

7 Questions to ask your contractor

The critical success factor in any construction project, is the contractor. A qualified, professional, experienced contractor knows what results are required for Owner satisfaction, as well as, what will lead to dissatisfaction down the road.

Allow yourself a minimum of **1 hour** to sit down with each contractor. Both of you need to explore the problems, products, and prices. You will be surprised at how many options and questions can be discussed with a professional contractor.

Taking only 1 hour of time getting to know and qualifying the contractor prior to awarding your project can save endless hours of time dealing with dissatisfaction.

Most dissatisfaction involves an Owner who did not fully know what they selected or committed themselves to. A professional contractor will take pride in his work and will have no problem discussing your options, his previous experience, and his list of satisfied customers.

Make sure that you ask the following 7 questions to make sure that you select the best contractor for your next project...

1. Does the Contractor have a permanent place of business?

All Contractor Selection Guidelines start with this question because most dissatisfaction involves low-bid undercapitalized contractors. If the contractor is not permanently established, how can you be confident he will complete the work – or will still be in business tomorrow to handle any problems?

Automatically reject any contractor without a permanent place of business.

The courts are full of dissatisfied Owners with worthless judgments against insolvent contractors.

While there is no way to guarantee any business is financially stable, there are some tell-tale signs, and you can take to protect yourself, and assure your satisfaction.

Visit the contractor's place of business. Does it look like it has been established there for a long time? Does it appear that the equipment, manpower, and wherewithal is available to complete your project in a professional and timely manner?

Automatically reject any bid from a contractor without substance.

Do not be swayed by a personable contractor or his attractive low price. It is not worth the risk. Select only a contractor that is financially committed to the business. Select someone you can call if a problem arises in the future.

A professional contractor will have no problem giving you a tour of the facilities and provide whatever financial proof is required for your peace of mind. Don't be timid about asking. The professional respects these questions and knows that time is being well spent with an intelligent buyer.

2. Does the company carry insurance and is the coverage adequate?

When deciding on a contractor be sure that the company can provide specific, detailed information of their insurance coverage. They should be able to provide the name and phone number of their insurance agent so you can verify everything.

This is the second most important question. Owners have been financially harmed by uninsured or inadequately insured contractors.

Automatically reject any contractor without proper and adequate insurance.

A contractor should provide you with a Certificate of Insurance for Comprehensive Liability, Worker's Compensation, and Completed Operations Insurance that protects you in the event of an accident or provides financial coverage for a failed project. The insurance should be adequate to cover the property.

Contractors may also carry other forms of insurance, such as health insurance and vehicle insurance. Do not be confused by these policies. Do not allow the contractor to pass them off as his proof of "contractors" insurance.

Call the insurance company and verify coverage.

Contractor insurance policies are for one year; and unscrupulous contractors have been known to modify the dates. Check carefully the dates on the Certificate of Insurance. Is it current?

Worker Accidents: Be aware that Owners are sued for injuries on their property. Most Owner Insurance Policies exclude outside contractors, so it is critical to make sure there is proper and adequate coverage. Don't be fooled by the contractor who says he doesn't need insurance because he is self-employed.

A tell-tale pattern of an uninsured or underinsured contractor is the low-bid. Be very wary of the low-bid. Also be wary of multiple low bids. You may have several uninsured contractors bidding the project.

Today, insurance to protect the workers and your property is a significant cost of a construction project. For example, Worker's compensation premiums are typically no less than 20% on top of the worker's wage, and can go as high as 100%, depending upon the type of work. The contractor, working without insurance, saves between 20% and 100% of his labor cost by operating without insurance, but he puts you at great risk. The contractor working without insurance, generally has no assets and nothing to lose, so you as the Owner, are totally exposed to any losses.

A professional contractor will readily provide you with a Certificate of Insurance and phone numbers you can call for verification.

Job Site Safety: Safety violations are now causing projects to be shut down and penalties are levied against involved parties. Some Owners have been stuck with incomplete projects due to violations and the contractor's unwillingness to pay fines or return to the site. In some cases, the Owner can be classified as the employer and they can or have been found responsible for the fines.

