$28.50

How to Succeed with

Your Own Construction Business

by

Stephen & Janelle Diller

Craftsman Book Company
6058 Corte del Cedro / Carlsbad, CA 92011

ACKNOWLEDGMENTS

The authors wish to express their appreciation to the following individuals and companies for furnishing materials used in the preparation of various portions of this book.

Robert Bowman, Computer Specialist
Bradford Publishing Company, Lakewood, Colorado
Community Development
First American Bank, George Lenz
Haley Property Management Company
G. K. Helzer Construction, Valerie Helzer
Holme Roberts & Owen, Brent Rychener
The Insurance Center, **Nancy Branstedt and Connie Stevenson**
Melvin Jantz, General Accounting & Tax Preparation
Neighborhood Housing Services, Terry Allen
Remodeling *Magazine,* Washington, DC

In addition, we greatly value the excellent resources of two other outstanding industry magazines: *Professional Builder* and *Qualified Remodeler*.

Our greatest appreciation goes to our parents, Ivan and Doris Diller and S. Milford and Rosie Roupp. Over the decades, they have set an example of honesty, integrity, and competence that we aspire to. Further, they have instilled in us an entrepreneurial spirit that is the foundation of our enthusiasm for owning our own business.

Library of Congress Cataloging-in-Publication Data

Diller, Stephen.
How to succeed with your own construction business / by Stephen & Janelle Diller.
p. cm.
Includes index.
ISBN 0-934041-59-8
1. Construction industry--Management. 2. New business enterprise--Management. I. Diller, Janelle. II. Title.
HD9715.A2D49 1990
624'.068--dc20 90-48956
CIP

Cartoons by Jim Whiting

Sixth printing 2007

CONTENTS

1 **Taking the Plunge 5**

♦ Learning the Hard Way - 6 ♦ But Is It Right for You? - 10 ♦ Are You Up to the Challenge? - 13 ♦ The Next Step - 14 ♦ Choosing Your Name - 19 ♦ Registering Your Company Name - 20 ♦ An Employee Identification Number - 21 ♦ Getting a Business and Contractor's License - 22 ♦ Getting Bonds and Insurance - 24 ♦ What About a Franchise? - 26

2 **Knocking on Opportunity's Door 35**

♦ The Professional Look - 36 ♦ What Do You Have to Offer? - 39 ♦ The Next Step - 40

3 **Digging Up Business 53**

♦ Creating a Logotype - 55 ♦ Institutional vs. Promotional Advertising - 59 ♦ High Dollar Advertising - 65 ♦ Your Media Choices - 71 ♦ Qualifying Leads - 86

4 **Making the Sale 90**

♦ A Hard Lesson - 90 ♦ That Important First Impression - 91 ♦ Sell Yourself Before You Sell the Job - 93 ♦ Sell the Value of Remodeling - 99 ♦ Listen, Listen, Listen - 99 ♦ Bid Specifications, Not Ideas - 101 ♦ Don't Let Money Do All the Talking - 103 ♦ Polishing the Proposal Folder - 105 ♦ The Final Step - 107 ♦ Selling the Next Job Off This One - 108

5 **Dealing with Clients 111**

♦ The Handyman - 112 ♦ The Purchasing Agent - 114 ♦ The Manipulator - 115 ♦ The Perfectionist - 116 ♦ The Deadbeat - 117 ♦ The Fall Crazies - 118 ♦ The Pre-construction Meeting - 119 ♦ The Change Order - 120 ♦ Job Completion - 121 ♦ Summing It Up - 123

6 Making It Legal 125

♦ The Smart Contract - 126 ♦ Complete Agreement - 137 ♦ A Contract Checklist - 137 ♦ Time and Materials Contract - 138 ♦ Collection Troubles - 140

7 Financing 147

♦ Money Sources - 148 ♦ Getting Paid - 152 ♦ Contractor Financing - 166

8 How Much to Charge and How to Bill It 169

♦ The Options - 170 ♦ Your Prices Are Based on Your Costs - 171 ♦ The Profit Question - 178 ♦ Contract vs. Time and Materials - 178 ♦ Bidding or Negotiating for Work - 181

9 Estimating with Accuracy 183

♦ Estimating Methods - 186 ♦ The Estimating Take-Off Form - 190 ♦ Putting Your Estimate Together - 194 ♦ A Math Primer for Estimators - 198 ♦ A Sample Estimate - 202

10 Scheduling the Job 213

♦ The Basics of Scheduling - 214 ♦ Choosing the Right System for You - 215 ♦ Staying on Schedule - 226 ♦ Scheduling Software - 226

11 Finding and Keeping Good Employees 229

♦ Hiring Employees - 230 ♦ Hanging On to the Good Ones - 242 ♦ Firing Employees - 244 ♦ Working with Subcontractors - 244

12 Running an Efficient Office 247

♦ The Equipment You Need - 248 ♦ Managing Your Time - 254 ♦ Computers or No Computers - 256

13 The Paper Shuffle 263

♦ The Federal Tax Forms - 265

14 Keeping the Books 299

♦ Breaking the System into Parts - 301 ♦ Managing Cash Flow - 316 ♦ Totaling Up for the Year - 317

15 Buying Insurance 319

♦ Kinds of Insurance - 320

16 Looking Ahead 325

♦ You're on Your Own - 327 ♦ For Further Information - 327

Index 330

1

Taking the Plunge

It's hard to swing a hammer on a contractor's payroll and not dream of running your own construction company some day. You know you could do it faster, better, and make better money. So why let someone else make the profits while you work for wages? Why not take the risks and get the rewards yourself?

If that's what you've been thinking, keep reading. This book can help you make the big step from wage earner to contractor — in the shortest time possible and with the best possible chance of success. We're going to explain how to take the plunge, step by step, and in the clearest language possible.

