

# Hiring A Contractor

**1. Seek free information and advice** There may be no such thing as a free lunch, but free advice is a real possibility. **The Michigan Barn Preservation Network (MBPN)** and the **Michigan Rural Historic Resources Program** maintain a list of barn contractors and consultants. While they do not endorse these firms, the list can be a good place for you to start identifying people to help you. Members of the MBPN are a valuable source of information about their experiences with different problems, design solutions, and products or materials for use in renovation.

**City building inspectors** can diagnose structural problems as well as identify code violations.

**Local preservation organizations and community development corporations** may keep lists of contractors, know which lending institutions are friendliest to rehab projects, and provide tips based on first-hand experience.

**Builders associations** provide lists of contractors by type but do not endorse the listed firms (see step 5).

**Renovation books** give tips on detecting problems, suggest possible causes and describe remedies. Understanding the process helps to determine the scope of work and your budget.

**2. Define the scope of work** The scope of work describes what you want a contractor to do in narrative or outline form. A clearly written scope of work allows each contractor to submit a bid based on the same information. An unclear objective forces contractors to bid high to protect themselves. If you're having trouble defining or articulating your project, try clipping magazine pictures of layouts and materials you like, or sketch your ideas.

If you expect the contractor to obtain any necessary building permits and handle debris removal, be sure to include in your scope of work.

**3. Identify the timetable** Determine the date you want the work to start and finish, and note any special timing considerations. When tackling a large project, consider breaking the project into smaller phases. Remember that contractors may offer a better price for indoor work scheduled during the slower winter season.

**4. Determine the budget** Be realistic about the amount of money you can spend, and include a 5%-10% contingency in your budget. When drafting the budget consider how you could scale back the project if problems surface that add to the cost -- where might you cut, select a lower cost material, or postpone a part of the project.

**5. Research contractors** Do research to compile a list of contractors to call about your project. This list will help you get started; but you may also want to contact members of the

Michigan Barn Preservation Network in your area and your local Extension office for additional names.

Ask for recommendations from friends and neighbors who have undertaken similar projects. Talk to architects, suppliers, and neighborhood groups where lots of rehabilitation has occurred.

**6. Interview contractors** From your preliminary list of candidates, select two or three to interview. Give a copy of your scope of work and preferred schedule to each contractor so all bidders have the same information. Some contractors may charge for a pre-bid meeting and review of your project so you should ask in advance.

The contractor's approach to the initial interview sets the stage for all subsequent interaction. During initial phone calls and meetings, note the contractor's professional habits: punctual? Organized? Prompt in returning calls? These factors forecast how the contractor approaches projects, and the firm's attentiveness to detail and schedule. Most of all, trust your gut reaction to the first meeting. If you are not comfortable with a contractor, keep looking.

In the interview, ask questions about the contractor's project history, approach to managing jobs, and your project in particular. Discuss your expectations, especially regarding the project cost and schedule, to get the contractor's initial reaction. Be sure to ask the contractors how they handle change orders, which document time and/or material alterations to the original bid.

Here's a sampling of questions you might ask each contractor:

- What are your current projects?
- Have you done projects similar to what I described?
- How long have you been in business?
- How many people will be on the job?
- Can the job be completed within the schedule?
- Will you hold weekly meetings with the client?
- Will the supervisor be on site?
- Do you arrange for building permits and debris removal?
- What labor and material warranty do you offer?
- What are your payment terms?
- Will you share references for projects completed within the past three years, including a contact person's name, address of project, and date completed?

**7. Ask for bids** Ask for a bid in writing due by a specific date. Contractors will give a bid as a lump-sum amount, a cost-plus amount, an amount based on time and materials, or a combination of these bid types. If the project is well-defined and straight forward with little chance of unforeseen problems, a simple lump-sum bid should be possible. However, if the project calls for one of the other bid types, agree to a mark-up of no more than 10%-15% for materials prior to bidding.

