

HOW TO HIRE A COMMERCIAL GENERAL CONTRACTOR

If you're starting the process of hiring a general contractor for your business' fit-out or new construction project, congratulations! That means that your project is becoming very real, and you're closer than ever to realizing your business goals.

Whether you're renovating an existing space for your business or building a new building, your choice of contractor is going to determine how well the project goes. If that sounds a little intimidating, don't worry. This article contains plenty of tips to help you choose a qualified commercial builder.

Hiring a commercial construction contractor involves a lot of homework, and it's really important homework. Think of it as one of those assignments that's worth **a lot** of the final grade! But it'll be worth it when your business opens in your awesome new space.



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But first, we have a question for you

Are you already working with an architect who's designing your new space?

If so, great! You're well on your way to your snazzy new location.

If you're not, and if you're expecting that the general contractor you hire will handle all of that for you, that's an important distinction to make. You'll need to find general contractors who do "design-build," which means they'll bring along an architect (either someone on their own staff, or an architect that they contract with) to do the design work.

Why is this important? Drawings that are stamped by a licensed architect are a must for getting a building permit – so this isn't something you can skip.

The good news is that a lot of commercial general contractors do offer design-build services, so it won't be hard to find some to choose from.

Ok! Now for the tips...

Learning as much as you can about the contractor is essential. Your project is too important to hire someone that you haven't thoroughly checked out. When you're running a business, time is money. Getting the construction work done efficiently – and in a high-quality manner– is critical so that you can start serving your customers.

How should I identify a few general contractors to consider?

We don't recommend relying **only** on Google for this, for a couple of reasons. First, you'll get a lot of results for residential contractors – and if you aren't already familiar with local construction companies, you'll waste a lot of time figuring out which contractors actually do commercial work vs. residential.

Secondly, in our experience, commercial general contractors often don't have very many Google reviews – so you won't get that much information right off the bat anyway, and you'll still have to do plenty of other research.

So, try these ideas to help you develop a "short list" of general contractors to consider:

Ask other business owners

This could be your single best way to find reputable contractors. Have you visited a business recently and admired their space? Ask them who built it, and what their experience was like working with that contractor. And buildings under construction will usually have a sign indicating who the contractor is – you might find some leads that way too.



Reaching out to other business owners could be your single best way to find reputable contractors.

Ask your architect

If you're working with an architect, they can be a great resource. They will have worked with many contractors, and can give you good information and recommendations.

Ask a commercial real estate broker

Similar to architects, commercial real estate brokers have a lot of experience and relationships in the construction industry, and may be able to give you a few referrals too.

Consider whether you'll be bidding the project, or choosing a contractor first and then negotiating the price with them

You can do it either way – but we **always** recommend that you choose your general contractor based on a combination of price and qualifications. Choosing solely based on the lowest bid might mean that you get stuck with someone who isn't committed to quality and safety.

Some business owners opt to evaluate a few contractors first, decide which one they think is the most qualified, and then negotiate a price with only that contractor (called "sole source procurement").

Alternatively, you could check out a handful of contractors, decide which 2-3 are most reputable, and then invite each of them to give you a bid (called "best value source selection"). That way, you know that everyone who's giving you a bid is qualified, and you can feel more confident going with the low bidder at that point.

If you decide to solicit bids from multiple contractors, make sure that they are all bidding on the exact same scope of work. Otherwise, it's impossible to compare and figure out which one is really giving you the best value.

If you're working with an architect and your project is already designed (or mostly designed), give all of the contractors the latest plans and specifications, and be clear with all of them about your timeline and any other relevant information.

When it's time to evaluate the bids, beware of bids that are significantly lower than the others. It might indicate that the contractor missed something important and left it out of their bid unintentionally.

Ask about similar projects they've done

If you're building a medical clinic, your requirements are pretty different than those of a restaurant. Choose a contractor that has done several of the same type of building that you're building. Every type of building has its own challenges, so you want a contractor that's familiar with those and knows how to navigate them.

Consider Bonding

In order to get a license to work as a general contractor, contractors are usually required to get a licensing bond. This bond is issued by a company called a "surety," and it guarantees the contractor will act in accordance with applicable laws and standards. The licensing bond protects project owners against negligence and fraud – but only to a certain dollar amount, and that dollar amount is often pretty low compared to the cost of a commercial construction project.



Some states have statewide requirements for the dollar amount of the licensing bond, but other states don't. In the states that don't, the requirements are determined by cities, counties, and other municipalities – so they can vary **dramatically**. (You can read more about state-by-state requirements [here](#)).

There are other types of bonds that general contractors can get that are specific to a project. You might consider a “contract bond,” which guarantees that the contractor will complete the terms of their contract for your project, and if they don't, the surety will step in and do so.

A contract bond also tells you something important about the contractor: a surety company has thoroughly vetted them, and found them to be an acceptable risk. A contractor that can't get a bond would be a red flag. ([This site](#) is a helpful resource to learn more about bonding.)

Verify their insurance coverage

Don't just ask if they're insured – ask for proof. Insurance requirements also vary by state, but your contractor should willingly give you proof that they have the appropriate liability, auto, and worker's compensation insurance. If anything about their insurance coverage feels suspicious to you, it's best to move on to another contractor.

Check references

A reputable commercial general contractor should be happy to give you references, and you should take the time to contact them. Ask about how the contractor handled unexpected issues that came up, how well they communicated everything, and whether they got the project done on time and within budget.

Interview them

All of the things we've mentioned so far are important, but don't skip an interview just because the contractor has given you some impressive marketing materials and a good price. The interview will help you get a feel for how well you can work with the contractor. **Ask to meet with the people who will be working directly on your project.** It's not helpful for you to just meet with a salesperson or the president if they won't have day-to-day involvement with your project.



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Keep in mind that you'll be working with these people for months – so it's important to make sure that you have good chemistry with them, that you feel comfortable with their communication style, and that you feel like you can trust them. If two contractors look great on paper but you just feel more comfortable with one of them over the other, that's a perfectly valid thing to base your decision on.

Make it official!

Always, always, always have a contract that puts everything in writing: the scope of work, the schedule, the contract amount, and the payment terms are particularly important, but that's not an all-inclusive list. Your general contractor should never begin work without a contract in place – it's for your protection and theirs.

(For more tips about choosing a contractor, be sure to check out our 3-part series.