Most new contractors quit their regular construction jobs because they have good prospects for making it on their own. A strong economy and a few good leads may provide all the courage needed to step out on your own. As long as the economy stays robust, you can keep busy moving from one job to the next. You feel good about all the money going through your bank account. For a while that may seem like prosperity — until you get a notice from the Workers' Compensation Board or the IRS that you're delinquent on some payment required by law. Or your suppliers start calling to find out where their money is. Or a client threatens suit because of some work you did or didn't do. Worse yet, the bottom may drop out of the local economy — leaving you with all overhead and no income.

What happens then? Do you quit and go back to work for your old boss (if the job's still open)? Do you declare bankruptcy? Or do you stop and rethink where you're headed, how you got there, and what your options are?

We hope you're reading this book before you reach the point of desperation. But even if you're desperate, what you learn here should be well worth the time you invest scanning these pages.

Maybe you're just starting to explore the idea of construction on your own. If so, you're lucky. Not everyone is so far-sighted. Nearly one-third of all new businesses fail in their first year. Only half survive two years. The statistics don't have to be so grim. You can overcome most problems. We'll show you how. You don't have to discover all the dead end streets, blind alleys and potholes yourself. Let this book be your road map.

Learning the Hard Way

Before beginning, we'll offer some personal history so you understand our perspective. We're a husband and wife construction team. We both grew up in the construction industry. Steve's father owned his own home-building business for 45 years. Janelle's dad owned a ready-mix concrete plant and plowed his profits into real estate. We saw our fathers work long hours and come home dirty and tired. Their struggles in running businesses — even successful ones — didn't appeal to us. The money looked good enough, but we weren't sure we wanted the customer hassles or the hard work. A construction company seemed like the last thing we wanted to do.

Still, construction was what we knew best. And everyone needs a career. So we tried to make a living in the home renovation business, fixing up old houses for sale in Colorado Springs. We might have made a living at it, except that home loan rates zoomed to 18 percent and the local economy went into a tailspin before our first home was done. Fortunately, a couple of jobs dropped in our laps and we were "contractors," whether we'd planned to be or not. Even more unexpected, we liked it!

Those first jobs rolled in so easily that we thought others would quickly follow. Those first jobs came from casual acquaintances who knew we had some construction skills. Of course, as luck (or logic) would have it, the phone didn't ring again for six months. Fortunately, we had very little overhead and a second income that kept us afloat.

Our success story would be more persuasive if we could say that some serious reading and a few changes solved all our problems. Unfortunately, that wasn't what happened. We discovered ways to make a good living in the construction business. But we never found a magic formula. Maybe there isn't any. What we discovered was the hundreds of mistakes nearly any contractor can make in this business — and a few ideas and ways of doing business that seemed to work again and again.

That's what we're going to share with you — information to make your first few years a lot easier than ours were. We'll tell you how to estimate and schedule jobs, set up books and run your office, dig up business and close the sale. Of course, you have to add the real magic that makes a business succeed: hard work, construction know-how, and management skills.

The Big Picture

The construction industry is the nation's largest in terms of the number of people employed. It touches the lives of everyone, either as a consumer or as a producer. Until just the last decade or so, new construction was the glamorous part of the industry and remodeling was the ugly duckling. Home renovation and remodeling were like crumbs left on the table after all the prime jobs had been swept up.

That's not true any more. The remodeling and renovation industry is growing much faster than new construction. Experts predict that remodeling work will continue to thrive because our nation's housing stock is getting older. A home is built only once. But most will be remodeled several times before they're finally demolished. For many homes, the cumulative cost of remodeling and repairs will far exceed the original cost of construction. That makes home remodeling, renovation and repair a very promising business.

Of course, new construction may seem more glamorous. You don't have so many unexpected problems. You don't have to work around a house full of people. And you don't have to deal with the eternal problem of knowing where to start and where to finally call it quits. Fortunately for the consumer, most remodelers see those as minor inconveniences in a very challenging and rapidly growing industry.

For the first few years we planned to move up to the "real" contracting business some day, putting up new buildings instead of just making them better. Gradually though, we began to realize that remodeling had major advantages. Once we stopped apologizing for being on this end of the industry, it was easy to get more respect. Most important, we found ourselves getting more business and more recognition as specialists in the construction industry.

Here's Why We Concentrate on Remodeling

1) Most remodeling and repair work is financed by savings or the settlement of an insurance claim, not proceeds from a loan. When new

construction is being strangled by high loan rates, repair and remodeling work tends to keep humming. In a weak business market, many prospective new-home buyers opt to remodel instead of buy. The market ups and downs aren't nearly as dramatic or dangerous to the remodeler as they are to the contractor who does mostly new work.

In 1985, *Professional Builder* reported that from 1979 to 1983 residential construction dropped about 60 percent. In the same period, inflation-adjusted dollars spent on remodeling dropped less than 13 percent.

According to *Qualified Remodeler*, in 1978, 16.2 percent of National Association of Home Builders (NAHB) members said remodeling was an important part of their operation. By 1982, that percentage had more than doubled to 36.8 percent.

In fact, this shift presents a problem. Most builders wouldn't touch a remodeling project when times are good. But they're more than anxious to bid remodeling jobs when work is slow. Because they don't have the unique skills that remodeling takes, they botch a couple of jobs and then get out. In the process, they leave behind one more blemish on the reputation our industry carries. Remodeling requires better management, scheduling, and public relations than new construction. Unfortunately, too many builders don't discover that until they're knee-deep in a tricky job.

2) The remodeling industry tripled in size between 1975 and 1985. By 1984, more money was being spent on remodeling and repair work than on new construction. Industry experts project total remodeling dollars to triple again by the year 2000, reaching nearly $300 billion a year. That compares with about $100 billion spent in 1989. About 40 percent of those dollars will be spent on additions or alterations. The rest will be spent on maintenance and repairs.

   Asbestos removal by itself will become a big business. *Remodeling* magazine projects as much as $200 billion will be spent on eliminating the health risk from asbestos over the next ten years. And within the next few years, many states will probably require a radon test before houses can be sold. Detecting and correcting radon problems will become a nice sideline for many remodelers.

   Predictions are that the industry will average 10 to 15 percent annual growth through the 1990s.

