

How To Improve The Relationship With And The Productivity From Your Subcontractors Tomicide Solutions

A Monthly Business Development Newsletter For Privately
Held IT Companies And Independent IT Professionals

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[Blog entry](#)

Have you ever thought about why the Taliban raid on Camp Bastion in Afghanistan on 14 September 2012 succeeded?

15 Taliban fighters, dressed as US Marines, penetrated the compound and, with clockwork precision, started taking out the refuelling stations the aircrafts and the cryogenics labs. Then they set the explosives.

It took a four-hour fire fight to defeat the Taliban attackers.

And then came the investigation of what had happened and why it could happen.

It turns out that military leaders had decided to outsource watchtower security on the base to soldiers from Tonga.

According to Nick Francona, a former Marine Corps Ground Intelligence Officer and former Scout Sniper Platoon Commander, “The attack only occurred because of an egregious failure in basic infantry practices. ... It is painfully obvious that this attack would not have been successful, or likely even attempted, if not for multiple security failures at Leatherneck/Bastion.”

And what was the big security failure?

Well, it seems Major General Charles “Mark” Gurganus had decided to short change good security for cheap security.

So he hired mercenaries from Tonga, who were notorious for sleeping on the job, to provide watch tower security. But he also ordered the Marines to significantly scale back on perimeter patrols.

So, it’s fair to say that the disaster was caused by the combined incompetence of the Tongan mercenaries and the US commanders.

I’ve mentioned this story because a similar dynamic plays out between IT companies and their subcontractors too.

IT companies are looking for cheap subcontractors and the subcontractors they hire simply live up to the “cheap” expectation.

Then work goes over time and over budget. And the problem is that it’s not the subcontractor’s reputation but the main company’s reputation is on the line.

In the Camp Bastion raid example, it’s not the Tongan unit’s commander who gets questioned for incompetence, but the American commanders.

It plays out in business in the same way. It’s always the main contractor who gets blamed.

There are two options here...

1. Hire cheap and micromanage the living daylight out of your subcontractors in order to get some productivity out of them.
2. Hire good, treat them as collaborators and provide a work environment in which they can do their best work. Oh, and get out of the way and let them do great work.

You can do that by establishing your 5-star client criteria for subcontractors.

These criteria can be some of the first hurdles for subcontractors to overcome in order to work with your company.

But before we go any further, let's wait a moment. We have to clear up a vital conceptual issue here.

Why Is The Subcontractor A Subcontractor?

Subcontractors are subcontractors because...

1. Although they know business development and its importance, but they don't want to invest in it. They just want to latch on to some companies that invest in business development and have healthy client loads.
2. They don't even know business development, and since they don't want to invest the time and money to learn it, they work with healthy¹ companies.

In return for not doing business development, when it comes to sharing the booties, it's fair to treat these companies as second class citizens, and I don't mean it in a nasty way but in a commercial way.

They don't do business development to keep their money and not to risk it. Good. But profits lie in risks. No risk not reward.

Paraphrasing the old saying, "By their fruit you will recognize them", "By their business development you recognise healthy businesses."

After clarifying these little but vital details, we can fiddle with the working criteria in order to make the most of your subcontractors.

Idea #1: Become And Remain The Proverbial Conductor

Working with subcontractors is like conducting a symphonic orchestra. Instead of getting bogged down playing the piccolo or micromanaging the timpani player on holding his drumsticks more efficiently, your job is to conduct the orchestra.

Your subs are subject matter experts in their own areas, and they don't really need your interference on how to do their jobs better. You've hired them because they know that.

As we've discussed earlier, subcontractors are subcontractors because they don't want to do their own business development, but they are also subcontractors because they enjoy the freedom of working for themselves. And they need a traditional boss roughly as much as a fish needs a bicycle.

Communicate clearly with your subcontractors, but don't try to become one of them. You have to maintain the conductor/project manager role.

¹ In my definition, IT companies that don't do their own business development are not healthy. They can do certain work really well, but they should never be regarded as fully functional, healthy organisations.

Idea #2: Educate Your Subs On Business Development

This point may sound counterintuitive, but this education creates a link in your subs' minds between doing kick-arse quality work and repeat and referral business. They also understand that money is in repeat and referral business, and the higher fees you can charge, the more money subs can make working with you.

One part of business development is that your subs can keep their eyes open for new opportunities while working on existing projects. If they discover potential opportunities, they can ask clients if it were appropriate to look a bit deeper into that new issue.

And clients will tell what to do. There is no pushing; only gently probing.

