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# 10 Things You Must Know Before Hiring a Remodeling Contractor



*A Consumer Awareness Guide*  
*By Robert A Squires*

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# 10 Things You Must Know Before Hiring a Remodeling Contractor

*A Consumer Awareness Guide*

Dear Friend,

**Your home is one of your most valuable assets.** Selecting the right contractor will be the single most important factor in determining whether your next remodeling experience will be a pleasurable one or not. To be completely satisfied with the outcome of your project, your contractor must incorporate the proper design and scope of work and the right team of people. Every contractor brings a different level of knowledge, commitment, and dedication to the table.

I am providing this guide to help you better understand the remodeling business so you'll know exactly what it takes to help ensure that your next project is a success. With this valuable information, you will be able to make an informed and intelligent decision when choosing a contractor for your next remodeling project.

Respectfully,

Robert A Squires CAPS, CGP  
SQUIRES Design & Remodeling LLC

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## **Preface:**

### The Purpose & Intention of this Guide

According to the Better Business Bureau, complaints against home improvement/home repair contractors are among THE most common consumer complaints received.

Complaints range from **high-pressure sales tactics** and **confusion over contract terms** to **poor** or **incomplete workmanship** and **overcharging** for the amount or quality of work provided.

Fortunately, much of this can be avoided with a little research. Unprofessional and disreputable contractors can be easy to spot provided that you heed this advice and don't let the temptations of a low price keep you from seeing the warning signs.

One study of approximately 1000 homeowners conducted in 2007 by *Qualified Remodeler* magazine revealed that 50% of them would not hire the contractor they originally chose to remodel their home. 48% said they would not refer the contractor they chose to their friends.

It's been my experience that most people have the same basic questions in mind when considering a remodeling project...

1. **"How much will it cost?"**
2. **"How long will it take?"**
3. **"When can the work get started?"**

It has always amazed me that there are so few questions asked about the contractor, the processes he or she uses to complete the project, questions about the employees, subcontractors, materials used, proper scope of work, etc.

There are always a few exceptions but for the most part these are the three most popular questions. I believe the reason for this lack of questioning is due to one or more of the following reasons:

1. **People don't know what they should ask.**
2. **They don't know or are too afraid to ask.**
3. **They take too much for granted, dangerously assuming that most contractors follow "standard" business practices that don't really vary much from one contractor to the next.**

The purpose of this guide is to help you become intimately aware of the "ins and outs" of how the remodeling business works.

Not only will you know exactly what questions to ask but you'll also be much more at ease and less apprehensive about asking them because you'll understand that any good contractor will appreciate your intelligent questions and will likely be far more interested in working with you as a result.

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Furthermore, by exposing you to all of the ingredients of a great job and a great contractor and showing you what you'll need to look out for, you'll be in a much better position to make an intelligent decision when it comes time to hire someone for your next project. This guide will provide you with the necessary knowledge and tools that will enable you to see, quite obviously, the right contractor for your particular job.

This is **not** a "how to" guide on *managing* a contractor. While it may be hard to believe with all the stories out there, there are contractors who require very little, if any, "managing" on your part.

Many books and tips I've read over the years seem to be directed toward helping you "manage" a contractor. That may have been helpful advice 20 or 30 years ago, but times have changed. A *professional* contractor, by definition, does not need to be managed.

A professional contractor knows exactly what needs to be done, when and how to do it and how to manage it. They have systems in place and processes they follow to help ensure consistent success. A professional contractor rarely needs to be reminded or told what to do.

## Section 1:

### What Makes a Project Successful?

Everyone will probably have their own definition, but for the sake of this guide my definition of a successful project is one where:

- All of your expectations are properly set and either met or exceeded.
- You are left feeling very pleased and satisfied with the final results.
- The quality of work is exceptional and enduring.
- You felt comfortable with the workers that worked on your home
- You and your contractor respect each other during and after the work is done.
- You feel that you've paid a fair price for the value you received.
- The project has added value to your life and home.

Having all of these criteria met obviously leads toward you being completely satisfied. This not only is in *your* best interest for obvious reasons but it's also in the *contractor's* best interest because satisfied clients are **many times** more likely to come back to buy again AND refer other people. Getting lots of referrals is what every smart contractor wants!

Everything from this point forward will be written with this definition in mind.

But before we can consider ensuring the success of your project, I will try to dispel some of the most common misconceptions many people have about the remodeling business.

The following section details the most common misconceptions that I believe get people into the most trouble. Let's take a look at them now.

## Section 2:

### How to Avoid the 6 Most Common Misconceptions about Home Remodeling

#### Misconception #1

##### ***“You should always get three bids.”***

Not necessarily. This tactic is probably responsible for more dissatisfaction within the remodeling industry than any other single factor.

##### **Why?**

If your objective is to get a quality job at a fair price, simply comparing it to another estimate is often very misleading. There aren't any “standard” prices or “standard” specifications for remodeling projects. Each quote or estimate you receive is a reflection of what's included in the actual job that a particular contractor is planning on completing for you.

Given that you are buying something that does not yet exist (as opposed to a car that you can test drive, for example) it's impossible to tell how similar (or far apart) one contractor's proposed job is from the next.

