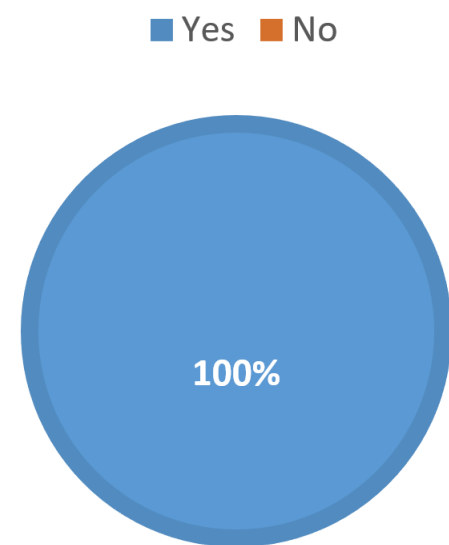
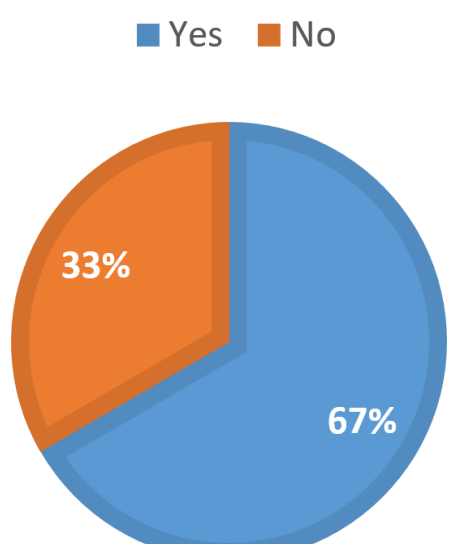


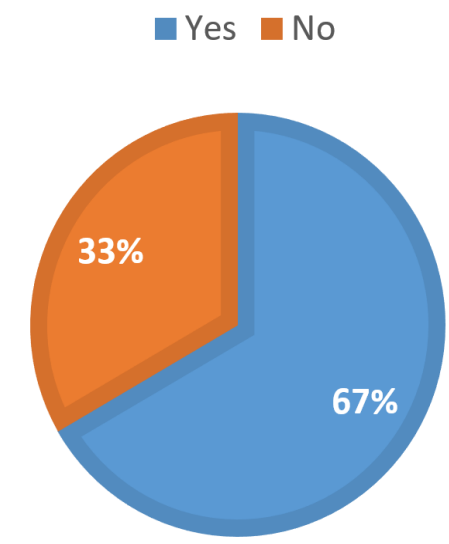
DO YOU SEE RETAINAGE AS PART OF THE CONTRACT TERMS ON MOST JOBS THAT YOU BID?



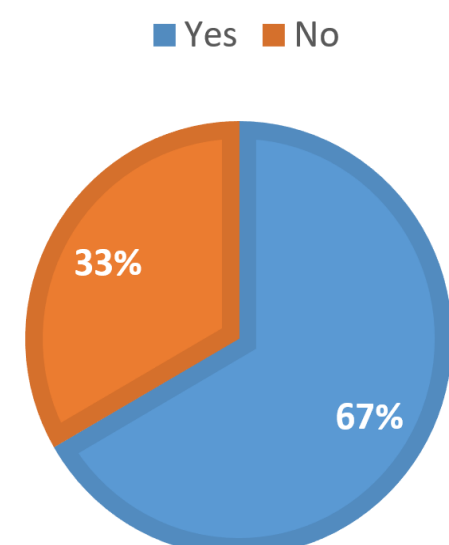
IS THERE ANY CORRELATION AT ALL BETWEEN YOUR PROJECT SUCCESS RATE AND RETAINAGE?



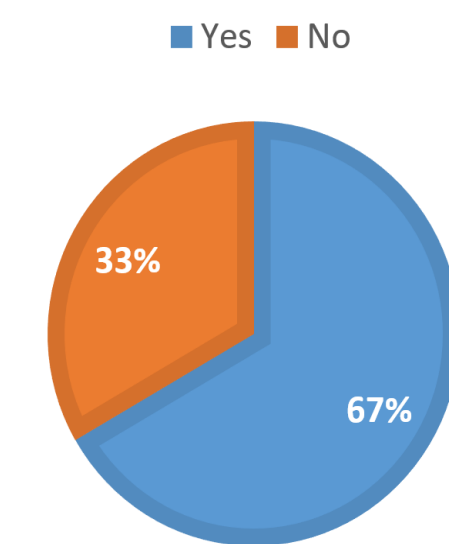
HAVE YOU EVER SUBCONTRACTED OUT PART OF YOUR SCOPE AND NOTICED THIS CORRELATION?



IN YOUR EXPERIENCE HAS RETAINAGE DONE MORE HARM THAN GOOD?



