

# THE 5-STEP GUIDE TO ONBOARDING A MAIN CONTRACTOR ON YOUR NEXT PROJECT – THE RIGHT WAY...

By **Dan Miller**

## Why am I talking about this?

A recurring thought I have is that we are taught in the property world to "get educated" – educate yourself on stacking deals, sourcing, raising finance, purchasing and lending. And then we walk straight into a project thinking it will be easy enough, and we'll just get the builders in.

Often, however, once someone has been through a project from start to finish, they will say dealing with builders and getting the project finished to a good standard was the hardest part. Yet, we tend to pay this area the least amount of attention when entering the deal.

This is why I am talking about how to onboard a main contractor properly in this month's article, so you can have the hands-off scenario: where you pay a fair price, for good quality work, to one contractor, with minimal hassle and stress.

## Two things to note before moving forwards

Two things to note here – the majority of builders want to do good work, and often become disillusioned with clients not being organised themselves. Secondly, as a client, you lose all negotiating leverage once you've signed the contract and have handed over the keys to your project. So it's **imperative** you set the job up properly before works start.

During my previous career in construction management, and now through my own property portfolio, development business and consultancy work, I see refurbishments and new builds day in, day out, so I should know a thing or two about setting up a project for success. Read on to understand more...

Spoiler alert – you need to carry out upfront, diligent planning; you can't just get the builders in!



### Step 1 **Nail down your design**

Possibly the most important step – if you've read any of my previous articles, you will know I bang on about this constantly! – nail down your design and freeze your drawings. In other words, know what you want and don't change it.

The worst thing you can do is not know what you want to build and then start changing your mind during the build process. A contractor cannot price a project if it's not clear what needs pricing – if you do have a contractor who is happy to price a project full of indecision, it will cost too much and take too long to finish.

If you take one thing away from this article, please let it be this: Work through your design properly. Whether this is from your own knowledge, or that of an architect, ensure you have good information which is clear and concise. Ensure this is complete right from (for example) the location of a toilet, all the way through to the number of feature walls you want painted. Only then go out to contractors for pricing.

### Step 2 **Prepare and provide your tender pack**

In the construction world we call the information you send out to a contractor for pricing a 'tender pack,' and this is exactly what you need to do, just on a smaller scale. There are two (but ideally three!) things you need to complete here to ensure you are sending the right information for pricing:

Drawings – the obvious one; with the number and type depending on the complexity of the project. The drawings you potentially need are: existing property layout; proposed new layout; demolition; structural; wall types and setting out; kitchen layout; electrical plans; and finishes plans (e.g. detailing paint and carpets).

Specification – this is usually a spreadsheet showing detail of everything which needs installing. For example: the type of tap in the bathroom, the radiators you want, or the colour of your feature paint. Essentially absolutely everything the building needs to function. This document takes a lot of work



and decision making; and depending on the size of your project, this is where an interior designer can really help you.

A Bill of Quantities – otherwise known as a “BOQ”. I do this with all my clients because it ensures nothing is missed, it also means (most importantly!) that you can ‘compare apples with apples’. Along with the above drawings and specification, we send out a spreadsheet listing all the works which need completing, and ask the contractor to write costs next to each section. This means when you get your quotes back (ideally three – see below), you can directly compare the cost of each element of work. If you don’t do this, you will receive quotes back in different formats and will be none the wiser as to how they compare.

## Step 3

### Obtain quotes and compare

I talked about three quotes in Step 2, and this is the ideal number of quotes you need in order to check you are receiving a fair market rate for the works. In anticipation of not getting this level of detailed quote, however, be prepared that you might need to ask more than three contractors to price your job.

One of the main advantages of preparing your own “BOQ” is that you can now clearly see the works itemised out with respective prices. This then allows you to query items and ask, for example, why the joinery is more expensive than the other two quotes you have received. This is a smart way to haggle the price without simply asking them to do you a deal or a favour as this **never** works. **Do not** go into a project with the trade saying that they are doing you a favour, as it will always bite you in the future.

Feel free to read that last paragraph again and digest it! This the golden nugget when trying to achieve a good price on your next project.

## Step 4

### The finer details and preferred contractor

After speaking with multiple contractors, showing them around your project and receiving quotes back, you should now have a pretty good idea of who you want to use. And thus we come to the point in the process when it’s only fair to start working with one contractor as you iron out those

finer details – but remember, time spent quoting is unpaid work for them, so there is a limit as to how much effort they will put in.

Tell your chosen contractor this; explain they are your preferred contractor and the project is essentially theirs subject to sorting out some finer details. It is now worth their effort to engage with you and work through these important points.

These finer points should be:

- The form and type of contract used
- Proposed start and end dates of the works
- The payment structure – how and when they are to be paid
- Anything the contractor isn’t including in their quotation
- Evidence of similar jobs completed; and maybe a visit to these if possible

## Step 5

### Onboarding and handing over keys

The final stage is to formally onboard your contractor; and in order to do this, you need to complete a few admin related tasks. But first, let me however reiterate an earlier point here – after this stage, you effectively lose all your leverage over the contractor. If there are changes/any extras from this point onwards, it will be this contractor pricing and completing the works, as you won’t be going out to a competitive market.

To finish the onboarding process, your admin tasks are:

- you need to both sign a contract;
- you need to see proof of the contractor’s public liability insurance;
- and ideally, proof of their additional ‘all risk’ insurance in order for them to be fully covered to do the work.

At this point, you can then hand over keys and be confident that you have given your project the best chance of success.

## To bring this to a close

You are trusting, usually, one person (your contractor) to plan, monitor and organise your works; so take the time upfront to follow my recommended steps so that you can be confident that you’ve onboarded the right person.

It is often quite easy to forget about the actual sum of money involved in a sizeable refurbishment project – it becomes numbers on a page and a means to an exit from a property deal. The majority of my clients are usually paying upwards of £150,000 to their main contractor, which is a huge amount of money. To ensure your money is well spent and has the desired outcome, you have to put in the work above to set up your project up for success.

The overriding theme here is to “front load” your project; do all the important work upfront so the contractor has the tools to deliver your project properly. If done in this way, you have the ability to sit back and monitor the project safe in the knowledge that you’ve done what you can to set this up to be a success!

## Contact Dan



Dan has been involved in construction and property for nearly 20 years, and has a passion for delivering quality projects, which are built properly. He has been investing for over a decade with a portfolio of HMO and BTL properties, and currently owns and operates a development company. Alongside this, Dan offers project management consultancy helping others manage their projects, ensuring maximum success.

To find out more go to [www.morethanbricks.uk](http://www.morethanbricks.uk) or find him on Instagram @\_morethanbricks