Even if you *think* everything is the same or “similar enough,” it rarely is and you won't discover this until the job is underway or worse yet, completely finished. This is after you've invested some or all of your money. Most likely this will amount to **thousands of dollars!**

In the case of buying a car and comparing prices from one dealer to another, you are much more likely comparing the EXACT same car – built by the same manufacturer. But, you're not buying a car! In fact, what you are buying is not even built yet. You can't “try it out”. You can't “test drive” it. You can't even see it!

This is true whether the remodeling project is basic or complex. Even with a job as basic as replacing windows or roofing, one contractor's methods and materials can be (and often are) vastly different from the next. Even building codes don't adequately protect you from these variances.

When you compare prices in this business it's far too easy to be fooled or misled by not fully understanding what each contractor is planning on doing nor how each one plans to do it. Most contractors are not very good at communicating exactly what it is that they plan on doing, nor are they good at explaining how they may differ from the other contractors that you may be considering.

Therefore, if you get different “prices”, without doing much of the other due diligence as I explain throughout this guide, you may believe all of the contractors you've called are much more similar than they really are. This may very well tempt you into justifying one of the lower priced contractors. In this business, taking an approach like this can be very dangerous and oftentimes...**VERY EXPENSIVE!**

If you're concerned about getting a "good deal", consider relying on a contractor that has an excellent reputation. I believe it's very rare to find a contractor that has earned an outstanding reputation of quality and service that charges too much for the work they provide. In fact, if they didn't do exceptional work or charged too much, they wouldn't have a good reputation nor a substantial list of satisfied clients. They simply couldn't fool such a large number of people into believing that they were good if they weren't indeed good.

Many people who consider the method of getting multiple bids simply believe they are well served to solicit bids, then, throw out the high and the low and take the one from the middle. As you continue to learn everything that I share in this guide, you'll soon be free of this distorted thinking.

Instead of simply inviting contractors to come by to look at your job, ask around first to see who has a good reputation in your area for doing a great job on projects similar to yours. Get recommendations from friends, relatives, neighbors, and local homebuilders associations.

Take note of any job signs that you see in your area and stop by the jobsite to have a look around. Talk to the homeowners to see what they have to say about the contractor.

If you feel confident enough with the quality, dependability and reputation of the recommended contractor, by all means, consider stopping there without contacting others. It may go against "conventional wisdom" but I honestly believe you will be far happier as a result. Additionally, calling other contractors may simply confuse you.

## **Misconception #2**

### ***"Going with a low price saves you money!"***

Think about this for a minute. If you have solicited several bids and go with the contractor that has the lowest price, you've just awarded your job to the guy that just figured out the **CHEAPEST** way to get your project done!

Is this what you really want?

One of the most common signs of trouble ahead is someone offering to do work for a low price. A vast majority of the horror stories you hear about from friends, on TV shows like Dateline and ABC's 20/20 about people having nightmare experiences with contractors stem from people buying a job from a lower-priced contractor.

Like the age old sayings go: "You get what you pay for!" and "You can't get something for nothing!" Be extremely careful in choosing your contractor based upon the lowest price. Better yet... just don't do it at all!

But you may be thinking: "well, if all things are equal, going with the lowest price is smart buying!"

Isn't it?"

**Absolutely, 100% yes!**

But things are almost **NEVER, EVER** equal in the remodeling business!

Even if you have the most complete set of professional drawings and a twenty-five page written set of specifications describing every little detail, things can still be very, very different from one contractor to the next.

What is true, though, is the more detail the better. As you'll soon discover, I am a huge fan of "details". They are critical in order to help establish expectations. But again, even the most detailed plans leave a lot, and I mean **a lot** to be "*discovered*."

I say "discovered" because you won't know this until after your job has begun in which case this strategy will cause more frustration than you could ever imagine and cost much more money in the long run.

Most of the time, the low priced contractor has left something out while the higher priced contractor has probably figured the job correctly. He will probably never feel any stress about underestimating your particular job, which could cause him to be inclined to start cutting corners. The last thing you want is a contractor that starts cutting corners.

Another important point to make here is that running out of money may also cause a contractor to feel inclined to go get another job started in order to collect some *new* money so he can stay "afloat" long enough to get your job finished. And, as you may have guessed, this is one of the reasons some contractors have earned the reputation of leaving a project before it's finished.

Wouldn't you rather avoid having to fight with the contractor tooth and nail to get him to stay on your project until it's finished?

The bottom line: NEVER use price alone as the determining factor. Many other things should be taken into consideration as well. Whenever you encounter a low price offer, some questions should immediately come to mind. Questions like: "Why is the price so low?" "What's missing here?" and "Has the contractor figured enough into the cost to provide me with the level of service and quality products I expect?"

On the other hand, if you have found a contractor that you really feel good about, but their price is more than you can afford or you simply do not want to invest as much as has been quoted, just explain this to the contractor. A professional contractor will welcome the opportunity to help you redesign your project or make whatever changes are necessary in order to better fit your budget. As long as you are open to scaling back the project, re-examining your priorities or making other changes, this approach can be very helpful.

