



Sub-contract work for your business

Most small businesses use other businesses to carry out services such as preparing accounts, designing an image for your business, installing and maintaining technology and other equipment, taking away waste or supplying components, materials, tools or equipment. It is important to make sure that you get the kind of services or supplies you need from a sub-contractor.

This involves making sure that you:

1. agree contracts for the services and supplies you need for your business
2. deal with failures to meet contracts
3. negotiate with suppliers to improve future contracts

What you need to do

- make sure that current and future services or supplies will meet your requirements
- make sure that both you and the sub-contractor understand what will be delivered by them and on what terms
- make sure there are appropriate ways to communicate between your business and the sub-contractor
- confirm with the sub-contractor how you will check that their performance meets requirements
- identify, record and identify the reasons for any failures to meet requirements
- arrange for payment to be made in line with contract performance and record the reasons for any payment that differs from the terms of the original contract
- resolve any failures, record how they have been resolved and inform contractors
- seek legal advice where necessary
- make sure that requests to vary the terms of the contract are reasonable, justified by the facts and recorded
- agree any alterations with the contractor and inform them of the implications
- keep relevant people informed about requirements, the details of the contract between your business and the contractor, any failures to meet requirements and any changes to arrangements with contractors



What you need to know and understand

Sub-contracting work

- what the agreed terms and conditions for each contract are
- what the standards of performance in service or supply for each contract are
- how to assess whether contract performance meets the requirements of your business
- how to identify causes of failure to meet required performance and make sure they are not repeated
- how to resolve failure to meet requirements. (For example obtaining redress, varying the contract, initiating discussions between customers and sub-contractors and getting alternative sub-contractors.)
- how to get advice about seeking redress for unsatisfactory performance, including taking legal action
- what systems there are for recording variations in performance and agreed corrective actions

Laws and regulations

- what the legal requirements are for contracted services, including:
 - contract law;
 - The Health and Safety at Work Act; and
 - The Environmental Protection Act

Communication

- how to communicate with sub-contractors and other relevant people