3) Remodeling takes less money and less risk than new home building. What you need is some equipment, credit from your suppliers and subcontractors, and cash to meet payroll until receipts catch up with expenses.

   New-home builders need lots more. Many try to get started by putting up a speculative house. They find a bank to finance them, build the house, and hope that it sells. They also hope to get enough leads so building another spec house isn't necessary. Spec building is risky. Especially in suburban areas where big, publicly-held developers are active. They're masters at the fine art of getting more square feet of floor for less money.

Remodeling, by its very nature, lends itself well to a mom and pop company. You don't need a showroom or a fancy sales office. You can work out of the back of your truck. Plenty of good remodelers started this way and have chosen to stay this way.

Four-fifths of all remodeling companies have ten or fewer employees. But there are few very large remodeling companies. Most of the giants are in a single line of work, such as siding, roofing, or window replacement. *Qualified Remodeler's* 1988 listing of the 500 top remodeling companies in the U.S. included only five full-line remodelers in the top 25 companies. The number one company grossed over $120,000,000 doing siding and decks. Many in the top 500 were full-line remodelers with gross sales over $1,000,000 in 1987.

Some new-home builders hire subcontractors to do nearly all the work, from digging the foundation to decorating. All you need are competent subs. Construction becomes a matter of putting the many parts together like a giant jigsaw puzzle. Every house may have a different set of plans, but the parts go together the same way.

Not so with remodeling. Your first job may be enlarging porch windows and painting the exterior. Your second may be adding a sun room; your third, updating a kitchen. Unless you specialize, no two jobs are ever the same. As a result, most remodelers know a lot about most construction trades. It's hands-on skill that helps a remodeling company build a reputation in this industry. Good construction skills are essential. But as the company grows, good management skills become just as important. The remodeler who built the company with construction know-how has to master the fine art of running a construction office. That's not easy, as maybe you've already discovered.

4) Remodeling is a people business, not a product business. Turning clients into friends is one of the things that we like best about the business. If you don't like dealing with people, you might as well stop reading. Your success depends, at least in part, on how well you can get along with clients. Remember, they're trusting you with their most valuable possession, their home. Home renovation can be very stressful for homeowners. The mess, noise, and general disruption to their schedule is a nuisance for anyone. It's your responsibility to help clients survive while you build and remodel.

5) There's always room for someone who can do it better. The Better Business Bureau reported over 47,000 complaints against the home improvement industry in 1986. That was an increase of 31 percent over 1985 and accounted for 10 percent of all consumer complaints. Home

improvement ranked second highest in number of problems of all the business categories.

Those statistics aren't meant to scare you off. We've never had a complaint lodged against us; we've never spent a day in court or even with an arbitrator. We know lots of remodelers who can say the same thing. We also know several remodelers who got more than their share of those 47,000 complaints.

There's plenty of room for anyone who can do it better. If you do quality work, are willing to work hard to build a reputation, and can get along with people, the industry needs you!

6) Remodeling can be very profitable. We know that's true. But we won't mislead you. It can also be very unprofitable. If you can control your overhead and if you're consistently good at estimating costs, you can make good money on almost every job. Most remodelers who leave the business haven't been able to do either.

It certainly helps to do a high volume of business, but volume alone won't make you profitable. Some high volume remodelers we know aren't making much money. And we know some low volume remodeling specialists who consistently make good money. Profit margin is usually more important than volume. Be a remodeler who earns a healthy margin regardless of volume, not a remodeler who takes all the work available regardless of price.

Your reputation as an experienced remodeler should help open up some other opportunities in specialty markets. If you have any doubts, get a quote on having some asbestos removed.

7) Owning your own business is very satisfying. True, our bias is showing. We grew up in families that appreciated the flexibility, variety, and challenge self-employed people enjoy. We think running a remodeling company gives us a sense of pride that few businesses could. Looking back over the last ten years, we're proud to have survived changes in the local economy and to have grown and prospered as we accumulated experience. It feels good because we did it ourselves!

But Is It Right for You?

How do you know if you're cut out to run your own business? There's no sure way to know without actually trying it. But answer the following questions to get at least an initial impression. The first set of questions explore your general attitude toward being self-employed. The second set of questions is more specific. It covers the kinds of personality traits needed to run a remodeling business.

Neither test asks questions about your actual constructions skills. We've done it this way for three reasons. First, we assume that if you're reading this book, you have most of the construction skills needed in the remodeling business. You can either do the work, know who to hire to get the job done, or you've got an armload of books to fill in your gaps.

Second, testing your skill as a remodeler can't be done in half a page. In fact, maybe it can't be done on paper. Besides, you probably know already if you have the building skills needed to go out on your own.

Third, construction skills probably aren't as important to a remodeler as business smarts. We know several very average remodelers who have strong companies because they have good employees and they keep tight control on the business end. We also know some highly skilled craftsmen who have had trouble as remodelers because they couldn't estimate accurately or run an efficient construction office.

Here's the test. Take a minute to read the following statements. If you strongly agree with a statement, give yourself 4 points; if you generally agree, 3 points; if you disagree somewhat, 2 points; if you strongly disagree, 1 point.

1) I am very confident of my skills. _____
2) I would gladly hire someone like me to do a job. _____
3) I'm not a clock watcher. In fact, I find it hard to forget about my work outside of working hours. _____
4) Hard work — not luck — builds businesses. _____
5) I'd rather work with a difficult, highly-skilled person than an easygoing, less skilled one. _____
6) If I put my mind to it, I can do just about anything. _____
7) I like being in charge. _____
8) I rarely feel helpless in dealing with life's problems. _____
9) I'm not as motivated by making a lot of money as I am by being good at what I do and being successful in my field. _____

If you scored between 27 and 36, you're probably motivated enough to run your own business. But what about running a remodeling business specifically? Do you have the temperament for it? Take the next test and score it the same way.