### **Misconception #3**

***“If the Better Business Bureau (BBB) doesn’t have any complaints against the contractor, they are probably a safe bet.”***

This is a common and often costly misconception. In fact, just because a contractor doesn’t have any complaints with the BBB, does not mean that you’re working with a reputable professional. You need to investigate the company further. Many contractors, even though they don’t have any complaints with the BBB, do not do a satisfactory job... much less a great job. To be sure you’re dealing with a reputable professional, only use the BBB as a starting place, not the ‘**cure-all**’ or stopping point.

Also, keep in mind that the BBB is not a governing agency and it does not keep a record on every contractor in town. Many contractors can operate for years doing poor work without ever being reported. Likewise, there may be several very reputable contractors that the BBB has no record of at all.

The best way to utilize the BBB is to check with them to see if the contractor you may be considering has had any complaints against them. If they do, you should consider it an indication that this contractor may not be a good choice. If they don’t, this may indicate a good reputation, but you should still continue to do the necessary research beyond the BBB.

### **Misconception #4**

***“I should buy the materials myself to save money.”***

Most professional contractors will not be interested in working under these conditions and for very good reasons.

First, if you’re providing the materials, there’s a very good chance of getting the wrong or not enough materials. Having the wrong materials delivered, working with poor quality materials or unfamiliar suppliers is a source of major frustration for contractors and may cost them time and money. Most will just avoid this arrangement altogether.

Second, the markup that a contractor makes on materials is not discretionary. It is needed to cover the cost of operating expenses that are required to run a successful business and to make a reasonable profit. If a contractor is not able to make this money on the materials, he will have to make it up somewhere else, usually by way of higher labor prices.

Oftentimes, the contractor has negotiated discounts for many of the different materials they use to help offset their markup. Sometimes the discount is substantial enough to cover all of the markup.

Sometimes, contractors will have you supply the materials, particularly when the materials are out of the ordinary. You will want to be careful with this arrangement because many times contractors do not offer a warranty on items not supplied by them. It is best, in my opinion, to just let the contractor

provide all materials. This way you are safe, the contractor is happy, and there is no confusion about who is ultimately responsible should something go wrong.

### **Misconception #5**

***“If a contractor has several years of experience, he or she must be good!”***

The contractor has been in business for several years, he must be doing something right to survive that long.

Don't just assume everything is going to be okay just because the contractor claims to have “10 years of experience!” In many cases it may be more accurate to say they have one year of experience just repeated ten times!

Just because a contractor has “been around” for a number of years does not necessarily mean they are experts or consistently do a great job – check them out! Many contractors can claim to have years of experience yet a good number of their jobs may have been completed unsatisfactorily (if completed at all) or they may not have much experience doing projects similar to yours.

Reputation is the key and the person who handles your remodeling project should not only have experience but also have projects to their name that demonstrate quality craftsmanship. Investigate your contractor's credentials thoroughly and make sure you are dealing with a qualified professional. Who is he affiliated with? How many continued education does he take annually?

### **Misconception #6**

***“The term “licensed, bonded and insured” must mean that the contractor is approved to work on ALL my remodeling projects.***

This is not always the case!

The State of Alaska has several different types of contractor licenses. Handyman, Specialty Contractor, General Contractor and General Contractor with a Residential Endorsement.

Handyman and Specialty contractors have up to three specialty area's they can perform work in. This could be carpentry, painting or flooring just to name a few. They also only carry a \$5000 bond.

A general contractor is licensed to perform all commercial work ONLY and carries a \$10,000 bond.

A general contractor with a residential endorsement by the State of Alaska has taken a test to show proficiency in all aspects of construction and is licensed to work on all remodeling projects. They carry a \$10,000 bond also.

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If someone gets hurt on your jobsite and the contractor is not carrying the correct insurance you could be liable. If he has employees they need be covered by "Workman's Compensation Insurance." If the contractor only works by himself, and subcontracts all his labor, he may need just the Liability insurance. All subcontractors then need to carry Liability insurance and the contractor should have on file current copies of their licensing and bonding. But if he hires anyone to assist him and doesn't have a Worker's Compensation policy in place you may be dangerously exposed should that hired hand get hurt while working on your home. Most jobs require more than one person to complete them. Therefore you almost always need this protection. In most cases, your homeowner's policy only covers injuries incurred by people considered to be *casual labor* like a maid or gardener. It's a whole different story when it comes to hired contractors.

To be safe, you can ask the contractor for copies of his certificates of insurance and verify he keeps up to date on his subcontractors before you sign the contract.

### Section 3:

#### What to Watch Out For

Every industry has its share of scams and con artists. The remodeling industry is no exception. However, spotting a real scam or con artist in this business is relatively easy provided you pay attention to the clues.

One clue is that we tend to get a “gut” feeling if someone is trying to pull one over on us. But what about when someone does not *attempt to intentionally* scam us? This is more difficult to detect, especially when someone is truly being honest and sincere.

I’m referring to the honest contractors that are either inexperienced, incompetent or both. They may mean well, but their lack of skill or knowledge or inability to be able to complete or manage your project correctly can be just as devastating as the work of a truly unscrupulous contractor.

In other words, it’s not always the bad guys you need to look out for. More often than not, in this business, it’s the honest guy that doesn’t know what the heck he’s doing that you need to look out for most.