Idea #3: Direct Access To A Designated Liaison

For the sake of consistency, you're better off with subcontractor companies than with subcontractor individuals, although that can vary depending on the nature of the work.

The disadvantage in working with companies is that when you contact the sub company, you get tossed around from person to person.

Therefore, make sure you have designated liaisons with all your sub companies and you can reach them directly without the interference of gatekeepers.

This is vital because someone has to be responsible for the work.

Think of the RASCI matrix...

Yes, you have overall accountability for the project, but your subs have responsibility for their designated tasks.

And the only way you can stand up to your accountabilities is by having access to the people who are responsible for their own tasks.

It is also important to regard these liaisons of your subs as if they belonged to your own company. Invite them to important meetings and your company's social events. Make them feel that they belong.

Idea #4: Become Amazingly Good At Pricing Projects

If you want top-notch subs to work with your company, then become a kick-arse pricer.

If you compete on price, you are forced to work with bottom-feeder subs. One problem is that you don't make much profit on your gigs, but the even bigger problem is that these low-profit projects put your subs into starvation mode.

But instead of leaving you, they staff your projects with their interns, apprentices and no-hopers who haven't quitted yet.

And the problem is that as the project manager, if the shit hits the fan in some unforeseen ways, it's your arse in the sling not theirs.

But if you're a good pricer and sell your services at premium prices, you can pay your subs amazingly well. As a result, of course, you can work with the best subs in the vicinity. You can do amazing quality work and clients start spreading the word on your good work like bushfire.

Idea #5: Stay With Premium Subs And Avoid The Cheap Ones

Many IT managers make the mistake of hiring cheap subs, thinking that the less they have to pay subs, the more they can keep for themselves.

But it never works.

Cheap subs usually employ the hoi polloi of the profession. People who haven't been able to find work at good subs. How much do you think these bottom-end workers care about doing quality work? They don't.

They do the bare minimum not to get fired. And to do that is pretty easy at low-end companies.

Then cheap subs finish the work but the client is not happy. So, if the main contractor has a guarantee, the client pulls the trigger on it. If there is no guarantee, the client goes to his lawyer and files a lawsuit against the main contractors.

No problem, the main contractor pays.

But to make the matter worse, now the client is trumpeting his bad experience with the main contractor all over the social media network.

And on that note, the main contractor might as well close shop and hang himself on the cherry tree in his back yard.

In the long run, the cheapest solution often costs the most.

Idea #6: Brief Your Team Often And Correctly

So you work with high-calibre subs. Great.

One important point is that as you brief your subs on projects' parameters, stay with the big picture, and don't try to dictate to them how to do their areas of speciality.

For instance, tell subs that the client needs a backup system for 155 workstations, but don't try to specify the components of that backup system. This sub's team consists of backup experts, and they know what to use and how to use it.

How often should you brief your subs? Often enough to make sure that they don't feel "cut out". Briefings don't necessarily have to be technical briefings. The other parts of the briefings are general encouragement and feedback. That way your subs feel they really belong to a project team, and they get more motivated to do kick-arse calibre work.

Idea #7: Be Candid With Your Subs

Since you carry the burden of overall accountability for the project, it's your responsibility to

point out shortcomings in your subs' work. Subs are human, so they do make mistakes. But those mistakes are not something to be ashamed of but rather something to learn from.

Whatever problem you find, point it out right away and discuss ways to resolve issues. Never wait until the After Action Review (AAR) upon completion of the project. By then it's too late to do anything.

Tell your subs that here and there they may have to work on weekends or pull some all-nighters. However, when you scope the work, scope it in such a way that it can be completed without stressing the project crew.

The interesting thing is that low-end subs love main contractors who leave them alone and let them do whatever they do. High-end subs love working with main contractors that bring out the best in them because they know this is the way they can learn from each other. And top-drawer professionals take every opportunity to learn.

Idea #8: Require Exclusivity

When you use a certain sub pretty often, you have the right to require exclusivity, that is, your subs work with only one main contractor, your company.

Besides that, they can do all the work they want but not as your competitors' subs. They can work as main contractors all they want.

This may sound harsh, but you don't want your subs to do kick-arse work for your direct competitors, gradually eroding your unique stand in the market.

To require this level of exclusivity, you have to provide pretty frequent work for your subs and pay them pretty well.

But, sometimes, despite this exclusivity, some subs end up working with some of your competitors.

For a while it can be kept as a secret, but sooner or later the bubble bursts, and you learn about your sub's "unfaithfulness".

That's when you have to call the sub on the carpet and read the riot act.

And before you pass judgement on them, find out why they have shackled up with other main contractors. There may be shortcomings in your own operation.

