

The Toughest Part of Your Job

Hiring a Top-Quality Contractor

By Frank Deluca

Although there are many types of franchised business available today, most still rely on traditional, bricks-and-mortar storefront outlets. If you're accepted into one of these franchised systems, it may be up to you, as franchisee, to construct or renovate and equip the premises in accordance with your new franchisor's specifications. This can seem daunting if you've never been involved in a construction project. However, you aren't alone. A franchisor should be ready and able to guide you through the steps of 'building out' your new business. Even if yours isn't, you can still figure out how to hire the best general contractor (GC) possible.¹

Choosing a general contractor

Not all franchisees have the experience necessary to select quality workers; most are tempted to base their decision entirely on price. However, you get what you pay for when it comes to construction. A general contractor is not one of the skilled tradespeople who builds your store directly; rather, his or her primary skills are communication, organization and planning. He or she possesses specialized knowledge of the construction process, including building codes and municipal bylaws, and may also have experience dealing with landlords and their requirements, whereas you may not.

The GC's job is to interpret architectural drawings, direct tradespeople and produce your new building on time and within budget. Some general contractors even have tradespeople on staff. They will be the ones responsible for

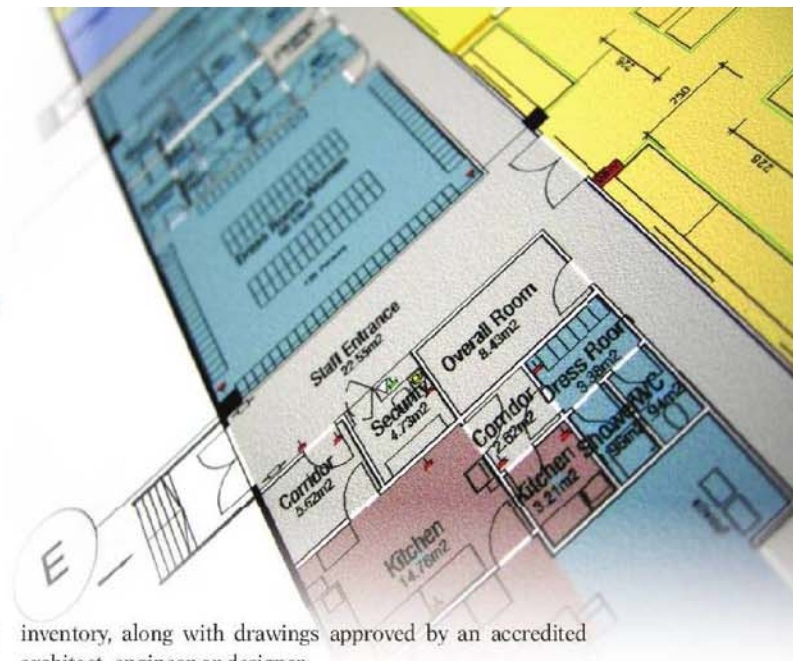


A general contractor's primary skills are communication, organization and planning.

installing duct work, placing drywall, taping and prepping walls for paint, setting tiles and hundreds of other important tasks. As the franchisee, you should not be dealing with tradespeople directly.

Franchisor involvement

Your franchisor may help you select a general contractor by providing a list of those it has worked with before. Some larger franchise systems even have their own construction departments, able to renovate or build your location without any involvement from you at all. Your franchisor may also provide a list of approved suppliers for equipment and



inventory, along with drawings approved by an accredited architect, engineer or designer.

This is an ideal situation for some franchisees. However, others prefer a more direct hand in building their new businesses. If you like to be involved, you usually can be. Just make sure you meet the GC face-to-face. When negotiating a project like this, personal communication is a must.