There’s a big difference between being *willing* and being *able* and there seems to be no shortage of people *willing* to do your particular job.

Let’s take a look at some of the things you will want to look out for.

#### “High-Pressure” Sales Tactics

With the remodeling business becoming more and more competitive each year, many contractors resort to high-pressure tactics to get you to sign on the spot. These people generally have their own private agenda. They are not interested in you or the eventual outcome of your project as much as making the sale, and will sometimes promise anything to get you to sign. **You should never feel pressured into making a decision about choosing your contractor.**

If you ever feel pressured by a contractor or salesman, politely ask them to back off. If they persist, it’s time to look for another contractor. High pressure usually leads to a poor decision when remodeling. A qualified, reputable professional would never pressure anyone into a commitment.

#### Unusual Payment Terms

Beware of the contractor who asks that you pay for the entire job upfront or asks you to pay in cash. A reputable, professional contractor will generally ask for a reasonable deposit and will propose a reasonable payment schedule.

There are too many horror stories about contractors who disappeared with a homeowner’s money without finishing the project. A professional contractor will present an equitable, mutually acceptable payment plan, usually based on the progress of your project.

## **Unverifiable Credentials**

If you can't verify a contractor's company, name, address, and phone number, it's a sure bet that trouble lies ahead. Many of these fly-by-night contractors are called "pick-up-truck" builders. These guys don't have verifiable businesses and are mobile enough to pack up and leave your job without a trace. A verifiable address is a must.

## **Mobile Phone Is the Only Contact Number**

This is just a word of caution. With the popularity of mobile phones today it would be unfair of me to say that all contractors who only offer a mobile phone number are bad contractors. Quite the opposite could be true. However, this might be an indication that the contractor has no "real" place of business or doesn't want anyone to know where he lives for some reason. You may want to take some extra precautions here to verify that he has no reason to hide and that you can still reach him if he decides not to answer his phone.

Furthermore, it likely signifies that the contractor may manage all aspects of his projects by himself. This may not be a good thing, particularly regarding larger, more complex projects that require intense management. Only you can decide if this is important or not in your particular case.

## **The "Price Reduction"**

This scam occurs when you say no to or show a bit of reluctance to the initial offer and in response the salesperson offers a lower price for the exact same work.

Substantial reductions in price without changes in the scope of work or specifications likely signifies that the contractor is trying to get a higher price for something that is worth less to begin with and is just trying to "save the sale."

In my book this is bad business. Personally, I think this practice suggests dishonesty on the part of the contractor. If you can't trust him now, you surely can't trust him later.

If you and the contractor negotiate different materials, methods or circumstances that clearly have an impact on the cost, this would be fine. Otherwise the "price" should be the "price."

## **No Contract or Proposal**

I can't tell you how many headaches and how much frustration could have been prevented if only there were a carefully drafted contract with a defined scope of work, clear specifications, and detailed terms. It should include everything you're discussed. If it's not in the scope you need to assume it's not in the price.

**Insist on a thorough contract or proposal that includes all the details! It's OK to pay for a thorough Scope of Work. A qualified contractor will take many hours in preparing it properly.**

By following this rule you will substantially increase your chances of being satisfied. I believe many problems stem from people going ahead with someone they feel “good about” and taking too much for granted. Do not assume it is included unless it is spelled out in writing! In addition to the benefits that come from knowing what to expect, if a contractor takes the time necessary to compile a detailed document, there will be far fewer *unforeseen* issues and misunderstandings, which will result in less stress for both parties and a project that moves along much more smoothly.

If there is ever a misunderstanding, chances are it can be easily cleared up by referencing this critical document.

### **Incomplete Specifications or Unclear Terms**

Pay particular attention to the “Scope of Work” and “Specifications” section of the contract or proposal. This is the part of the proposal that defines exactly what work will be completed (the *scope of work*) and exactly what products or materials and which methods are going to be used (the *specifications*).

Every project should have clearly written specifications. Not just vague generalities. Again, most contractors fall short on this so when you see a well-defined set of specs, chances are good (but not guaranteed) that you have found a good contractor.

### **Shoddy or Incomplete Workmanship**

By far, this is the most widespread scam of all. It’s as common among the honest guys as much as it is with the actual con artists.

You wouldn’t believe how much shoddy workmanship I’ve seen over the course of my career as a professional remodeler. It has been noted that approximately 40% of home improvement work done today is a direct result of poor workmanship or improper materials installed by a previous contractor.

A few years ago I read about a study that was conducted on some 400 newly built homes from New York to Florida. 94% of those homes were found to have “major flaws.”

To address the potential for “shoddy workmanship”, I recommend following up with references and actually visiting some completed projects until you are 100% satisfied that your contractor will provide the level of workmanship you expect. DO NOT ignore this issue. You really should visit the jobs to see for yourself. Simply do not take someone’s word for it. See it firsthand. Because their idea of quality might be completely different from your idea of quality.

In my company, we recommend (and sometimes require) that prospective clients visit one or more of our past projects so they can see firsthand examples of our work. I would strongly encourage you to visit jobsites. You’ll have a much better sense of the quality of work you can expect.

