

DO I REALLY NEED A GENERAL CONTRACTOR?

10 points to consider to help you decide

You've been planning your real estate development project for a while. You've run all the numbers so well that your spreadsheets have spreadsheets. The project is fairly straightforward and does not involve complicated construction. Maybe you've heard that you can save money (increasing your overall profit) by acting as your own GC, or maybe someone you know has a friend with a little experience "working construction" and is offering to help you manage the project for a fraction of the cost of what you've budgeted for a general contractor. Seems like a no-brainer, right? Before you make a final decision, consider the following:

- 1** Are you planning to be on site every day during construction?
- 2** Are you confident sequencing trades, construction schedules, inspections?
- 3** Are you confident interpreting subcontractor bids and, for instance, knowing if there may be something missing from the numbers they are quoting that will come back to hit you later?
- 4** Are you familiar with exactly what scope will be covered by each trade/sub and if there may be someone else who needs to be brought in to fill in a gap that wasn't covered in the group of bids that you received? You don't want to find this out during construction when someone says "that's not my job" and you suddenly have to start looking for someone else...resulting in more lost time and money.
- 5** You will constantly be hounded by subcontractors with questions during construction. Many of these questions are technical in nature and will require someone with technical knowledge to answer.
- 6** You will be chasing down subs who don't show up when they are supposed to. You will have subs who are take longer than estimated to complete their work and that will affect the schedules of other subs you have lined up, who may have to leave your job to start another one and tell you they will come back after they finish other jobs. You may or may not ever see them again...think 'home remodel on steroids.'
- 7** If you will have a construction loan, they are often tied to a date for construction to be complete. When you have a GC, you can charge damages for every day that construction goes past that date. When you don't have a GC, you are stuck paying back your loan long before you are ready to move in, and all the responsibility falls on you.
- 8** Have you looked into the additional insurance requirements you might be required to carry to cover the subs?
- 9** If there is a problem in the future with some aspect of their work, does some part of the responsibility and/or liability fall on you? It's important to find out ahead of time.
- 10** How comfortable are you interpreting changes resulting from unforeseen site conditions and requests from municipalities? If you aren't sure, where would you go for advice? Do you have a trusted network with a solid track record and reputation, or will you need to rely on someone referred by a friend who has "some experience in construction?" If you have to start looking after the issues arise, you will most certainly lose time, money and quality from those delays.

Can you do the job? Most likely, yes. The question is, do you really *want* to do the job? Will the money you'd potentially save on paying a GC mean greater time and money lost from not being able to do what you already do best? Do you really need a second full-time job, especially one filled with these kinds of headaches?