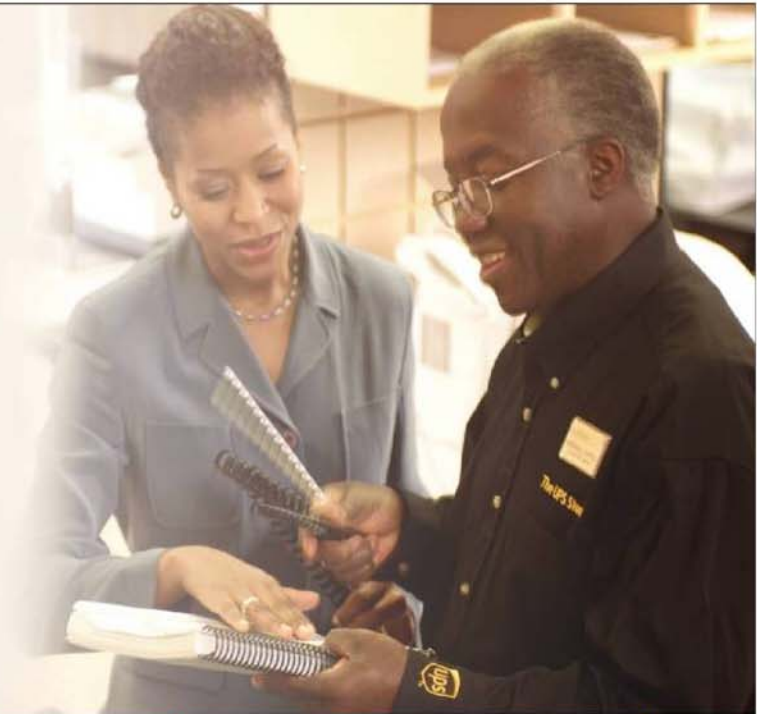
Credentials

For better or worse, general contracting is not a heavily regulated field. Even a GC with memberships in several professional organizations may not be particularly skilled.

Sure, we do shipping. And printing & copying, and all kinds of other services that small businesses need.

Our network of over 330 locations in Canada, and over 6000 locations worldwide, offers support to the growing small office & home office market. Enjoy the enormous strength and limitless potential of our brand when you join us. Exceptional franchise locations are still available across Canada.

Find out more at 1-800-661-6232
or visit us at theupsstore.ca



Minimum cash investment: \$80,000 to \$100,000.
Initial investment: \$140,500 - \$170,000, plus working capital.

The UPS Store





To protect yourself and your new business, expect your GC to provide you with a \$5-million builders' risk liability policy before construction begins. Although this policy is for your landlord, rather than you, your name should also be on it. The GC should also have a current

Workplace Safety & Insurance Board (WSIB) certificate. This is another sign that your GC is well organized and receiving steady work (certificates are renewed every 60 days). However, a shabby GC can scramble to get this form just in time to bid for your job, so check his or her references to ensure the contractor is working regularly, not intermittently.

Professionalism

As a businessperson, you've got to trust your gut—regardless of what a GC's qualifications seem like on paper, how does he or she make you feel? A great general contractor acts professionally at all times, using a friendly approach and explaining all terms in the clearest manner possible. A GC who takes pride in his or her work (and image) will always be your best bet.

Eye for detail

No matter the project, a great GC is one who can deliver the concept exactly as specified, with no shortcuts taken and no avoidable delays. This is especially important when building a franchised location, since franchisors want every one of their stores to have the same look and feel. Therefore, a general contractor's ability to duplicate colour schemes, floorplan, décor, etc., will be one of his or her most important skills. (It usually helps if the contractor has worked with your franchise system before.)

Price

Typically, it is the franchisee, not the franchisor, who pays the general contractor. However, all construction and pre-opening costs should be set out clearly in the franchisor's disclosure document. These costs will be projections, based on previous build-outs the franchisor has gone through. You must keep these projections in mind as you assess bids from various contractors.

A construction project that drags past its scheduled completion date can be costly for everyone. Therefore, it is imperative to



Decorative Concrete Curbing

Nobody Does it Better

Secure your Territory Today!

- huge market demand
- protected territories
- national call center
- premium equipment
- complete training
- ongoing support program
- proven systems to launch your business
- established trademarks
- excellent earning potential
- home based business
- great outdoor working environment





1-877-696-CURB

www.curb-easefranchise.com



choose the most qualified GC for the most reasonable (not simply the cheapest) price. Remember: the point of this vetting process is to find a GC able to do top-quality work. Don't compromise your future business by falling back upon a 'brother-in-law who knows plumbing' or a neighbourhood handyman willing to help build your store on evenings or weekends. These people are cheaper for a reason.

Make sure to tender to at least three general contractors. If one quotes you a price more than 10 per cent cheaper than the others, eliminate this company right away. All good general contractors pay the same amount for materials and skilled, dedicated labour.