### **The Contractor Asks That You Get the Required Permits**

Some contractors may ask that you get the required building permits. This could be a signal that he is either unlicensed, the work is outside the area in which he is licensed or he is not able to get a permit due to improper or inadequate insurance coverage. The contractor may also not be in “good standing” with the building department.

In any case, a reputable contractor will always obtain a permit on every job requiring one. When a contractor obtains the required building permits, you are more likely to have things done according to the applicable building codes. Also, many homeowner insurance policies require that a permit be issued on any major remodeling project in order to be properly insured.

Not all contractors will do this. Many prefer not to because of the time involved and the inconveniences of dealing with the building department.

### **The Schedule or Time Frame Seems Too Good To Be True**

If the schedule you’re quoted seems too good to be true, it probably is. Professional contractors make it a point to set realistic expectations. A contractor who knows his business will give you a realistic work schedule/timeline. Don’t be lured by the contractor who promises an overly optimistic completion date. Chances are he is promising something he can’t deliver.

### **The Contractor Doesn’t Warranty His Work**

Believe it or not, in some states, there is no law that requires a remodeling contractor to warranty his work. The State of Alaska requires one year. Warranties are essential to any remodeling project. A good contractor will comply with the standards set forth in the National Association of Home Builders (NAHB) Residential Construction Performance Guidelines, at a minimum.

These are a set of performance guidelines or standards that was compiled by NAHB to help determine whether or not a contractor’s work requires corrective action in cases of dispute. Most professional contractors know about these guidelines and may refer to it in their warranty. They can provide you with a copy.

Remember this: Contractors committed to quality workmanship and client satisfaction warranty their work at least one year and many offer two years or more. In any case, make sure your contractor offers a warranty and that it’s in writing!

### **The Contractor Appears Unkempt and Disorganized**

We all know not to “judge a book by its cover,” but if you fail to recognize this telltale warning sign, expect bad things to happen! **A disorganized contractor means a disorganized project.** Pay close attention to the details. Look for clues that the contractor “has it together.” You want your project to be organized – that starts and ends with your contractor.

## Section 4:

### 16 Methods Contractors Use to Offer Lower Prices

Sadly, many contractors believe that the individual who can come up with a low price gets awarded the most jobs. This is definitely an easier way of selling due to less sales resistance and the ability to fill up an empty schedule. But eventually it will catch up with him – sooner or later he will find himself broke and out of business. It's inevitable.

If you're saying to yourself, "So what if he goes out of business – that's his problem," consider this:

**It could be during your project that he discovers he is out of business!**

Below I've listed some of the methods I have seen used by contractors, both knowingly and unknowingly, in an attempt to maintain low prices in order to win your project. There's probably many more. These are some of the most common ways:

1. Unrealistic allowances.
2. Not accurately accounting for the proper amount of time necessary to complete the job correctly. Taking shortcuts.
3. Using poor quality materials.
4. Hiring inexpensive, unskilled labor; people who have not had the proper training.
5. Hiring inexpensive trade or subcontractors.
6. Doesn't carry the proper licensing or carries no licensing.
7. Simply underestimating due to lack of thoroughly "thinking through" the job.
8. Inadequate safety precautions on his jobsites.
9. Paying workers with cash (under-the-table), avoiding taxes and insurance.
10. No benefits for employees, i.e. health insurance, vacations, 401K, holiday pay, etc.
11. Plans on charging more once the job has started by intentionally leaving things out.
12. No long-term warranty.

13. Typically doesn't stick to a schedule.
14. Disposes of debris illegally.
15. Avoids paying for proper licensing and insurance.
16. Inadequate dust control and surface protection.

Remember this...

**If a contractor is forced, albeit intentionally or unintentionally, to work for prices so low they can't make a profit, they can't help but deliver products and services that are of very little value to you.**

Is that what you really want?

Again, be careful not to let price alone drive your decision making process.

## Section 5:

### There's More to a Project's Cost than Labor & Materials

Many people often think that when the cost seems out of proportion to the actual materials and labor required to complete the job, the difference is lining the contractor's pockets.

Believe it or not, despite the fact that remodeling can seem expensive, it's not a highly profitable business, especially when you consider the amount of risk a contractor has to assume every time he takes on a new project and the amount of effort it takes to keep a project on track.

In addition to the actual labor and materials, there are so many other expenses every successful contractor must figure into his price in order to survive.

Without having a basic understanding of this, you may simply disqualify one or more of the actual professional contractors you have considered simply by mistakenly believing that the price is too high.

The following is a list of some of the key elements that make up "overhead" in every successfully managed remodeling company. If one or more of these 'essential elements' is missing, the company's ability to manage your project and provide quality service drops considerably.