Remember every good main contractor-subcontractor relationship is a strategic advantage both for main contractors and subcontractors, and don't throw these alliances away.

Idea #9: Don't Blindly Accept Everything That Subs Tells You

Pulling in new cables in a new building can be messy indeed, and your sub may be reluctant to clean up the place at the end of every day. But you have the right to insist on cleanliness because that's one of the client's assessment points of the quality of your work.

Or some subs may say they don't have the manpower to write up and send you daily progress

reports. You know you need the report, so if something goes wrong with the project, you can take the appropriate action right away to correct the situation.

But there is an affine line here. Just because your subs send you this progress report, it doesn't mean you're free to interfere with the nuts and bolt of their operation. They are the subject matter experts, and they deserve a certain level of creative freedom to do their best work.

If you're a farmer, you expect your mama piggy to raise happy and healthy piglets, and you check on them, but you don't start preaching the mama piggy on the ins and outs of raising happy and healthy piglets. That's her subject matter expertise. You only care about progress.

The good news is that good subs understand the dynamic of this freedom and accountability. Bad subs demand more freedom and less accountability. Well, you either try to explain them the importance this freedom with accountability concept again or replace them.

Idea #10: Don't Try To Motivate Your Subs

Eric Schmidt of Google once said, "A players work for impact not money."

Members of a high-calibre sub team operate at the top of the Maslow pyramid. They focus on self-actualisation. They are the proverbial missionaries. They do what they do for a cause.

Members of a low-calibre sub team operate at the bottom of the Maslow pyramid. They focus on survival. They work for money.

Alfie Kohn, the author of *Punished by Rewards: The Trouble with Gold Stars, Incentive Plans, A's, Praise, and Other Bribes*, wrote in the Nov/Dec 1993 issue of Harvard Business Review, "Pay your people well and fairly, and do your best to help them to forget about money."

Money is one thing. Besides money, it's the main contractor's job to create a work atmosphere that nurtures subs' professionalism and inspires them to do kick-arse work.



Top professionals get inspired by challenging projects. But if challenge is one side of a project coin, then pressure is the other. The difference is that challenge (toughness) is the projects' attribute, which top professionals love and seek in their careers. Pressure (roughness) is the management's attribute, which professionals hate and do their best to avoid.

Manny IT companies have challenging projects but they manage them with equally high pressure.

Great subs love challenge but hate pressure. Ideally, they seek high-challenge work offered by low-pressure main contractors. All in all,

they refuse to work with petty tyrants, delusional business dictators or other assortments of

morons.

High pressure is the manifestation of managerial incompetence. Incompetent managers try to cover up their own incompetence by treating their subordinates like dirt.

So, in order to find and attract great subs, you have to maintain a high-challenge, low-pressure environment.

Idea #11: Be Open To Learning From Your Subs And Let Them Learn From You

This is the ideal collaboration. Both you and your subs have things to teach to each other and learn from each other.

It also makes sense to send some of your subs to professional development programmes on your dime.

Now some people may say that if they help their subs so much, some day those subs can stand on their own feet and do the work without you.

Maybe.

But remember, that it's you who manages client relationships. As far as clients are concerned, they get great work from you.

I give you a music example.

Between the late 70s and the late 90s, the Chicago Symphony Orchestra was one of the most respected symphonic orchestras in the world.

Guess why?

Because of the "project manager" or "main contractor".

Between 1969–1991 Sir Georg Solti was Chicago Symphony's musical director and between 1991 and 1997 he was its principal conductor.

Then Sir Georg died 5 September 1997, and the legend started crumbling. Yes, the orchestra is still there but it's a far cry from its glory during the "Solti years".

And having read several books and seen several documentaries on Sir Georg, it's clear that he was both a great teacher and a great student. Just watch some of his rehearsal sessions with Dame Kiri Te Kanawa² how they act both as teachers and students.

And as a result of this relationship, they left their clients, well the audience, awestruck time and time again.

The quality of the relationship raised the performance levels of two brilliant musicians even higher.