Most contractors require a down payment of 25%-30% of the contract total. Upon substantial completion, 90% of the fee is due with the remaining 10% due on total completion. Make sure you understand in advance and agree to the contractor's definition of "substantial completion".

Request that the contractor provide a copy of the firm's insurance certificate. Pass the certificate along to your insurance agent for an opinion on the adequacy of coverage.

**8. Check references** Check the contractors' references by phone and in person to gauge the customers' satisfaction and if the details of the work meet your standards.

Questions you might ask the owner include:

- Were you satisfied with the work?
- Would you hire the contractor again?
- Was the crew timely and professional?
- Did the crew observe safety procedures?
- How did the contractor handle problems?
- Was the job completed on time and within budget?
- Were change orders handled promptly?
- Did the crew maintain a neat and clean job site?

**9. Select a contractor** Once bids are returned, compare them with your scope of work and initial budget. If all bids exceed your budget, scale back. If not, base your selection on the bids you receive and on the results of your reference checks. If a bid is unclear, or does not appear to include all elements of your scope of work, ask the contractor for written clarification.

Once you've made your choice, ask the contractor to draft a schedule that will allow you to gauge the progress of the project. Make sure you get copies of the contractor's insurance certificate, with your name listed as an additional insured. And be certain you understand and agree on the payment terms and approach to change orders.

**10. Document the project** Take photos or videotape the project daily to record progress and document all phone conversations with the contractor. If you make an important decision over the phone, verify the decision by sending the contractor a letter stating the agreement you reached. Set up weekly meetings with the contractor to review progress and discuss any problems or concerns that might have arisen. Regular, face-to-face communication ensures mutual understanding of the project and a cooperative contractor-client relationship.

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340 W. Michigan St., Indianapolis, IN 46202 or call 1-800-450-4534.

## Helpful Hints

### **Select a Professional**

Competent remodeling is done by well qualified professionals of good standing in your local area. Taking the time to choose your contractor wisely is the key to any successful remodeling project. The Remodelers Council encourages you to consider the following steps:

1. Decide what you want. Have your plans and specifications drawn up by a professional designer/remodeler or architect.
2. Consult a reputable professional organization.
3. Investigate your choices. Talk to your neighbors, co-workers, and friends who have remodeled. Speak with previous customers of the remodelers you are interviewing. Strong, favorable references are an indication of a contractor's professional competency and character.
4. Sign a written contract that spells out the quality and quantity of materials to be used, including styles and brand names. Clear payment schedules should be included. Do not make final payments until the work is satisfactorily completed. Ask about and obtain warranty information.
5. Minimize work-in-progress change orders. These can lead to costly time delays and additional expense. If you must change something, discuss the changes with your contractor, getting specific cost estimates in writing.
6. Ask for and obtain copies of insurance certificates before work begins, both general liability and workman's compensation. Make sure your contractor gets required permits.

### **Check Before Hiring a Remodeler**

Do your homework before you have work done. Don't hire just any contractor whose name you find in the Yellow Pages. Use this checklist to select a Remodeler who you can trust with your most valuable asset.

1. Does the contractor have a permanent business location and a good reputation with the local banks and suppliers?
2. How long has the contractor been in business? It usually takes three to five years to establish a financially sound business.
3. Is the contractor licensed?

4. Have you called the local Better Business Bureau? They alert you to any outstanding complaints.
5. Does the contractor have proof of worker's compensation and general liability insurance? If not, you may be liable for any construction-related accidents on your premises.
6. Will the contractor provide you with names of previous customers? Ask if they would hire the same contractor again.
7. Have you seen the contractor's work, both completed and in progress? Check for quality of workmanship and materials.
8. Are you able to communicate easily with the contractor? Misunderstandings during the course of a project can lead to cost overruns and delays.
9. Do you feel comfortable with the contractor? Remember, you will be in close contact and will share your premises with the crew until the project is completed.

Will the contractor provide you with a complete and clearly written contract?

Excerpts taken from a Greater Lansing Home Builders Association brochure.