- *Telephone, cell phones, pagers*
- *Office rent*
- *Office supplies*
- *Stationery and printing expenses*
- *Website, hosting, and Internet*
- *Worker's Compensation & Liability insurance*
- *Health insurance*
- *Paid vacations, holidays*
- *Staff meetings*
- *Payroll expenses*
- *Office administration and management*
- *Time doing "free" estimates*
- *Material price increases which may not be Billable once a job is quoted*
- *Estimating errors and omissions*
- *Warranty repairs*
- *Tools and equipment*
- *Trucks, repairs & maintenance, fuel*
- *Continuing education, training, and industry events*
- *Computers and software*
- *Business loans and interest*
- *Accountant's fees*
- *Taxes*
- *Production supervision and management*
- *Advertising, marketing, and sales costs*
- *Office Utilities*
- *Membership Dues & Affiliation Dues*

These are just some of the items that a professional contractor has to account for. When you consider that all of these items have to be paid for out of the money that's left after paying for labor and materials, it's hard to believe remodeling doesn't cost even more!

This all adds up to a substantial amount of money. In order to cover his overhead, a contractor typically must add between 40% - 60% (or more depending on various factors) to the actual cost of labor and materials required to complete your project. Again, this is just to cover overhead expenses. It doesn't include profit. Most professional contractors try to maintain a 5% - 10% profit when all is said and done. Without a profit, the contractor will eventually go out of business.

*10 Things You Must Know **Before** Hiring a Remodeling Contractor*

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The next time you receive a price from a contractor that seems too high; don't automatically assume that he is trying to line his pockets. He may very well just be trying to pay for the very things that allow him to survive and provide a good, reliable service to you and a good environment for his employees.

Beware of the contractor that tells you his prices are low because he keeps his overhead down. Chances are high that there will be trouble ahead.

## Section 6:

### Costly Mistakes Buyers Often Make

#### Not Following Up on References

We've all been taught to get references but oftentimes people fail to follow through and actually check them! Most people get a list of references, but don't call. Do not just assume they will be good. Go ahead and check out the references you are given. A reputable contractor will welcome the opportunity for you to talk to his past clients and will be delighted to show off his previous work.

#### Not Inspecting the Contractor's Work

Ask to see completed projects as well as a job in progress. For current projects, take a close look around. Is the job site neat and clean? Do things appear to be organized? Are the homeowners happy or are they disappointed?

Also, you'll want to make sure to ask for, and follow-up on, supplier and banking references. You will want to make sure your contractor is on stable financial ground. Make sure he is current with his suppliers. Be especially wary of a contractor who can't give you any local supplier references. He probably owes them money.

#### Selecting a Contractor Based On Price

We've already discussed this, but it is clearly the most common mistake so it definitely warrants repeating. Certainly, price can and should be a factor in choosing your contractor but should not be the main determining factor. You'll be far better off choosing a contractor you feel comfortable with and working together with him to design a project that will serve you AND will fit your budget. A reputable contractor won't make foolish mistakes just to save money.

Believe me, the last thing you want after a contractor has begun work on your home is to have that *sinking* feeling of having made a terrible mistake and wanting him gone. Bad experiences usually accompany the low price. Do your homework. **Do not** be influenced by a low price.

*"It's unwise to pay too much, but is worse to pay too little. When you pay too much, you lose a little - that is all. When you pay too little, you sometimes lose everything, because the thing you bought was incapable of doing the thing it was bought to do. The common law of business balance prohibits paying a little and getting a lot - it can't be done! If you deal with the lowest bidder, it is well to add something for the risk you run. And if you do that, you will have enough to pay for something better." --John Ruskin (1819-1900) - English art critic and writer*

## Section 7:

### What to Look for in a Contractor

#### **Promptness**

Does your contractor keep his appointments? Yes, a contractor's day can be busy and things do come up that interfere with his schedule, but promptness is an important factor. This may sound a bit "old-fashioned" but if he is willing to break multiple appointments, what other commitments is he also willing to break? Little things count. If he's running behind he should have the courtesy to call to let you know.

#### **Trustworthiness**

Honesty and trust are of the utmost importance in any situation, especially when the person has total access to your home. Make sure you feel a high level of trust with your contractor and trust your instinct if you don't. Not only are you trusting him to be in your home and around your family, you're also trusting him with, in many cases, a very sizable amount of your money!

#### **Membership in NAHB or NARI**

NAHB stands for the National Association of Home Builders; NARI stands for the National Association of the Remodeling Industry. In order to become a member, the contractor's background and references are investigated. It's always a good idea to hire a NAHB or NARI contractor. Membership reflects a contractor's commitment to professionalism.

#### **Certifications**

Both organizations offer industry certification and designations such as Certified Aging in Place Specialist™ (CAPS), Certified Graduate Remodeler™ (CGR), or Certified Green Professional (CGP) . If a contractor has earned any one of these designations, chances are high that you're dealing with a very reputable professional that is committed to his career as a professional remodeling contractor.

To earn The State of Alaska Residential Endorsement a contractor must demonstrate certain levels of skill and knowledge in addition to successfully completing numerous courses on various topics related to the industry each year in order to maintain his licensing.

#### **High Percentage of Referrals or Repeat Clients**

When a significant amount of a contractor's business is derived from repeat or referred business, it is an indication that his clients are pleased and that he has an outstanding reputation. If your contractor has a long list of happy clients and has an outstanding reputation for doing quality work, chances are high that you will be satisfied as well.

