

The construction industry faces a major problem: Inflation is squeezing contractors and subcontractors.

- » Overall inflation is causing the cost of everything to skyrocket, from food to fuel to office supplies and rent.

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in out-of-pocket costs. In key markets in California, the Pacific Northwest, and across the eastern seaboard, those costs are as much as 35% higher. Increasing diesel prices are an even greater concern. In early 2022, diesel costs rose 33% in just five weeks, driving the price to an all-time high of \$5.78 per gallon in June. According to EIA, diesel prices have jumped 141% since the pandemic began.

The cost of construction materials is about 35% to 60% of the overall construction cost. For the last three years, record inflation has driven up the cost of construction projects while also creating new risk management challenges for contractors. The construction industry weathered the pandemic economic slowdown better than most industries, but significant barriers to success remain.


Inflation is so detrimental to contractors and subcontractors because of the nature of the industry. It affects the small Pacific

bidding documents, spreadsheets and Post-It notes, software solutions provide quick and easy document replication, streamline bidding, and other critical processes and saving precious time and money.

For example, digitizing estimating and materials takeoff tasks reduces the amount of time needed to complete proposals. The increased accuracy also reduces the chances of cost overages and makes for easier cash flow.

The technology is particularly helpful in the crucial bidding process. Easy access to documents and data helps create more detailed, accurate, and speedier bids. The right applications also notify construction professionals about new projects in their service area and can help them place their bids ahead of the competitors and gain an advantage.

Of course, there is far more to an effective bid than speed or offering the lowest bid. Contractors and subcontractors need to build trust with project developers and showcase the attributes that make them a better fit than their competition. Integrated construction platforms allow construction professionals to complete extensive profiles of their businesses. They can create and save data illustrating their success, such as the completion of previous projects, safety records, licenses, and much more. This provides potential clients with the full scope of the company's true value and ability.

The digital revolution can help contractors and subcontractors maximize efficiencies, save money, and mitigate rising inflation. By using innovative construction planning and management technology now, construction professionals can improve critical business functions, strengthen collaboration, and be better prepared for the challenges ahead. 



About the Author

Ro Bhatia is the CEO of [PlanHub](#), the leading cloud-based preconstruction platform that enables general contractors, subcontractors, and suppliers to connect and collaborate on construction projects across the U.S. PlanHub was created by contractors, for contractors, to simplify the construction bidding process.

About the Article

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