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HIRING A CONSTRUCTION CONTRACTOR

Hiring a contractor is similar to hiring an architect and other members of your development team. Since this will be the largest contract, price is an important consideration but hardly the only one. Here is a checklist of things to consider when you hire a contractor:

1. QUALIFICATIONS

- **Familiarity with locality:** Has the contractor successfully built similar projects in your area? If so, he or she is more likely to have a good working relationship with local building inspectors and a network of local subcontractors and reliable construction material vendors.
- **Size:** Is the square footage of your project within the typical range of projects undertaken by this contractor?
- **Construction Type:** Is the contractor experienced in the type of construction being used for your project? For example, if the contractor primarily builds steel commercial buildings and your project will be a conventional “stick built” structure, he or she may encounter unfamiliar problems or may not have relationships with the appropriate subcontractors. Similarly, if your project involves renovation rather than new construction, you would want to hire someone experienced in renovation projects.
- **Building Type:** Does the contractor have experience with this type of building? It is ideal to have a contractor experienced in child care facilities construction, but this is not very common. At the very least, the contractor should have experience with a variety of building types rather than being a specialist in just one type of facility such as homes or shopping malls.
- **Client/Team:** Has the builder worked with similar clients and teams? The project should go more smoothly if the contractor has worked for other organizations of a comparable size and structure to yours.

2. REPUTATION AND RELIABILITY

The best way to prevent problems is to find a contractor with a reputation for **integrity** and **reliable performance**. In interviews and during reference checks, probe the contractor's track record with respect to:

- **Budget:** Did the contractor stay within the budget? Many factors beyond the contractor's control can cause a project to exceed the budget. Find out whether other projects were completed within budget and if not, why not.
- **Timeliness:** Did the contractor complete previous projects on time? Delays not only drive up construction costs, they can also cause additional operating losses if the center's opening is postponed or a key enrollment window is missed.
- **Honesty:** Did other clients find the contractor to be honest and trustworthy? The contractor's integrity is often your best protection against being overcharged or underserved in any way.
- **Construction Quality:** Does the contractor do high quality work with high quality materials? The building's durability over time and through changing seasons will depend upon the quality of construction and materials used in the project.
- **Flexibility:** Construction rarely proceeds exactly as planned. How responsive is the contractor when problems arise? How helpful is the contractor at finding solutions when faced with unexpected circumstances?

3. CHEMISTRY

Reference checking about the reputation of potential contractors might provide some insight into how well you might get along and work together. But don't just rely on the experience of others. The process of interviewing a contractor, asking questions about the bid, observing his or her interactions with other members of your development team, and the contract negotiations can all help you decide whether the candidate is a good fit for

your project. Do a gut check: Does this feel like it will be a good relationship, or could it grow contentious, especially with the pressures of a tight schedule and budget?

4. PRICE

In evaluating contractor bids, keep these three things in mind:

1. Don't completely sacrifice qualifications and reputation to take advantage of a favorable price, even if all the other bids exceed your budget.
2. The bid is a starting point in a negotiation. If you like the qualifications and reputation of a high bidder, see what you can do to arrive at a price that is acceptable to you, even if the price exceeds that of other bidders.
3. After you have agreed to a price and fully negotiated the contract, check that other clauses in the contract will not expose your organization to the risk that the actual construction price might increase as the work progresses. (See below under The Construction Contract for more details on different types of contracts and pricing methods.)

Because of the construction contractor's importance to the project's success, take your time and use your staff, board and development team to help you evaluate each proposal. Since the architect plays an important role in preparing the bid documents, he or she is in a good position to help you evaluate candidates as well.

In some cases, the project architect is able to recommend one or more contractors based on previous positive working experiences. While this can be very helpful, the selection process should still be a competitive one. Use your own judgment in making the final decision based on the interview, bid and input of others.