Having removed one bid from the table, consider the references provided by those who remain. A GC should provide you with at least three solid references—that is, franchisees the GC has built for in the past. Take the time to telephone or even visit these franchisees to hear their assessments. Landlords and leasing representatives can also be helpful, as they have usually worked with several general contractors and can warn you about a bad one.

Approving the plans

Typically, franchisors have a standing agreement with an accredited design firm to produce architectural drawings; however, the GC will see nothing until the

Choosing a general contractor who has worked with your franchise system before will help ensure work meets your franchisor's expectations.

WE'RE TURNING UP THE HEAT

MR MIKES
STEAKHOUSE & BAR

ACCREDITED TO GRILL
GR8 STK
FOR MIKES

Find out why we're Canada's Fastest Growing Steakhouse at: mrmikes.ca then call Blair Kennedy: 1.800.668.MIKE



When looking for a contractor, do your homework—it saves time, money and stress.

franchisor, landlord (if there is one) and the municipal building department have all approved them. Franchisees have no role in creating the drawings or getting them approved.

It is up to the building department's plans examiner to ensure all plans comply with the building code in your province or territory. If they do, the department issues a building permit, allowing construction to begin. Your building permits will cover all facets of construction—from the building of the façade, walls, floors, etc., to plumbing, electrical, heating and air-conditioning and general décor.

Negotiation and oversight

Most construction contracts specify what kind of guarantee there is on the work and how long it will last. The contract should also address the quality of workmanship to be delivered, responsibility for material failures—mechanical or otherwise—and any other pertinent concerns.

However, when general contractors quote on a project, they do it based on what they can 'see.' No one can predict every irregularity that might reveal itself in the course of constructing a new building on a new site. Even renovations can cause surprises—for example, an old wall might be taken down and the GC discovers the supporting wall behind is seriously decayed and must be rebuilt. Such challenges often drive the cost of construction substantially higher than the quote, requiring a 'change order' to be applied to the contract. A change order is a single page detailing the extra work required and how much it will cost. You will sign this document, along with the GC.

Construction timelines

It can be difficult—especially for someone new to business—to judge whether a proposed construction timeline is reasonable. Asking your franchisor for advice on this matter is a good start. You may also speak with current franchisees and ask them how long their building projects took. To be fair, your own location may have certain site challenges the others do not, so make sure to view the situation from the GC's perspective, as well.

Food-services franchises often take the most time to build, because of their complex combination of plumbing, electrical installations and code requirements. Retail can be complicated if the franchise system has an atypical business model. A GC who has built locations like these before can better assess timelines and anticipate problems.

Once work begins, keep an eye on things. If you see work happening only after-hours, even on a day with clear weather, don't be afraid to ask why. Some projects are slowed by lack of funding on the general contractor's side, or conflicts with tradespeople. Less ethical GCs may even slot your job in between other jobs. You must stay vigilant to protect your investment.

Inspection schedule

Your construction process includes several inspections, most of which can be completed in less than an hour. Different inspections evaluate different parts of the building and should be timed to

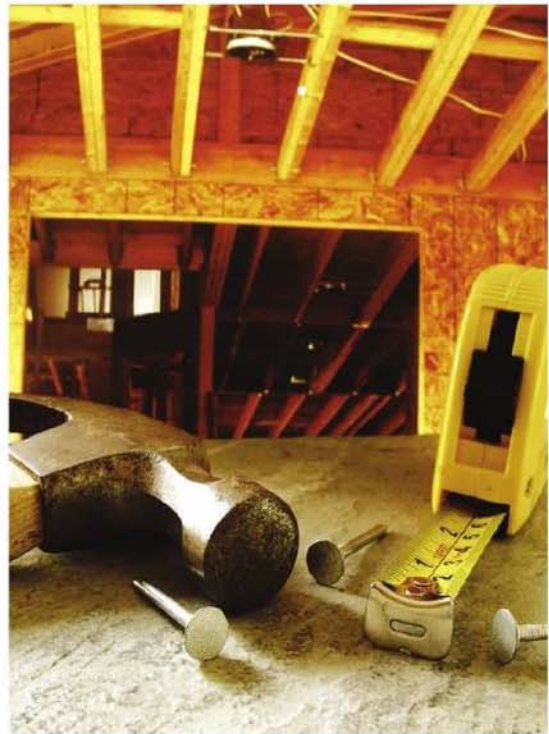
**SEEKING YOUNG, ENERGETIC ENTREPRENEURS
FOR GOLDEN OPPORTUNITIES**

