

Testing Times

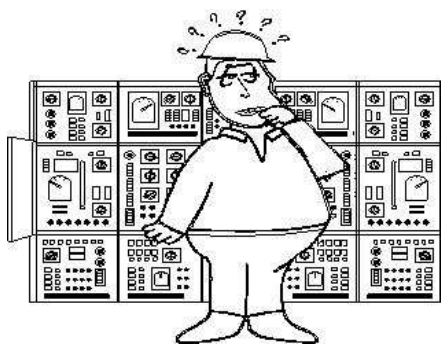
A newsletter for the electrical construction and maintenance industry

Volume 12 No. 3

Get what you want from your Electrical Testing Firm

In today's competitive world, we are often forced to get multiple bids on projects. This process, although time consuming, can save a company money. Unfortunately, this process usually means selecting the lowest bidder on a project. The question becomes, "Does the lowest bidder really give you the best value?" There are all too many examples where this is not the case.

Take a recent example: We had been providing maintenance testing for a very large, very satisfied client for many years. We were very familiar with their equipment and their specific requirements for testing. Upper management determined that due to the dollar size of this work, the project must be put out for bid. The client required three bidders. We were not the lowest bidder. The low bidder was awarded the project and proceeded with the testing and maintenance work. The specifications of the project required the client to provide manpower assistance during the testing process. It took over twice as long for them to complete the work than it took us in previous



The lowest bidder at bid time may not be the best overall value for your company

years. Neither the client nor the testing firm had budgeted for this extra time. Even though the testing firm had to provide the work for the firm price they quoted, the client's costs increased in the extra manpower they supplied to assist.

Did this client save money? Probably not. Did they learn a valuable lesson? Hopefully. But unless an actual cost analysis is performed after the project is complete, upper management may never know what the true cost of this project was and may still believe that they saved

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Hood-Patterson & Dewar in Atlanta has moved!!!

After 31 years in our facility on Milscott Drive in Decatur, GA, we outgrew our space. We have relocated to:

850 Center Way
Norcross, GA 30071

Mailing address:
P.O. Box 2808
Norcross, GA 30091-2808

Telephone: (770) 453-1415
FAX (770) 453-1416

Website: www.hoodpd.com

Our e-mail addresses will remain the same. Come see us in our new location.



HOOD - PATTERSON & DEWAR
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money. This is not to say that looking at new bidders is a bad policy, but often when switching vendors, you must factor in a steep learning curve for a new vendor before he can perform your work efficiently and cost effectively.

Other factors to consider should be actually checking a new vendor's references and company qualifications. It is amazing how many companies ask for references but never talk to these references. An example of this involves a customer who was used as a reference by an original equipment manufacturer (OEM). The customer had a company call him as a reference for the OEM. The customer told the inquiring company that he was very unhappy with the OEM's equipment and was looking to replace it as soon as possible. This example illustrated two principles: Valuable decision-making information can be learned from checking references, and we should all make sure our references are happy with our performance before we use them.

In determining the best value in a bidder, you should also understand a company's history, employee

makeup and qualifications. Do they subcontract work to lower paid workers in order to bid a lower price or are all workers proposed on the project full-time, experienced employees? Are you comparing apple to apples in how the work will be done? Does the testing firm have a history of submitting change orders to make up money after being the "low bidder"?

If possible, meet with a representative from the testing firm and ask these types of questions. Sometimes you can get a feeling just from meeting someone as to whether you think this is the right firm for your project. In the end, being forced to go with the lowest bidder on any type of work can be a very unfortunate way to pick an important part your construction team. Make use of references and do your homework before hiring a new firm. If you are happy with a past provider, go the extra mile with upper management and accounting by citing the learning curve costs of going with a new vendor. In the end, the lowest bidder at bid time may not be the best overall value for your company.

All questions, comments and topics for future discussion are welcomed. If we use your topic in a future *Testing Times* issue we will send you a \$25.00 American Express gift card. Please send to Ms. Lyn Cosby at e-mail Lcosby@hoodpd.com.

Please let us know if you would like to receive the *Testing Times* by e-mail.

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- **Get what you want from your Electrical Testing Firm**
- **We've Moved!**