

Contractor Interview Questions: Summary

Company Background & History

- 1 How long have you been in business?
- 2 How long have you operated in this area?
- 3 What types of projects/construction do you specialize in?
- 4 What sets you or your company apart from other builders?
- 5 Have you ever operated under another name?
- 6 What type of license do you have? What is the number?
- 7 What are the limits of your general liability insurance (dollar value)?
- 8 Do you carry a commercial auto insurance policy?
- 9 Type of Workers Compensation coverage : Exempt, Lease Employees, or a Policy?
- 10 Are you a *certified* drug-free company?
- 11 Are you members of any associations or trade groups?
- 12 Have you ever won any awards?

Project Related

- 13 What is your background/education/experience in construction?
- 14 Are you or any of your employees certified?
- 15 How many projects like mine have you completed in the last 6 months? Total?
- 16 Who will be assigned as the supervisor for my job? What is his/her experience?
- 17 How often will someone from your office be on the jobsite?
- 18 How often will I be in contact with someone from your office during construction?
- 19 What is your warranty?
- 20 How do you charge for extras (change order policy)?
- 21 May I have a list of customers for projects that are *currently* under construction?
- 22 May I have a list of past customers?

Company Strength & Stability

- 23 Do you have a Dun & Bradstreet number? What is it?
- 24 May I have a list of suppliers you would use on my job?
- 25 How many projects do you currently have going on now? What is your current backlog?
- 26 Do you utilize lines of credit?
- 27 What bank do you use? How long have you banked there?
- 28 How do you get paid? Draw schedule? Do you hold back retainage- if yes how much (%)?
- 29 Do you have any liens against any of the projects you have built?
- 30 Have you ever filed for bankruptcy protection?
- 31 Have you ever been in a lawsuit, or are you in one currently?
- 32 Are you bonded?

Explanation Sheet: For Your eyes only!

Here you will find reason for each of the above questions as well as a brief background.

1 **How long have you been in business?**

Every business has to start somewhere. However, it is also good to have some experience. Use your judgement here. Remember: knowing how to construct a building and run a business are two completely different skill sets.

2 **How long have you operated in this area?**

It is better to have an established builder in a particular area for several reasons. First, he has a longer time period to establish a good (or bad) reputation. Second, he will have the opportunity to find and keep excellent suppliers and subcontractors. And last, he will have more referral work which gives a construction company stability.

3 **What types of projects/construction do you specialize in?**

Most contractors will respond with an answer that almost exactly describes your project! However do some research into their background. They very well might. Obviously, it is good to have a contractor who has done projects like yours in the past. You don't want to be an guinea pig for their experience.

4 **What sets you or your company apart from other builders?**

Warning! The standard default answer is "quality" and/or "customer service"! Try to look for tangible differences. Unique policies, longer warranties, awards, etc? Use your judgement to rank this category.

5 **Have you ever operated under another name?**

Sometimes businesses grow and change their names. Other times they go bankrupt. If a company has operated under another name, be sure to find out why.

6 **What type of license do you have? What is the number?**

There are three (3) contractor licenses in the state of Florida. Certified Residential, Certified Building and Certified General. The contractor's license number will have a prefix of CRC, CBC or CGC respectively. Important: an occupational license is NOT equivalent to a contractor's license.

7 **What are the limits of your general liability insurance (dollar value)?**

The minimum required by the state of Florida is \$300,000. It is recommended to have at least \$1million.

8 **Do you carry a commercial auto insurance policy?**

It is important to have a "commercial Auto Policy" and NOT just a rider on a personal policy that allows work use. If the contractor or any of his subcontractors/suppliers gets into an accident going to or from your project, YOU could be liable.

9 **Type of Workers Compensation coverage : Exempt, Lease Employees, or a Policy?**

'Exempt' is a status that is allowed by the State of Florida that is only allowed to Owners or majority share holders in a company. Although legal, this status does NOT cover other individuals on the job site. If an accident occurs, you could be liable. This of this type of coverage as barely allowable.

Leased Employees are employees that belong to a large group and workers compensation coverage is only extended to them as individuals. There is no coverage on employees until the boss processes the paperwork. In this scenario, the big group organization hires the employee, gets a group discounted workers comp policy and leases the employee BACK to the contractor. Although legal, this leased scenario does not cover 1) employees that have not been processed, or 2) other individuals on the job (subs, materials suppliers, etc) If an accident occurs, you could be liable. This coverage is better but still has holes in it.

Workers Compensation Policy is a umbrella policy that covers all employees and anyone who sets foot on the project. This scenario offers the homeowner the best protection.

10 Are you a *certified* drug-free company?

Most companies don't bother with the 'certification' process despite the fact they may be drug free. However having the certification does offer some peace of mind.

11 Are you members of any associations or trade groups?

Being a member of an association or trade is a fantastic way to get information about their industry. It keeps you up to date on current issues and trends and allows you to make important contacts. It is very important that contractors keep an 'open-mind' to continually learn and improve.

12 Have you ever won any awards?

Most companies don't bother to try to win awards. However it is nice to work with a proven winner.

13 What is your background/education/experience in construction?

Although many successful construction companies have been started with former tradesman (workers), it is good to have some sort of specialized formal education or training. Look for certifications, construction related college degrees, etc.