GOLD'S GYM
AVAILABLE ACROSS CANADA

Superior training, information, support and guidance
Service Excellence since 1965
Strong corporate support
National Vendor Program
Award winning advertising programs
Licensed apparel sales - Pro shop
Continuing Education
Gold's Gym University - On-Site Training
Celebrity recognition and endorsements
Franchises available across Canada

For more information call
Ziad Jaber 1-877-836-GOLD (4653)
E-mail: ziadjaber@goldsgymcanada.com
Or visit our website:
www.goldsgymcanada.com

No one can predict every irregularity that might reveal itself in the course of constructing a new building on a new site.



benefit the GC's schedule (most can be scheduled with 48 hours' notice). You need not be present when the inspectors arrive.

Not all inspections are conducted by the same agencies. For example, the GC's plumbing and drain roughing must be approved by an inspector from your municipal plumbing department, while the installation of transformers and electrical panels must be approved by your local electrical safety authority (ESA). These two inspections occur early in the construction process, and should you fail them, the GC cannot proceed with any other work. There are several more inspections during the build-out, including a heating, ventilation and air-conditioning (HVAC) inspection before the ceiling can be closed.

Once the building is finished, you must still pass a 'final occupancy inspection,' conducted jointly by the building department and fire department. (If you're opening a food-service franchise, the health department will be involved, as well.) Only then are you free to open for business.

Payment schedule

Generally, your first payment is a signing deposit, made to the GC after you sign the contract. This deposit should never exceed 10 per cent of the quote. Once it has been paid, you'll be responsible for meeting a series of 'progress payments,' *i.e.* payments for work that has been completed. Payment dates are often based on key construction 'milestones,' like the installation of plumbing, or the date of an inspection. You will be provided with a construction schedule and dates for these payments.

You will also hold back 10 per cent of the total to ensure any deficiencies in the final product are recognized and fixed.

If a general contractor requests payment from you prior to the scheduled payment dates, beware. This could indicate a problem, either with the GC's budget projections or the tradespeople the GC has hired. Do not be

Featuring the lowest rates
and the best franchise
services in the take-out
pizza industry.

80 LOCATIONS

NEW ORLEANS PIZZA

519.349.2380
neworleanspizza.ca



Once work has begun, protect your investment by keeping a vigilant eye on the project's progress.

afraid to ask—bluntly—why the general contractor needs money upfront, especially on short notice. Bring the franchisor into this discussion, as well.

After successfully passing your final inspection, the GC will provide you with a 'statutory declaration' form, confirming that all his or her tradespeople have been paid and absolving you of responsibility for any further payments for work performed. Only then will you pay the GC the hold-back.

After your store is built

Inspectors only catch building code deficiencies; they will not note poor workmanship, malfunctioning appliances and fixtures, millwork damage, cracked tiles, etc. Your franchisor will send a representative through the building to ensure everything has been built to the franchise standard—but even these people will not catch everything. Take a walk through yourself. Look and listen closely to every square inch of your building. If you find a problem, bring it to the GC's attention before the final payment is made. If the GC will not fix it, use the 10 per cent to pay someone who will.

You spent time to research your franchise because you wanted the best future for yourself and your family. Choosing a great general contractor is no less important than choosing a great franchise system. Do your homework and you're sure to have piece of mind. **fe**

Notes

¹The author acknowledges the assistance of Lori Karpman in preparing this article.



Frank Deluca is president of DCL Construction, a Toronto-based general contracting firm that has worked with Baskin Robbins, Little Caesars, Subway and other franchisors. He can be reached at (416) 440-9859.



Coffee News®

- ✓ Put your entrepreneurial and community spirit to work!
- ✓ Coffee News is a fun little restaurant publication with a secret - extremely effective ads.
- ✓ You sell the ads, we provide the weekly content (via Internet) to keep your readers thoroughly entertained and coming back for more!
- ✓ An ideal home-based business that was established in 1988.



Please contact our website and fill out a franchise request form.
www.coffeenewscanada.com

