisions.

A Simple Habit, Not Another Software Implementation

This process does not depend on a particular platform. Contractors can build it in Excel, configure it in existing project-management software or incorporate it into another control system.

The value comes from connecting information that is often managed separately.

RFIs affect submittals. Submittals affect procurement. Procurement affects installation. Changes affect cost and schedule. Looking at those categories independently can hide the chain of consequences.

Fifteen minutes will not solve every project problem. It can, however, expose the problems that deserve another 30 minutes before they become a lost day, an emergency shipment, unrecovered change work or a missed milestone.

For a specialty contractor managing several projects at once, that is the objective: not more information, but a reliable answer to the question that matters each morning.

What needs your attention today before it costs you money or schedule?

About the Author

Jason Kuglin has more than 26 years of experience in precast construction and detailing and is the owner of JKdesign, LLC. His work focuses on practical project-control and production workflows for specialty contractors. For more information, contact jason.jkdesign@gmail.com. Check out the Trade Control Deck.and the free Trade Control Deck Starter.

The Job Is Done. Let's Get the Invoice Out.

by Anton Mar, BillGrid



Picture a Friday afternoon. The crew has finished the job, the tools are packed and the next week's work is lined up. Back at the office, someone opens the invoice.

The job number is in one email. A receipt is on somebody's phone. There was an extra visit on Tuesday, but did the customer approve it? And who has the purchase order?

The work is finished. The scavenger hunt is just getting started.

That gap is worth a little attention. The person who knows what happened on site has information the person sending the bill needs. In a small business, both people may be you, several days apart.

A short handoff can save some retracing of steps: identify the job, sort out what's ready to bill and decide who sends it. The aim is to be able to open a job record and prepare the bill without rereading a month's messages. Here's a note you can copy into the tools you already use.

1. Make the job easy to recognize

"The Smith job" may be perfectly clear to the crew. It gets less helpful when Smith has three locations and two jobs under way. Put the customer, site and job reference together where the bill will be prepared. Include the purchase order if the customer requires one. Add the billing period or milestone, the person who can confirm the work, and where the invoice needs to go.

That last detail deserves a check. The person who asked for the work may be different from the person processing the bill. An invoice sent to a familiar contact can still miss the required billing inbox or portal.

Use what you already have. If the purchase order is in the job record, carry it through. If the billing instructions were agreed at setup, keep them with the job. Ask people to fill the gaps, rather than fill out the same information again.

2. Give the extras somewhere to go

Most of the original scope may be straightforward. Then there is the return visit, the extra material or the receipt that arrived after the rest of the paperwork.

Keep three things clear: what's ready to bill, what's already been billed and what still needs a decision. A note saying "check extras" leaves the next person with the whole puzzle. "Tuesday return visit: approval pending; Alex to confirm with customer" gives them a next step.

A time entry needs context, too. Hours recorded against a fixed-price job may support the agreed price without becoming another charge. On an hourly job, dates, descriptions and agreed rates need to travel with the hours. For a receipt, make clear which job it belongs to and whether the cost is already included or billed separately under the agreement.

Take a simple, hypothetical example. A service contractor is preparing a bill with:

- $2,400 for a completed fixed-price milestone.
- $180 for an approved extra visit.
- $120 for another extra that is still awaiting a decision.

Technician hours recorded against the fixed-price work.

In this example, $2,580 is ready for the bill, before any applicable tax or agreed adjustments. The technician hours aren't charged again on top of the fixed price. The $120 gets a separate follow-up note with a person responsible for resolving it, so it doesn't quietly disappear.

Now suppose this customer's instructions require a purchase order, and the reference is missing. Flag that before sending: "PO needed; Alex to obtain from customer." Once Alex adds it to the job record, the invoice can be checked and submitted through the agreed route.

The arithmetic was the easy part. The useful work was separating the approved charges, keeping the unresolved extra visible and catching the missing reference while the bill was still in the office. A missing reference can leave a much larger bill waiting.

3. Put a name next to "send"

"Ready to bill" is a useful status. It still needs someone to press send.

Name the person preparing the invoice, anyone who needs to check it, and when it should go out. Use the timing and format agreed for that job, including any scheduled payment application. The checklist should help assemble what's needed for that process.

After sending, record the invoice number, date and destination. Keep the submission receipt or portal reference if there is one. If the bill comes back, add the reason and who is fixing it. "Sent" and "needs a correction" call for different work; it helps to tell them apart at a glance.

A billing note you can copy

Keep this beside the job's existing records. Link to the details instead of copying every receipt and message into it.

- **Job:** Customer, site/project, job or PO reference.
- **Send to:** Billing contact, inbox or portal; required supporting documents.
- **Bill this time:** Completed work being billed, agreed amounts or rates, and links to supporting records.
- **Already covered:** Work included in the price or billed previously.
- **Still open:** Question, person responsible and next action.
- **Send:** Person responsible and date; add the invoice number and submission receipt once sent.

For the example above, the middle of that note could read:

- **Bill this time:** $2,400 milestone + $180 approved visit = $2,580 before applicable tax or adjustments; approval saved with job.
- **Already covered:** Technician hours included in the $2,400 fixed price.
- **Still open:** $120 extra awaiting approval; Alex to confirm with customer. PO missing; Alex to obtain before submission.
- **Send:** Jordan to review and send after the PO is recorded, at the agreed billing date.

The open-items line does two jobs: it keeps an unanswered question from being mistaken for an approved charge, and it keeps that possible charge from being forgotten. It also tells the next person exactly what to do. If you run the business alone, put your own name there; the next person may be you on Monday.

Start with the next few bills

Pick one finished job that hasn't been billed and try filling in the note. Leave unknowns visible. "PO missing" is useful information; a blank field is easy to overlook.

Give each gap a next action, then use the note on the next few jobs. If the same question keeps coming up, move that check earlier. Get the billing reference at setup. Save approval for an extra against the job when it arrives. Connect the receipt to the work while someone still remembers the purchase.

At the end of the cycle, look at the finished jobs still waiting to be billed and add up the amounts otherwise ready for submission. That gives you a concrete place to focus. A missing PO holding up a $2,580 bill deserves a clearer next action than "do paperwork."

Software can help carry those records through to billing. A sensible first test is whether it saves you from typing or hunting for information you've already recorded.

By the next Friday, see which questions you no longer have to ask. That is a small improvement you can feel: fewer loose ends between a finished job and an invoice on its way.

About the Author

Anton Mar is part of the BillGrid team, working to make the steps between doing client work and getting paid less of a chore. BillGrid connects projects, tasks, time and expenses with estimates, invoices, payments and file delivery. The aim is to help businesses spend less time entering the same information and more time running their business.

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