² <https://www.youtube.com/watch?v=o-6bWYNnoQ0>

Idea #12: Share Your Success With Your Subs

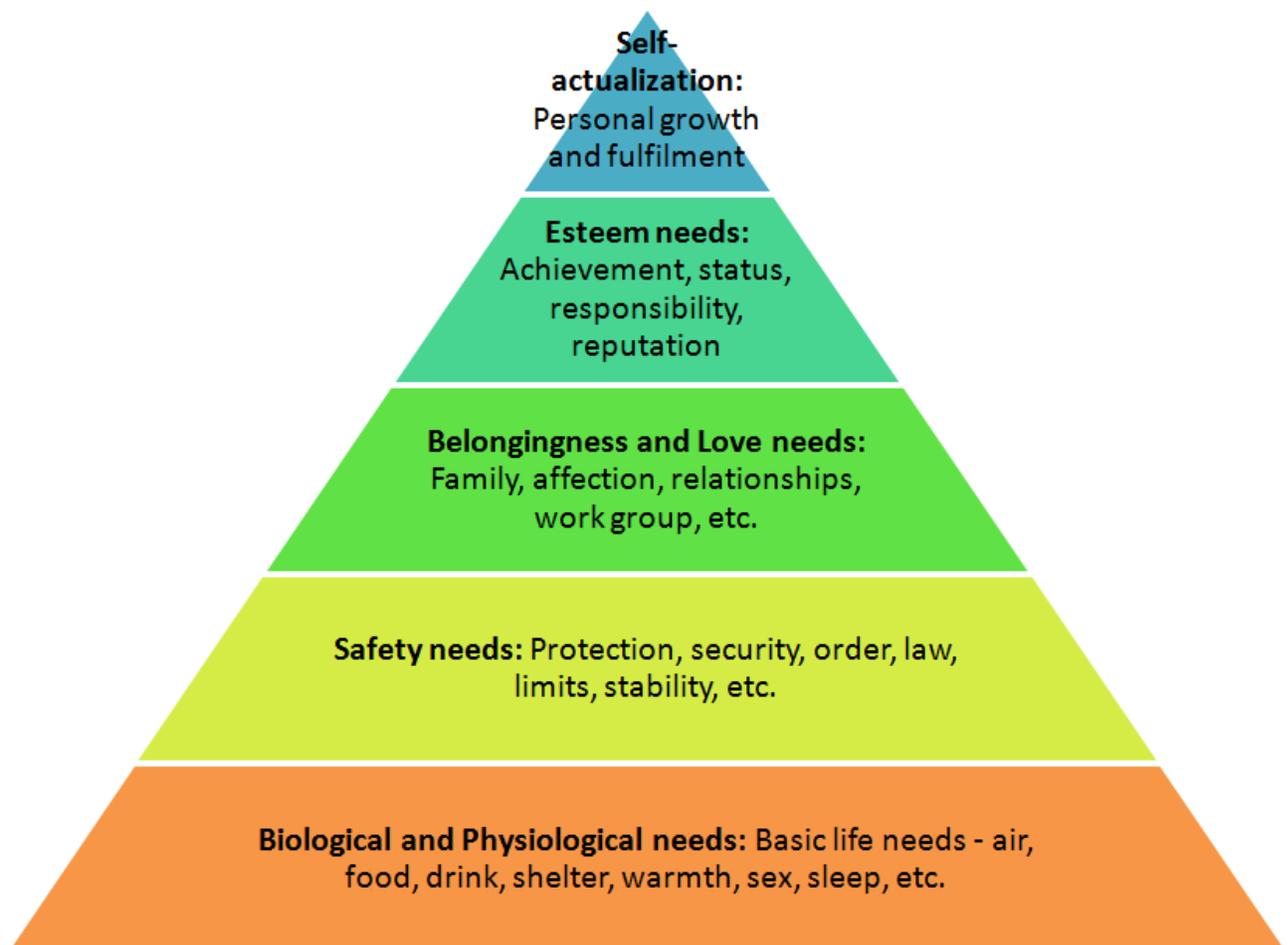
Many main contractors are very good at taking credit when projects are going well. Sadly, they are equally good at blaming their subs when things are not going well.

The key is to share both good and bad. Let your subs bathe in the glory of successful projects. After all, they've done a great job and you've made your money. So, with your bag of money in hand, you might as well stand in the shadows and let your subs take the central stage absorb the client's standing ovation.

Remember that top-notch subs have top-drawer professionals who work in the top region of the Maslow pyramid. They are in hard-core self-actualisation mode. They expect to earn exceptionally good money for their expertise, but money is only the starting point.

Therefore they need much more than money for the good work. They also need psychological fulfilment. And that psychological fulfilment comes from letting them take credit for the good work.

If you try to take this away from them, no matter how much you pay, they will leave you, starting with the best.



And who stays with you the longest?

Well, the people who operate in the bottom region of the pyramid. The bottom end professionals who work for money in their fight for survival to take care of basic needs in their lives.

Granted, they are pretty cheap to hire, but managing them is like herding cats.