1) I am able to delegate responsibility. _____
2) I try hard to tackle the parts of a task I don't like first so I can get them out of the way. _____
3) I like the challenge of keeping on schedule with a job or task, and I'm usually able to meet the deadlines I've set. _____
4) I don't mind doing "cold" or follow-up calling on a prospect. _____
5) I'm organized in most things that I do. _____

6) I usually make a good impression on people and I'm able to maintain it. _____
7) I'm somewhat of a perfectionist and I take pride in my work. _____
8) I demand high quality work out of others. _____

If you scored between 24 and 32, you'll probably like running a remodeling company and probably can develop the business skills needed. If you scored much lower, be careful. If you still think you're perfectly suited to running your own business, at least look for a likeable partner who would ace the test.

The Good Side

If you scored high on both tests, you have a lot to look forward to. As we've already said, there are plenty of pluses to owning your own remodeling company.

Remodeling is far less volatile than new construction. Because of that, it promises to be a strong growth industry throughout the 1990s. It's cheaper to get into and stay in than new construction. Yet, if you run your company right, it can be very profitable.

Owning your own business can be satisfying as well as profitable. Your hours are more flexible than when you work for someone else. There's never an end to the variety and challenge you'll find in remodeling. And you also have a chance to deal with the public every day.

Last, but certainly not least, if you're honest and capable, the industry needs you!

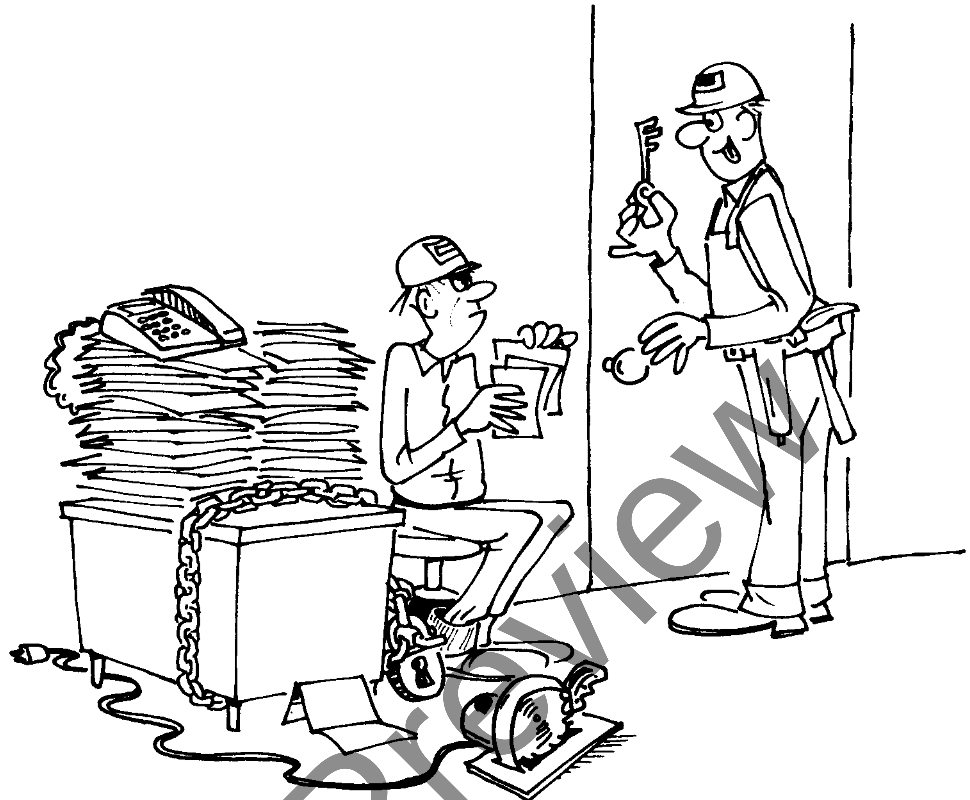
The Bad Side

Of course there is one. But this is the only time we're going to mention it. There are a number of things that can be and have been very frustrating to us.

Remodeling, especially in the early years, doesn't give you a steady income. In fact, there can be plenty of times when you have no income at all! Twenty thousand may come in one month and nothing the next. If you don't know what your true expenses are, you can find yourself in one of those financial sinkholes we mentioned earlier.

In the decade we've been in business for ourselves, we've seen our Workers' Compensation costs go from 9 percent of every dollar paid to over 30 percent. Our liability premiums have gone up over 500 percent. Add to that the paperwork required by federal, state and local government and it can get pretty discouraging. We get really tired of being tied to a desk when we should be on the job site.

Anyone who's self-employed will tell you about their long work days and weekend work. The extra hours are especially discouraging when they're the result



"Your turn to do the paperwork this week."

of an estimate that was too low. You planned to hire a crew to do the work but ran over budget. So you're doing the work yourself.

Even if you're making great money on a job, you're probably the first one on the job in the morning and the last to leave. Every day. Every week. On every job.

The part we like best — the people part — can also give us the most headaches. You'll find yourself dealing with an interesting variety of people, some of whom are a bubble off plumb. Even if you can spot them ahead of time — and there are usually some warning shots fired — you may not always be able to turn down the work, especially in the beginning.

Maybe most difficult of all, when you first set up shop, you're the bookkeeper, estimator, carpenter, personnel manager, salesman, and diplomat. And you have to be good at all of them. Some people like the various hats, some hate it.

Don't despair, though. This book is going to explain how to avoid the most common problems.

Are You Up to the Challenge?

How do you take advantage of the pros without being burned out by the cons? It's not an easy question to answer. But let us offer four suggestions from some professionals who have been in the business a long time.