HAS RETAINAGE EVER STOPPED YOU FROM BIDDING ON JOBS THAT YOU WOULD HAVE BID ON?



Confronting Retainage and Its Disruptive Effects on the Business Practices of Commercial Concrete Subcontractors



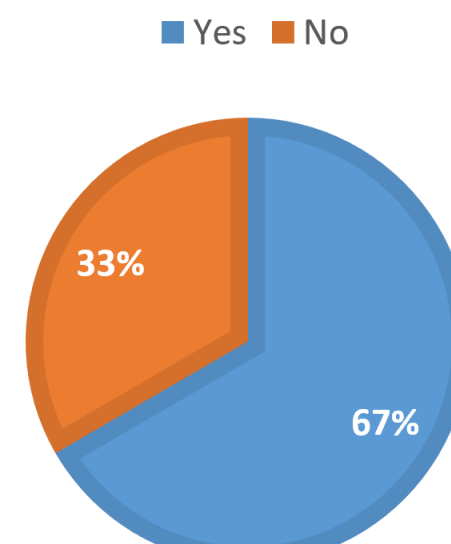
Retainage is a percentage of construction progress payments which are deliberately withheld from the subcontractor until a specified point in time, usually the project's completion. The purpose of retainage is to assure that the subcontractor will satisfy contractual obligations and complete the construction project wholly. This paper aims to explore the extent of the damage that retainage is capable of inflicting on the financial health of commercial concrete subcontractors and strategies which can be utilized to mitigate or avoid damage to their financial health. The methodology implemented to conduct this exploration is a series of interviews with commercial concrete subcontractors. An analysis of these interviews in conjunction with a thorough literature review demonstrates that retainage does indeed impact financial health of commercial concrete subcontractors though the scale of the operation does make a difference in the severity of this impact. Whether or not the construction industry is ready to eliminate this practice, it is undeniable that there are elements of the retainage practice that are simply unfair. The immediate elimination of retainage from the construction culture is unlikely. Despite this, the perspective on retainage does seem to be shifting in favor of subcontractors as proven through the passing of recent legislation and the increasing negotiations between general contractors and subcontractors.

Key Words: Subcontractor, Retainage, Cost, Benefit, Concrete, Construction

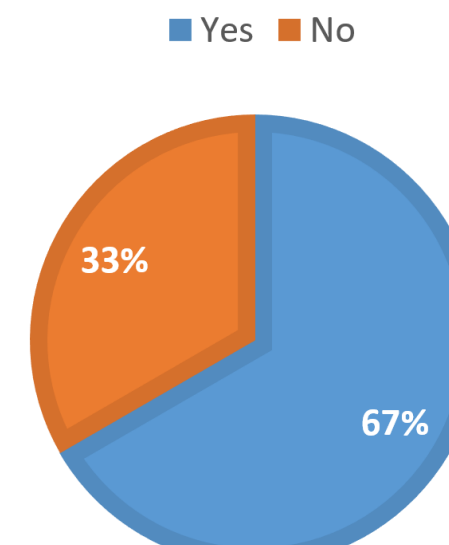
"We are a contractor. We are not a bank... Retainage does more harm than good if reputable subcontractors are used for the work. It limits their growth potential by restricting cash flow, and causing unnecessary debt to be incurred."

-Chris Forster, Vice President of Operations, Largo Concrete Inc.

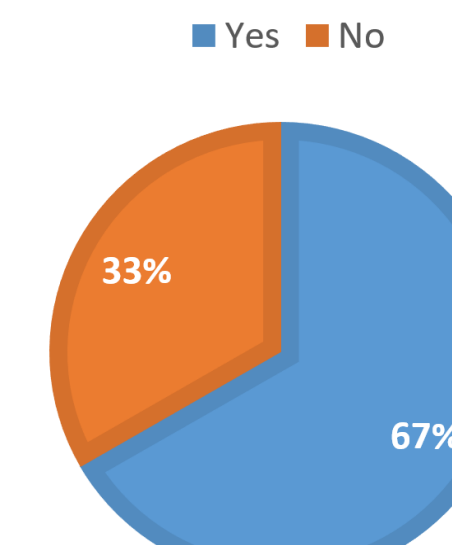
HAVE YOU EVER COMPLIED WITH A GC'S ORDERS OUTSIDE OF YOUR CONTRACT BECAUSE OF RETAINAGE?



HAS A GC EVER LEVERAGED RETAINAGE TO FORCE COMPLIANCE WITH TASKS OUTSIDE YOUR CONTRACT?



HAS RETAINAGE REQUIRED YOU TO BORROW FUNDS FROM THIRD PARTY FINANCIAL INSTITUTIONS?



HAVE YOU SEEN RETAINAGE REPLACED WITH NEGOTIATED ALTERNATIVES?