You do that for a while and when you go to your next annual physical check-up, your doctor may have some nasty surprises for you. All induced by excessive stress.

Idea #13: Do A Memorable After Action Review (AAR)

There is a reason why the US Army developed the After Action Review to let team members to debrief their missions.

In these meetings soldiers show up without ranks and instead of pointing fingers at each other, they depersonalise events and dissect them. They assess what went well and what can be improved next time.

I also suggest that you combine AARs with diner and invite team members' spouses too.

No, you don't have to pay for it all; people can pay for themselves, but the fact that you have such an event can have a good impact on your subs' loyalty to you.

Plus A Vital Advice: Don't Ever Become A Subcontractor To Others

The reality is that the more layers you have between your buyers and you, the less you get paid. Yes, you can forego the cost and effort of business development, but then you have to remain a sub forever. And when it comes to money, it can be pretty significant.

Just look at Apple. Thousands of subcontractors write apps for Apple. Yet, Apple is the star and the subcontractors are virtually unknown. Their biggest benefit is that they can use Apple on their resumes and that can have a positive impact on their getting hired.

Otherwise, I would encourage you to look into business development and break out of the subcontractor yoke.

It's nice what we've discussed here, but most main contractors treat their subs like shit. They pay them poorly and short of beating them, they abuse them in a broad variety of ways.

It's nice to save on business development, but look at the high financial and psychological price subs have to pay for that.

Is it worth?

On Summary

So, the question is this: Do you have such great subs?

If yes, then how can you further improve your alliance?

If not, how can you magnetise your own company in such a way that you can attract amazing

subs?

Start documenting your criteria for the Perfect Sub, and then you can start looking. It will take a bit of time to vet them and make them full-blown alliance partners. So, the sooner you start, the better.

Also...

If you have a chance on Amazon or in your local record store, look at some performances by the Berliner Philharmoniker with Herbert Von Karajan.

In that setup the Berliner Philharmoniker was the main contractor with Karajan as project manager.

And he used almost the same top-drawer “subcontractors” on his recordings: The Vienna Singverein (Choir), Anna Tomowa-Sintow (soprano), Agnes Baltsa (mezzo-soprano) and José van Dam (basse). This combination made him one of the most successful conductors of his time. So, I guess it is worth using kick-arse, top-echelon subs.

What do you think?

In the meantime, don’t sell harder. Market smarter and your business will be better off for it.

About The Author



Since 1998, after a 16-year industrial stint as an electronics/computer engineer, project manager and technical buyer, Tom "Bald Dog" Varjan has been working with privately held information technology companies and independent IT professionals to market and sell their complex, high-ticket and hard-to-explain IT solutions to high-end, sophisticated clients. For Tom’s free white paper, “More Brain Less Brawn: High-Leverage Client Acquisition Strategies For Privately Held IT Companies In The Knowledge-Based Economy”, go to <http://www.varjan.com>

Additional Knowledge Products to Build Your IT Business

Here are some knowledge products on business development for building your premium-calibre IT business. It’s especially for privately held “entrepreneurial” IT companies and solo IT professionals.

These products are sort of workbooks. They explain what is what, then walk you through the "how to..." part of the process. As you read the books, you do the exercises, and by the time you finish reading, all the relevant bits and bobs are in front of you on paper applied to your own

unique situation. For this reason, the materials are not long but rather dense.
I hope you find them valuable.

Winning Yellow Pages Advertising For Information Technology Companies: One piece of good news is that most people who look you up in Yellow Pages are serious buyers. Another piece of good news is that some 97% of Yellow Pages ads are like eunuchs in a harem. They are physically there but are unable to perform.

The bad news is that your Yellow Pages ads might look like your competitors' ads. But that's great recognition and you can now correct this error.

Some people say, no one uses the Yellow Pages any more. Normally not. But in case of emergency (server down or computer crash), people look up the Yellow Pages and phone the company that is best differentiated from the masses. And remember that emergency work has very very high perceived value. So, take a moment and look at your ads. [Winning Yellow Pages Advertising For Information Technology Companies](#)

Perfect IT Client Profile Development Toolkit: We all know the high financial and psychological cost of low quality clients. They pay little but demand a lot. Even when they are happy, they are reluctant to give testimonials and introduce us to their connections. So, it's pretty important to carefully cherry-pick clients and to make sure they come from the top 0.5-2% of the Perfect Client Pyramid.

Yes, these top-drawer companies are hard to "conquer", but in the long-run, they offer the highest return on your marketing investment. But before contacting them, you have to define them in your business. And this is what this knowledge product does. [Perfect IT Client Profile Development Toolkit](#)