1) Keep an upbeat attitude by trying to look at the larger picture. Try not to sink down in the day-to-day grind. Remember that you're building a business. Good ones don't happen overnight. If you can make it past the first two years, you've done better than 50 percent of the people who try.
2) Educate yourself. Take advantage of seminars, trade books, and even local college business courses. The more you can learn about what you're doing, the better off you, your business, and your clients will be. None of it will be wasted, even if you should decide down the road that running your own company isn't for you.
3) Plan, plan, plan. Industry experts stress the importance of a game plan. Where do you want your company to be in a year? In five years? How can you get from here to there? It also helps you keep that larger picture in sight.
4) Don't take work home with you. We know this must sound like strange advice. But we believe it's important. If your office is in your home, it's hard to resist working on an estimate at night or getting your shop ready for the next day. Tell yourself that after 6 o'clock, your day is done. Do something that will energize you for the next work day. You shouldn't have to eat, sleep, and dream construction.

The Next Step

The next step is to actually set up your business. The first choice is the form of business ownership. There are three alternatives:

1) Sole proprietorship
2) Partnership
3) Corporation

Each has its own legal and tax distinctions. The following will give you a general idea of which legal form is best for you. Every state has slightly different requirements. Before you make the final decisions, talk with an attorney and an accountant.

Sole Proprietorship

A sole proprietorship is a business owned by one person. As the owner, or proprietor, all of the company income and expenses appear on Schedule C of your federal tax return. Company profit is your income and you pay tax on it every year. You're legally responsible for all company debts. As owner, you assume all liability not only for your actions, but also the actions of your employees.

In the past, the "actions of your employees" has usually meant what happens while your employees were working. If your foreman drops his hammer and gouges the floor, you're responsible for repairing it. If a careless toss of his lit cigarette burns down the house, you're liable. If he has an accident driving from one job site to another, you again are responsible.

Recently, though, that interpretation has been broadened. In 1987, an Oregon contractor was held liable to a third person who was raped by an employee. The employee had been under a lot of stress and had been taking illegal drugs. During his working hours he became "disoriented," forced his way into a house, and raped a woman. The court held the contractor responsible because he should have been able to see that the employee wasn't stable and was a danger to others.

This chilling example should tell you two things. One, your liability for employee actions is very broad. It's more than most of us might consider even logical. And two, until the courts interpret the law differently, you must be very careful about who works on your jobs and what instructions they are given.

There are four main advantages to running a sole proprietorship.

1) You have total control of all business decisions.
2) All of the profit goes directly into your pocket.
3) Setting up a sole proprietorship is quick and simple.
4) Business losses are completely deductible.

The disadvantages are these:

1) You're legally responsible for all company debts.
2) You're liable for all company acts and omissions, including those of your employees.
3) If your business income is high, you'll pay more tax than if the income was kept in a corporation.

Partnership

A partnership is a business owned and operated by two or more people. The partnership is formed by an agreement negotiated between the partners. There may be a large number of partners — 50 or more, or as few as two. Each partner owns a percentage of the business. It doesn't have to be an equal percentage, although it can be. One may own 50 percent, one 30 percent, and one 20. Profits and losses are usually divided based on the same percentage as ownership.

Each partner is also personally responsible for the company's debts. Liability is *not* proportionate to each partner's percentage of ownership. Sadly, this means that if the business goes under and your partners are broke, you may have to pay any debts the company still owes, even if your share of the business was very small.

Usually, each partner contributes something to the business in the form of money, skills, or property. It's up to the partners to decide what each partner has to contribute and what each partner receives in return.

Note this very carefully about partnerships. Unless the partnership agreement says otherwise, each partner can act as an agent for the business. Any partner may hire, fire, borrow money, sign contracts, or make any business decision. All of the other partners are bound by these actions, whether they were aware of them or not.

As a result, if you choose to set up a partnership, it's extremely important that your partnership agreement cover all rights and obligations of each partner. Usually you'll want to have an attorney draw up an agreement that covers all the issues. Even partnerships among good friends and relatives can end in acrimony and lawsuits when the agreement omits some important point. We've seen it happen and it isn't pretty. Sometimes it's harder — both financially and emotionally — to break up a partnership than it is to end a marriage. The more you plan ahead, the smaller your risk if things fall apart.

Partnerships work well for some people. But they aren't ideal for a construction business. You have all of the disadvantages of a sole proprietorship and few of the advantages of a corporation. Consider very carefully whether your prospective partners will be bringing into the company enough to make the risk worthwhile. At the very least, try to find someone who can provide something you don't have, like money, contacts, carpentry experience or sales skills.

Again, the advantages:

1) The sum is usually greater than its parts. With one or more partners, you should have plenty of capital and expertise.
2) If you lack startup capital or management skills, bringing in partners may be the quickest and easiest way to get the business going.
3) Except for the contract between the partners, it's a very simple form of ownership.

And the disadvantages:

1) All partners are liable for all company debts.
2) Business losses may be deducted only to the extent of your investment.
3) You're legally responsible for the actions of your employees.
4) You're responsible for the business decisions of the other partners whether you know about them or not.
5) A partnership is dissolved after a partner's death and must be reorganized.
6) If your business income is high, you'll pay more in taxes than if you operate as a corporation. The partnership files only an "information" return showing income and expenses. Whatever profit is earned is divided among the partners and each pays tax on those earnings.

Corporation

A corporation is legally separate from the people who own and operate it. It's like a third invisible person. It can bid, make contracts, receive loans, and will pay taxes on its earnings. It goes on living even when shareholders sell their stock or managers leave the company or die. A partnership, on the other hand, is dissolved on the death of a partner. A corporation makes it easy to continue business from year to year. Although it's a very minor benefit, in some states it's also possible to pass on a construction license within a corporation.

Most corporations raise money by selling shares or stock. If you decide to incorporate, be sure to authorize far more shares than you ever expect to issue. From that point on you can sell any of the shares that have been issued.

You may own all of the shares, in which case you control the business. However, if you want to raise additional money for your company, you may sell shares to others. In doing so, you're also selling part of your control. As long as you keep over 50 percent, though, you have the votes to control the company. Of course, most investors want some voice in how their company is run. Raising money will be easier if you're willing to share control.