14 Are you or any of your employees certified?

Most contractors would rather not spend the money to educate or certify their employees. This gives you an inside view to the values/priorities of their company.

15 How many projects like mine have you completed in the last 6 months? Total?

Look for at least a few in the last six months. Three (3) or more total is a good sign too. You don't want to have a contractor experiment with your project.

16 Who will be assigned as the supervisor for my job? What is his/her experience?

Get specific names. See if you will get personal phone numbers (cell, home, etc). Discuss the frequency of communication. Discuss the experience level of this individual or group of individuals so you will not turn into a file that gets handed around the office.

17 How often will someone from your office be on the jobsite?

Obviously, more is better. Whatever their response, write it down.

18 How often will I be in contact with someone from your office during construction?

Depending on the project, it should range from every day to perhaps every 3rd day. For example, if we're doing a extensive remodel inside your home while you are living there, obviously more communication needs to take place. On the other hand, if we're replacing

a fence perhaps not so much. In the end, it should be whatever YOU want.

19 What is your warranty?

Standard builder warranties are approximately 1 year non-transferrable with manufacturers warranties extending beyond. Anything more than this is better.

20 How do you charge for extras (change order policy)?

Pracically all builders have a different method for charging for extras. It is important that you go over this thoroughly for it is one of the most contentious areas of the construction industry. A good method should include something that is 1) written, 2) doesn't take effect until it is signed/approved by you, 3) clearly explains how costs will be calculated beforehand, and 4) doesn't contain any surprise 'fees'.

21 May I have a list of customers for projects that are *currently* under construction?

It is critical you actually visit the sites of projects currently under construction. What does the site look like? Talk to the customer and see if the "walk" matches the "talk". It is better for the contractor to have several jobs going because his overhead is spread over multiple projects. You don't want your upcoming project to become his "cash-cow". When he gives you the list of projects currently running, be sure to call your local building department as well to see if this is the whole list and not just a hand-picked few.

22 May I have a list of past customers?

Perhaps the best recommendation for screening contractors. Take the time to call ALL the customers on the list and ask them about their experience with this contractor.

Financial Strength

23 Do you have a Dun & Bradstreet number? What is it?

A 'D&B' number is a credit ranking (score) for a business. In order for a business to get a D&B number, the must be firmly established and take the time to open their file with the Dunn & Bradstreet organization. Having or not-having a D&B number is necessarily a good or bad thing. However if they do have a number and it is bad, it is helpful to know.

24 May I have a list of suppliers you would use on my job?

If you were to call a contractor's bank to see how they conducted themselves, you wouldn't get much information. However material suppliers and vendors readily share that type of information. Call the material suppliers to see if they pay early, on-time or late. Having a history of late payments could be a sign of trouble.

25 How many projects do you currently have going on now? What is your current backlog?

You want to make sure a contractor has several jobs going on at the same time. However at the same time, you don't want him to have too many going because that could lead to poor communication, quality and scheduling. 'Backlog' is the amount of work under contract that has yet to be completed. You want to make sure your contractor's backlog is three to five times the value of your project.

26 Do you utilize lines of credit?

The construction industry (particularly residential) is known for using debt and lines of credit as a tool. Unfortunately however this often gets contractors in trouble. If a contracto does use debt or lines of credit, ask and verify that they are paid off promptly. It is better if your contractor has the capacity to operate *without* having to go into debt.

27 What bank do you use? How long have you banked there?

Having multiple banks over a short period of time could be a sign of trouble.

28 How do you get paid? Do you hold back retainage- if yes how much (%)?

One of the things your construction agreement (contract) should clearly specify is how your contractor gets paid. Most projects utilize a draw schedule or a percentage of completion method. The draw schedule method is a system where the contractor gets the project to a pre-determined point and the owner agrees to pay a pre-determined/agreed upon amount. The final draw (usually 5-10%) is held back until the job is fully complete and you are satisfied.

In the percentage of completion method, the contractor 'invoices' the customer for the work completed to date minus a pre-agreed percentage amount called retainage. The total of all retainage is billed at the end of the project at satisfactory completion. Here too, retainage is usually 5-10%.

Although there are pro's and con's to each method, either one will suffice. It is important to space the money out as the job progresses. Be careful if a contractor requires a significant amount of money up front as a deposit or near the beginning of the project.

29 Have any of your subcontractors or suppliers placed a lien on your project(s)?

If the contractor says yes, be extremely careful. In the State of Florida, subcontractors and suppliers have a right to lien your property EVEN if you paid the contractor. If a contractor has liens outstanding, this is a red-flag.

30 Have you ever filed for bankruptcy protection?

This is an indicator of how well they ran previous businesses. Use at your discretion.

31 Have you ever been in a lawsuit, or are you in one currently?

Nowadays, people get sued for everything even if they did nothing wrong. If a contractor is or was in a lawsuit, try to find out why and what the outcome was. Being involved in any lawsuit however could be a possible warning sign.

32 Are you bonded?

The ability for a construction company to become 'bonded' is only required in the commercial construction industry. It is not usually required in the residential construction industry. In order for a construction company to become bonded, they must meet strict financial requirements, have a proven track record and be willing to submit to an independent 3rd party financial audit (for verification purposes). If a company is 'bonded' that means they have met the financial requirements and are probably more stable.