### **Will Your Home Be Protected?**

Simply put, remodeling can be very dusty and dirty. If not adequately controlled, dust will get everywhere, especially if there is a lot of sanding or demolition. Make sure your contractor has plans to take the appropriate measures to control dust and protect your floor finishes. This can increase the price a contractor quotes by a considerable amount and this is work which is often overlooked by inexperienced or nonprofessional contractors.

## Section 8:

### 21 Questions You Should Ask to Choose the Right Contractor

Any reputable remodeling contractor should be able to answer all of the following questions positively. You would be wise to avoid any contractor that cannot.

1. Are you properly licensed on both the state and city level?
2. Do you require all change orders to be in writing to eliminate any misunderstandings and unexpected cost overruns?
3. Do you carry general liability insurance?
4. Do you carry copies of all your subcontractors' license, bonding & insurance?
5. Will you provide me with a written lien waiver at the end of the job?
6. Are you a member of NAHB? Do you subscribe to their Code of Ethics?
7. What certifications do you carry? CAPS, CGP or CGR?
8. Will you provide a porta potty and trash container?
9. Will you pull any necessary permits?
10. Does the contractor offer a written warranty on all workmanship?
11. Who will be in charge of my job? May I meet this person or persons?
12. Have you been a party in any construction litigation?
13. Will you provide me with references?
14. What percentage of your business is repeat or referral based?
15. How many projects like mine have you completed in the last year or two?
16. How do you plan to reduce dust and protect the rest of my home from the effects of other work? (Good contractors erect dust barriers and use drop cloths and other protective material to protect your home.)

17. How is daily and general clean-up handled?
18. Will the contractor provide a Jobsite Communication Board or other means of communication that is checked daily for any questions or concerns you may have thought of after working hours?
19. Will you provide me with a written contract that clearly spells out exactly what you will do, what your price includes and does not include and specifies a guaranteed price, payment schedule, and a completion date?
20. Will a professional designer and/or architect design my job? (For projects that warrant this level of service.)
21. Does the contractor provide realistic renderings, sketches, and perspectives to allow you to clearly visualize your project early in the planning stages? (Again, for projects that warrant this level of service.)

Section 9:

## **How to Ensure a Smooth Project**

### **Good Communication**

It is essential that you have an excellent flow of communication with your contractor. Does he return calls promptly? Does he listen intently? Does he take notes? Can you reach him when you need him? This will be even more important once your project begins.

### **Right Fit**

You'll most likely be spending a good bit of time with your contractor, so it is important that you feel comfortable with him. You should also have a good sense as to whether or not the same holds true regarding the members of his staff. It's extremely beneficial if you both genuinely respect one another and even better if your personalities complement each other. A professional contractor will want a "customer for life" and will indicate the importance of this every step of the way. The bottom line: do you feel comfortable with this individual? Like any good relationship, a strong rapport and close communication with your contractor will help any job go more smoothly.

### **Scheduling**

The scheduling of your project is something that should be discussed upfront. A responsible and reputable contractor will do his best to keep you informed both in the initial stages and as your project progress. Keeping you informed will help eliminate many headaches along the way.

### **A Clear, Well Written Proposal/Contract**

Getting it in writing is absolutely essential! Nothing is worse than a disagreement because the terms weren't written down. Frequently, one person remembers something differently. Make sure the details and specifications are clearly spelled out.

Every part of the job from the general conditions and demolition to the final trim and clean up should be clearly described. General terms like "install windows and doors" are too vague and should be clearly spelled out indicating exactly what window, what door, including make, model, size, features, location, color, style, etc.

This needs to be done for each and every item in the project. Without it there is no way of knowing exactly what is included and what isn't! To avoid any trouble, absolutely insist on crystal clear proposal.

A detailed, well-written contract will make your project run much more smoothly than one that is written poorly. A detailed contract should include (or at least make reference to):

- A visual representation such as a blueprint, floor plan, drawings, sketches, etc. that clearly shows what work is being done and where.
- The timetable in which the project is expected to be completed, including approximate start and end dates.
- The price, along with payment terms and schedule.
- Very detailed specifications for all products and materials. The description of each item should provide enough detail to clearly identify it, such as the brand name, model, color, size, etc. Allowances may be used for any materials to be selected later, (for example, a special fixture). Such items are “limited” by the “allowance,” which is the amount within the price allocated toward the purchase of a specific item.
- A list of work and/or things not included.
- Insurance information.
- Permit information (e.g. whether or not it’s required and who will get it)
- Procedure for handling change orders.
- Notice of your right under the FTC’s rule to cancel the contract within three business days if it was signed in a place other than the contractor’s place of business.
- Details on issues like access to your home, care of the premises, phone and bathroom use, cleanup and trash removal, etc.

### **Details, Details and More Details**

There are several things that should be discussed prior to starting your project. What time will work start and end each day? How will pets be dealt with? What about the children? Where will materials be stored? What special circumstances need to be taken into consideration? Discussing details like these upfront saves a lot of aggravation and eliminates misunderstandings.

### **Flexibility**

Remodeling can be extremely disruptive to your normal lifestyle. Remember to be as flexible as possible. For example, don’t plan a party based on the completion date or schedule overnight guests when your house is being remodeled. Be prepared to make some sacrifices and remember, whatever disruptions occur, they are temporary.