If you incorporate, you become an employee of the corporation. Both your salary and the fringe benefits you receive will be expenses to the corporation — part of the cost of doing business. The corporation doesn't have to pay taxes on that money. But, of course, you do. The corporation pays income tax on the profits it makes every year, even if that money is used to buy equipment or vehicles or to carry inventory or accounts receivable. If part of that profit is distributed to stockholders, it's taxed twice, once as profit to the corporation and once as income to stockholders. That's one major disadvantage of incorporating.

Most companies choose to incorporate for two reasons. First, corporations are taxed differently and usually at a lower rate than individuals. As of this writing, corporations pay federal tax of only 15 percent on the first $50,000 of net income (profits). If you took that same $50,000 as additional personal income, your federal tax rate would probably be 28 percent. Keeping profits in the corporation lowers the tax so you can accumulate the money needed to run your company. Of course, that money isn't in your pocket yet. If and when the money does reach your pocket, you'll still have to pay the tax.

There's another reason why so many companies incorporate. Unlike sole proprietorships and partnerships, your personal liability is probably limited to what you've invested in the company. Both the tax advantages and limited liability need more explanation. First, taxes.

Tax Differences

There are two kinds of corporations. Although there are a few characteristics that distinguish the one from the other, for all practical purposes, the choice is usually based on tax considerations. The two types of corporations are type C corporations and type S corporations.

In a C corporation, the corporation pays taxes on its profits. When the corporation distributes some of those profits to shareholders in the form of dividends, shareholders pay a second tax on the distribution. That's why most small corporations don't pay dividends. It's double taxation. It saves tax to pay a larger salary (a deductible business expense to the corporation) and no dividends.

An S corporation blends the advantages of a partnership with the advantages of a corporation. You still have the legal protection from personal liability. But all income and losses are passed through to the stockholders who then have to pay the tax, even if they didn't actually receive any money. Stockholders pay tax on their share of profits at their regular tax rate. That's the same rate as would apply if the company were run as a proprietorship or partnership. In effect, you escape the double taxation problem that you would have in a C corporation.

Limited Liability

A corporation can sue and be sued. If it's set up and run correctly, the corporate shell protects shareholders from liability. To have this advantage, though, it's very important that you separate personal finances from corporate finances. If you don't, a court may decide that you and your corporation are one and the same, exposing you to personal liability for corporate debts.

Which Corporate Form Is Right for You?

Unless you expect to make a lot of money or have more than the S corporation's current legal limit of 50 shareholders, we recommend an S corporation over a C corporation. Most small, and certainly most new, corporations are not profitable enough to make it worth their while to choose a C over an S. The tax advantage of being an S over a C is less than it used to be with the most recent tax changes. Have both your attorney and your accountant make a recommendation. The IRS allows one switch from C to S or the reverse. After that, you need IRS approval to change again. With good advice, you can choose the one right for you and stick with it from the beginning.

The Final Word

Incorporation doesn't make you a better remodeler. It won't make your company any more profitable. In fact, we would suggest putting off the decision to incorporate until you've been doing business for a few years. There's no hurry. Your banker will insist on getting your personal guarantee on loans whether you're incorporated or not. So you'll probably be personally liable for most corporate debt anyway.

	Sole Proprietorship	Partnership	S Corporation	C Corporation
Financial liability limited to your investment?	No	No	Yes	Yes
Business losses may be deducted? Only to extent of investment.	All	All	All	All
Where does startup money come from?	You	You and partner	Shareholders	Shareholders
Easy to form?	Yes	Yes	No	No
Ease of succession?	Hard	Hard	Easy	Easy
Can license be passed on?	No	No	In some locations	In some locations
Who is legally responsible for decisions made?	You	You	Corporation	Corporation
Who is legally responsible for employees' actions?	You	You	Corporation	Corporation
Tax status?	Pay as individual	Pay as individual	Pay as individual	Pay as corp. & individual

Figure 1-1

Forms of ownership

There's another reason to delay incorporation. It's expensive, usually a thousand dollars or more. Better to spend your money on what will bring in more money than on legal formalities. Wait a few years until business is good and getting better. Then spend some money to form your corporation.

Figure 1-1 compares the three forms of ownership. Use it to compare the advantages and disadvantages of each form.

Choosing Your Name

No matter what form of business you choose to set up, there are some things a new remodeling company has to do. The first is probably choosing your company name. Does that sound easy? Choosing a name can be surprisingly hard. Consider the following.

1) You want a name that isn't already being used.
2) You want a name that identifies the kind of work you do.
3) You want a distinctive name that people remember.
4) Ideally, you want a name that has all three of the above.

Still think it's easy? Try this exercise. Look in your local Yellow Pages under home improvement and read through the listings. Now close the book and try to remember as many company names as you can. Do any stand out? If any have, try and figure out why. If none do, maybe you can better understand how difficult it is.

For most remodelers, the easiest solution is also the most common. How many company names included the name of the owner: John Doe Remodeling? A name like this satisfies the first two elements listed above, but doesn't do much for three and four. How many were Miller Kitchens? Or White Construction? The first is so specific a homeowner might wonder if you do baths or additions. The latter is so general you wonder if they do a little of everything — and none of it well. Nevertheless, you're probably better off being too general rather than too specific, especially if you're like most remodelers and you do all kinds of remodeling and some new construction. Certainly for your new construction work, a name that has *remodeling* in it wouldn't be a good choice.

Good names are hard to find. One of the few we know of is used by a highly successful competitor in our area. His last name is Klass and he goes by Klass-ique Remodeling. It's a clever play on his name that's worked well for him. For some reason, the same contractor uses the name "The Remodeler." We don't know the history of that, but suspect that more than once he's regretted the clumsiness of using two company names. His combined name neatly fits criteria 1, 2, 3, and 4: A unique name that identifies the scope of work and is easy to remember.

If you live in a small town, choosing a unique name for your business probably isn't very important. Most people are going to be calling Tom Smith, not Best Remodeling. In fact, they may be confused if you do choose a name that doesn't directly identify you. In an urban area, your company name may be far more important. And while a name alone can't sell a job, if it sticks in the consumer's mind, it may get you in the door to bid a project.

