

## HOW START UPS AND NEW OWNERS SHOULD SELECT THE BEST TEAM FOR COMMERCIAL CONSTRUCTION PROJECTS, PART 3



Two weeks ago, I began [Part 1](#) with ‘WHEN STARTING A COMMERCIAL DESIGN & CONSTRUCTION PROJECT, SELECTING THE RIGHT CONTRACTOR CAN SAVE TIME, MONEY, AND UNNECESSARY STRESS...’ and now we have come full circle to that last important part. Selecting the team.

Once [delivery method](#), [procurement method](#), and [contract type](#) have been established, the final step (and arguably the most important) is qualifying the contractor and other vendors. This process is similar to a job interview and asking the proper questions as it pertains to the project will generally filter out groups that are unqualified or not a good fit.

Below are some questions you need to ask a general contractor before you hire them.

### **Part 3 – Qualifying Your General Contractor**

Now is time to start sifting through qualifications and weighing your options between construction teams. I have outlined a few questions that you could ask to assist in your selection.

### **What is your expertise/specialization?**

The area of expertise is a key factor in choosing the right general contractor. For example, if your project is a restaurant, you want to make sure the contractor has had previous experience building restaurants. There are many factors included in restaurants that are not required in a project like an office space. A good way to find this information out is by asking the contractor for a list of his/her past projects.

### **What were your last 3 projects?**

This question goes hand in hand with the expertise question. If your project is a restaurant, you are going to want to hire a contractor who regularly works on restaurants.

### **Can I have a copy of your license?**

Having the right licenses and certifications also goes hand in hand with expertise. If the contractor you are considering is not licensed to take on the type of project you need them for, he/she may become a legal liability to you and is not worth the risk.

### **Do you have proof of insurance?**

You are only going to want to do business with a contractor who has proof of insurance. If you ask for proof of insurance and the contractor doesn't have it, mentions that they are 'exempt' from WC or behaves as if that is an unusual question...you should not hire the contractor.

You're also going to need to find out what the insurance covers. An uninsured general contractor can result in major expenses if an accident should happen during your project.

### **What is your gross annual volume of work?**

Knowing the general contractor's gross annual volume of work will help you know if the general contractor is capable. If the contractor completed only two projects in their career, that company will probably not be the best fit for you depending on the size and timeline of your project. On the other hand, if the general contractor completed 15 different projects within the year, you may feel more assured that they will be able to complete your project.

### **What trades do you perform internally?**

You are going to want to know what kind of relationship the contractor has with his team. In many cases, a general contractor will hire expert subcontractors to perform specific trades that the contractor has limited expertise in. This reduces project risk because it ensures that each specific task in your project is handled by the worker that is best suited to complete it. If the contractor does sub out for specific trades, make sure they are using qualified subcontractors, which leads me to the next question.

### **Have you worked with all your subcontractors before?**

An old saying in construction goes "a GC is only as good as his subs."

If the general contractor has a great subcontractor base and they work well together, the

project is much smoother. If the GC is searching for subs and has never worked with them before, it leaves the subcontractor's abilities in question. You're going to feel more comfortable with a contractor who has used the electrician for the past 5 years, than you would with a contractor who is hiring an electrician they have never met. You don't want to be left guessing whether or not your contractor's team is capable of completing your project.

### **Do you have any client references from previous work in the past year?**

If you find out the types of projects your prospective contractor has completed, you should ask him or her for references of people he or she worked for from the completed projects. You should then contact the owners to verify the contractor's quality of work. Some important criteria you should ask the reference are as follows:

- Did the overall project outcome fulfill your expectations?
- Did the contractor finish the project on time?
- Did the contractor communicate effectively to you?
- Did the contractor budget effectively? How close were the original prices to the project outcome?
  - The more specific their pricing is, the more you will save.

### **Are there any cost overruns, delays, or potential change orders that you foresee with this project?**

This information is necessary to find out to limit the amount of negative financial surprises that could come your way in the future. If the general contractor claims that they see absolutely no delays or overruns with the project, it is possible that he is not being honest with you. On the other hand, you don't want to choose a contractor that expects too many delays or overruns. After asking this question you'll have to discern whether or not he/she is giving you an honest answer.

### **How do you keep me informed throughout the project?**

Technology has advanced in the construction industry to the point that good contractors are able to verify their progress online so that project owners don't have to be at the job site to know that work is getting done. When your project is under construction, you're going to want to be able to keep track of its progress to make sure it remains on schedule.

### **What are your payment terms?**

For cashflow purposes, you need to find out when the contractor expects to be paid. Are material deposits required? Ideally, you should be paying for work that has been completed and not prepaying for future work.

### **Could you explain to me your punch list and closeout process?**

The punch list is important because it makes general contractor's accountable for finishing a project in its entirety. You want to make sure that once your project is over, everything that you need to get done actually gets done. If your general contractor has a thorough punchlist and closeout process, it will put you at ease once the project is over.

### **When are we able to start and what is the expected finished date?**

If your project is on a strict timeline, you're going to need to find a general contractor that can start as soon as possible and can give you some dates that he/she expects to finish the project. That way, you can plan to hit the ground running once your project is completed.



### **Summary**

In summary, choosing the right contractor requires ample time and energy but when done correctly, will make the project all the easier. Planning the project correctly and assembling a team that is experienced and works well together will save time, money and headache in the long run, and will result in a Development Made Simple.