### **Change Orders**

Changes are inevitable when it comes to home remodeling. It is next to impossible to foresee everything in advance. There are always changes made to the design, the materials, and the scope of work once work begins.

It's a good idea to set aside an additional 10% or more beyond the contract amount to cover these changes. It's always better to plan for more than to come up short. There are also those inevitable "Oh, while you're here..." things to do, too.

The bottom line is: Almost all changes will affect the budget and the schedule. Make sure all changes are in writing and are kept current to avoid any surprises in the end.

### **Written Lien Waivers**

Often your remodeling professional will work with other tradesmen or subcontractors who specialize in certain aspects of your project. It is your contractor's responsibility to make sure these people, as well as material suppliers, are paid for services and materials related to your project.

Make sure your contractor is willing to provide you with a written lien waiver at the end of your project in trade for the final payment. This is a document that proves that you have paid for the project in full, thereby eliminating the chances of the contractor's subcontractors or suppliers placing a lien on your property due to not being paid by your contractor for the work performed on your home.

## Section 10:

### 13 Questions to Ask a Contractor's References

A reputable contractor should be able to provide plenty of positive references. You would be wise to avoid any contractor that can't. Here are some examples of questions you can ask a contractor's references.

- What type of project or projects has the contractor done for you?
- Did they do a quality job?
- Why did you choose this contractor?
- Did you get prices or opinions from other contractors that you feel had comparable specifications and credentials, if not, Why? And if so, how did they compare?
- Did the contractor finish within the timeframe he said he would?
- What would you say about the crewmembers that did your work – were they respectable and clean? Did they seem to know what they were doing?
- Was the contractor responsive to you your questions and/or concerns? Could you reach him quickly?
- Did they maintain a neat and orderly jobsite?
- Did the contractor do what he said he would do?
- Were there any additional charges and if so, were they handled in such a way that left you feeling satisfied?
- On a scale of 1-10 (ten being highest) how would you rate your overall experience with this contractor?
- Do you have any reservations about hiring him again?
- May I come by to see the work first hand?

## Experience Our Services

Remodeling your home can be an exciting endeavor so long as you've hired the right team of professionals to take on your project. Hopefully, I've shared with you some valuable insights you can use to make the process of choosing the right team easier the next time you remodel.

Since this guide is distributed all across the country, I have no idea where you live. But, if you're located in our service area encompassing Anchorage, Alaska and the surrounding communities and you would like to speak with me personally, please don't hesitate to call on me for some free advice. I truly enjoy speaking with people about their remodeling plans.

We've been serving this community for more than 25 years and have extensive experience in creative design and high quality remodeling services, such as:

- Architectural Plans**
- Design**
- Quality Product Selection in Our Private Showroom**
- Carpentry**
- Window & Door Replacements**
- Handyman**

We will also be happy to provide you with our recommendations for many other services as well such as plumbing, heating, painting, electrical, etc... We know all the good trade people and can steer you in the right direction.

Year after year dozens of discerning homeowners trust their homes and remodeling projects to me and my team of designers and craftsmen; many of those homeowners are clients that continue to hire us time and time again.

As a professional, "full-service" remodeling contractor, we will work with you to incorporate your ideas and ours into a project that best fits your home, lifestyle, and budget. Large or small, we can take your project from concept to completion and our services are second to none.

If you would like to discuss the exciting possibilities for improving your home with a qualified and reputable remodeling professional, please give me a call today at 907-562-3554.

I'll be happy to discuss your needs over the phone to see if I can help you. If we both feel that you may benefit from our services, **at no cost and without any obligation**, I will be happy to set up a FREE 1 HOUR consultation in your home to have a closer look, discuss your ideas, make suggestions, and answer all of your questions.

One simple call and you'll be well on your way to enjoying the peace of mind that comes from knowing your largest investment is in the hands a qualified professional.

*10 Things You Must Know **Before** Hiring a Remodeling Contractor*

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If you live outside our service area or you choose not to call, please know that I wish you the best of luck with your remodeling plans!

Take Care.

Respectfully,

*Robert A Squires CAPS, CGP*  
SQUIRES Design & Remodeling LLC

To learn more about how we can help you on your next remodeling project visit our website at [www.anchorageremodel.com](http://www.anchorageremodel.com) today!





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I have over 25 years experience in the construction Industry. At age 10 built cabins and guided fishing and hunting trips in the bush of Alaska at my families Lodge on Alexander Creek. After high school I worked as a Trim Carpenter for Hagmier Homes and Michelson & Daughter prior to starting my own Finish Carpentry Business in 1984.

During the late 80's at the time of the bust, I went to Hawaii, where I was Foreman and Superintendent of up to 125 employees on multiple million dollar government building projects. I have run my own remodel business or managed remodels for larger companies since 1994.

Robert is dedicated to Quality workmanship and exceeding the industry standards. He is well respected in the remodeling trade for his knowledge and innovation as well as his attention to detail.

10 Things You Must Know **Before** Hiring a Remodeling Contractor

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*For more information, visit [WWW.ANCHORAGEREMODEL.COM](http://WWW.ANCHORAGEREMODEL.COM)*



5401 Cordova Suite 102 • Anchorage Alaska 99518 • (907)562-3554  
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