Of course, even the worst name won't sink your company. But it can be a handicap. One tendency we've noticed is that remodelers often end up using their own name one way or another, even if they've chosen a completely neutral name for their company. If Tom Smith has a good reputation, potential clients will probably hear and remember his name and not Best Construction. Best Construction may be a nuisance for Tom Smith because it confuses potential clients.

The solution? Choose one name and use it. Put it on your stationery, vehicles, business cards, caps, all your advertising. If you know who your company is, the public will have an easier time knowing too.

One last note. Don't worry about choosing a name that will be listed first in the Yellow Pages. As we'll discuss in the next chapter, a Yellow Pages listing is more a courtesy to your clients who already know you. Very few remodelers get much work from the Yellow Pages; certainly not enough to merit an awkward name.

Registering Your Company Name

Once you've selected a name, your next step is to claim it officially as yours. Now's the time you'll probably run across the letters *DBA*. DBA is short for *doing business as* and refers to your business name. Only sole proprietorships and partnerships are identified this way. Corporations are chartered by each state and don't need a DBA.

If your company is a proprietorship and the name is Best Remodeling, for legal purposes you're Tom Smith, DBA Best Remodeling.

The DBA information informs the public of the person (or persons) responsible for the business. Not all states or counties require you to register your DBA. If you live in one that does, registering a DBA usually requires only payment of a fee and completing a simple form. Usually you'll have to run a small ad in the local paper giving notice to the public of the name you're using. Check with your county clerk and with your state's Secretary of State office.

You can't use a name that's being used by another business. Likewise, once you have registered your name, no one else in your area of registration may legally use that name. If you find the name you've chosen is already registered by someone else, don't give it up immediately. Check with the business that registered the name. If they're no longer using the name, they'll probably be very willing to release it.

Corporate names have to be unique too. The Secretary of State or Department of Corporations in your state probably keeps a register of names currently in use. They probably have a phone number where you can check the availability of a name and have that name reserved while your corporation is being formed.

An Employer Identification Number

Once you have a name, you'll need an Employer Identification Number (EIN), sometimes called a Taxpayer's ID number. An EIN is required if you have employees. If you don't have employees, you may use your Social Security number. However, if you plan to ever hire anyone, you might as well file for one right away. It saves the hassle and confusion of changing over later.

It's very easy to get an EIN. Either visit your local IRS office or call the toll free number listed in your phone book. Ask for Form Number SS-4. See Figure 1-2. They'll ask whether you plan to set up a proprietorship, partnership, or corporation. If you're still thinking it over, they'll send you a packet for each. Fill out the right form and you'll be sent an EIN. Use this number when you pay federal taxes or need to correspond with the IRS. Many states use your federal EIN on state tax forms. Check with your state revenue service to see if you need a separate state number. If you do, you should be able to get a form from that office.

Getting a Business and Contractor's License

You may or may not need a business license to operate. Although most cities require a license for retail businesses, not all will require one for construction or remodeling companies. Check with your city or county clerk to see if you need one. Again, this license is easy to apply for and the fee minimal.

Form **SS-4** (Rev. August 1988) Department of the Treasury Internal Revenue Service

Application for Employer Identification Number

(For use by employers and others. Please read the attached instructions before completing this form.) Please type or print clearly.

Official Use Only OMB No. 1545-0003 Expires 7-31-91

1 Name of applicant (True legal name. See instructions.)

2 Trade name of business if different from item 1 | 3 Executor, trustee, "care of name"

4 Mailing address (street address) (room, apt., or suite no.) | 5 Address of business, if different from item **4**. (See instructions.)

4a City, state, and ZIP code | 5a City, state, and ZIP code

6 County and State where principal business is located

7 Name of principal officer, grantor, or general partner. (See instructions.) ▶

8 Type of entity (Check only one.) (See instructions.)

☐ Individual SSN ______ ☐ Plan administrator SSN ______ ☐ Partnership
☐ REMIC ☐ Personal service corp. ☐ Other corporation (specify) ______
☐ State/local government ☐ National guard ☐ Federal government/military ☐ Church or church controlled organization
☐ Other nonprofit organization (specify) ______ If nonprofit organization enter GEN (if applicable) ______
☐ Farmers' cooperative
☐ Estate ☐ Trust
☐ Other (specify) ▶

8a If a corporation, give name of foreign country (if applicable) or state in the U.S. where incorporated ▶ | Foreign country | State

9 Reason for applying (check only one)
☐ Started new business ☐ Changed type of organization (specify) ▶ ______
☐ Hired employees ☐ Purchased going business
☐ Created a pension plan (specify type) ▶ ______ ☐ Created a trust (specify) ▶ ______
☐ Banking purpose (specify) ▶ ☐ Other (specify) ▶

10 Business start date or acquisition date (Mo., day, year) (See instructions.) | 11 Enter closing month of accounting year (See instructions.)

12 First date wages or annuities were paid or will be paid (Mo., day, year). **Note:** *If applicant is a withholding agent, enter date income will first be paid to nonresident alien. (Mo., day, year).* . . . . . ▶

13 Enter highest number of employees expected in the next 12 months. **Note:** *If the applicant does not expect to have any employees during the period, enter "0."* . . . . ▶ | Nonagricultural | Agricultural | Household

14 Does the applicant operate more than one place of business? . . . . . ☐ **Yes** ☐ **No**
If "Yes," enter name of business. ▶

15 Principal activity or service (See instructions.) ▶

16 Is the principal business activity manufacturing? . . . . . ☐ **Yes** ☐ **No**
If "Yes," principal product and raw material used. ▶

17 To whom are most of the products or services sold? Please check the appropriate box. ☐ Business (wholesale)
☐ Public (retail) ☐ Other (specify) ▶ ☐ N/A

18 Has the applicant ever applied for an identification number for this or any other business? . . . . ☐ **Yes** ☐ **No**
Note: *If "Yes," please answer items 18a and 18b.*

18a If the answer to item 18 is "Yes," give applicant's true name and trade name, if different when applicant applied.