Ask contractors about their Safety Plan, which is required by OSHA.

Professional contractors will readily provide you with a Safety Plan so you are protected. The Safety Plan is another tell-tale sign of professionalism or the lack of same.

3. Is the company a licensed, registered contractor, and a member in good standing of a trade association?

Automatically reject any contractor who is not licensed.

However, do not be fooled by a contractor with a license. Generally, the license requirements are minimal and the law is generally poorly enforced. A better test is to question the contractor's commitment to his trade. Is he a member of the trade association?

Call the association and verify the answer. Ask if the contractor is taking Continuing Education Training, similar to other up-to-date professionals. Ask to see certificates. A professional contractor will be only too happy to respond to these questions.

Reject the contractor who blows off your questions as not being important. There are probably a lot of other issues he deems unimportant and will blow off, maybe one being your satisfaction.

4. How long has the company been in business?

Needless to say, the more experienced the better. Under five years is often a tell-tale sign of a potentially unstable business. Most contracting businesses (90%) fail within the first five years. Examine new business with extra care before awarding the project.

Check references carefully. Current references are only valuable to see if the Owner is happy with the contractor's work, but only long term references are the proof of actual performance of the contractor's work.

Most failed construction projects do not happen quickly, but deteriorate over a period of years. New project references should carry minimal weight in the decision making process vs. long term projects.

A professional contractor will gladly provide references and want you to speak with his past customers.

Automatically reject any contractors who can not provide a reference list of customers.

5. What is the contractor's record for complaint resolution?

Automatically reject any contractor who says they never had a complaint. The best of contractors find themselves in disputes for one reason or another.

Ask the contractor for the name of a problem account and explanation as to how they rectified the complaint.

Be forewarned that many quality contractors, in business for a long period of time, and with thousands of completed projects, are exposed to disputes. The question is, not if they have had disputes, but what was done about the dispute after it occurred.

Tip: One easy way to find out how a contractor handles customer complaints is by calling the Better Business Bureau.

6. What is the company's workmanship warranty?

Typically, contractor workmanship warranties are for one year or more. Longer warranties are not more valuable than shorter warranties. The length of the warranty is less important than the intent and ability of the contractor to stand behind his warranty. The professional contractor often performs well beyond the written warranty period because he knows that this is what builds customer loyalty and referrals.

Automatically reject any contractor with an unbelievable warranty. The warranty is just a sales tool to that contractor and you don't know what other "bill of goods" you have been sold.

The long-term warranty is provided by the manufacturer. It is critical to be assured that the product will be installed according to the manufacturer specifications, or there will be no warranty regardless the document you were provided. With many materials, the warranty is often only valid if the contractor is "Certified" to install the product.

Ask to see the contractor's training and certification certificate from the manufacturer. Call the manufacturer to determine if it is valid and the contractor is still in good standing.

Professional contractors will have no problem providing this proof, in fact, they will usually present their credentials before being asked.

7. Does the company provide sufficient details for the project being performed?

The contractor should be able to clearly explain how they plan to perform the work and what materials will be used.

Compliance with local ordinances – Question the contractor about what is required. Contact the local building department for verification. Question if the permit is included in the cost and who is responsible for obtaining the permit.

Product Selection – Make sure the proposal includes a specific reference to the product and color you have chosen. Your proposal will be your proof of purchase in later years.

Manufacturer Warranty Specifications – If the project is to be warranted by a manufacturer, confirm that the agreement states that the work will conform to the manufacturer specifications.

Clean-Up – Call for daily clean-up to help minimize safety issues or exposure.

Payment Terms – Schedule, terms and method of payment should be clearly detailed in the agreement. Establish an agreement regarding retainage if a certain portion of work is left incomplete or there is a "punch list".

Preliminary Inspection – Plan to meet with the Job Foreman who will be responsible for your satisfaction. Make sure he fully understands the specifications and promises made by his company. Establish the condition of the property before the work starts in the event there is property damage during construction.