True name ▶ Trade name ▶

18b Enter approximate date, city, and state where the application was filed and the previous employer identification number if known.

Approximate date when filed (Mo., day, year)	City, and state where filed	Previous EIN

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete. | Telephone number (include area code)

Name and title (please type or print clearly) ▶

Signature ▶ Date ▶

Note: *Do not write below this line. For official use only.*

Please leave blank ▶	Geo.	Ind.	Class	Reason for applying

For Paperwork Reduction Act Notice, see Instructions. ☆U.S. Government Printing Office: 1988-523-133/00332 Form **SS-4** (Rev. 8-88)

Figure 1-2

Application for Employer Identification Number

Licensing is a hot issue for remodelers all over the country. About one-half the states currently require contractors to have a license. Some licenses are not much more than a business license: fill out the form and pay the fee. Others are much more demanding. Some require extensive testing, bonding, and proof of Workers' Compensation, liability insurance, and financial stability. And the test and application fees can be steep. To put teeth into the law, some states won't allow unlicensed contractors to sue for payment under a construction contract that exceeds $600. A few states use part of the license fee to help consumers who have claims against insolvent contractors.

Florida is one of the more regulated states. The license exam is a two-day, 16-hour open book test. Less than a third of the people who take the test pass the first time around. The Florida system is also one of the more expensive. Books for the test cost $630, an application costs $175.

Many remodelers object to licensing laws. They feel government control of the industry is heavy-handed and the industry could do a better job of regulating itself. Many also believe that licensing is too costly for the small remodeler. And these costs are eventually passed on to the client. Others complain that the tests don't do any good. They don't test a remodeler's character or his construction skill. More important, states don't enforce the license law. There are too many unlicensed contractors running around making good money.

But there's another side to this debate. Licensing can help increase professionalism in the industry and can help to weed out the fly-by-nighter. Usually, states with solid testing and enforcement have more qualified construction contractors and fewer marginal operators.

In spite of the negatives, licensing is here to stay. If testing and enforcement are credible, then licensing is probably good for the industry. If they're not, licensing is just another burden you have to carry.

If you live in an area or state which requires a license, check with your local building department, county clerk, or contractor's license board for information on how to get licensed. All the tests we're aware of are open book, but you still need to study the material so you know where to look for answers. Take the requirements seriously, even if the testing authority doesn't. Passing the exam will make you a more qualified professional in the industry.

The Certification Option

If you don't live in an area that requires a license, you have another option. Both the National Association of the Remodeling Industry (NARI) and the National Association of Home Builders (NAHB) Remodelor's Council offer certification programs that may interest you.

The NARI program is for an individual, not a company, and must be renewed every year. The exam, which is open book, covers 21 areas of remodeling. Testing is scheduled several times each year in major cities. Again, this isn't cheap. The initial cost runs $340 for NARI members, and $600 for non-members. Re-certification costs $75 and $225 respectively.

In addition to the exam, you must have at least seven years' experience in the remodeling industry. You must also prove that your business dealings meet NARI standards.

The Remodelor's Council certification program is similar. For more information on either certification program contact the executive director of NARI or the executive director of NAHB Remodelor's Council. Their addresses are listed in Chapter 16 at the end of this book.

Opening a Business Checking Account

Banks love accounts opened by remodelers. They usually come with high cash flow, operating loans, and construction loans. Some bank in your community will probably offer very good terms on a checking account if you ask. At the very least, ask for free checking and no holds on local checks. You may also want a line of credit and a check guarantee.

You'll probably find that a small bank will serve you better than a large one. The first six years in business we banked at one of the largest banks in town. We had only one account with them — our company checking account. But they could never seem to understand that we were a business and had special requirements. In fact, they didn't seem to understand what we needed from our bank. We switched to a smaller bank and were amazed at how helpful our banker could be. Another advantage of a small bank? Once they got to know us, they sent a considerable amount of work our way.

Getting Bonds and Insurance

Although bonding is a form of insurance, it has one very important difference. Insurance policies cover losses that you can't absorb yourself. A bond, on the other hand, guarantees that money is available to do what's required. A bond is the bonding company's promise to pay. That makes getting a bond like getting a loan. You'll get a bond only for about as much as you could borrow. In a sense, the bond fee is like a loan commitment fee. A bonding company won't agree to back you unless it knows you're good for the money. If you don't perform as promised, the bonding company has to make good. Then they'll try to recover their loss by suing you.

Unless a state requires a bond to get a license, many small remodelers will go through their whole career without getting bonded. Bonds are usually required for certain kinds of government work and most larger commercial and industrial jobs.

There are several types of bonds.

1) *License bond* — This is the most common kind of bond. Many states now require a small license bond. This bond usually guarantees you'll do work according to code. It does not guarantee anything about completion or payments. Although the cost for a license bond may vary from state to state, it'll run around $50 and will need to be renewed every year.

2) *Bid bond* — On larger jobs the contract documents may require that either a bid bond or a certified check for 5 percent of the contract price be submitted with the bid. Usually the bid bond has to be for 10 percent of the bid total. The check or bid bond guarantees that if you win the bid, you'll sign the contract for your bid amount. A bonding company won't issue a bid bond for a job unless they're willing to write performance and payment bonds for the same job.

   If your bid is the lowest but you're not willing to sign the construction contract, the measure of damages may be the difference between what you bid and the next lowest bid. This amount usually won't be more than your bid bond.

   Bid bonds are usually written without charge because the bonding company has little or no liability until you win the bid. Then they get paid for the performance and payment bonds you need.

3) *Performance and payment bonds* — The performance part of the bond covers the owner if you don't complete the project according to specifications. The payment bond guarantees that all of your labor and material bills will be paid so there's no supplier or mechanic's lien on the project. If you're bonded through an insurance company, the cost of these bonds will usually be 1 to 2 percent of the total contract price. If you can't qualify for a bond with commercial insurance carriers, the Small Business Administration (SBA) has a program that may qualify you for bonding. The usual cost is from 2 to 3 percent of the contract price. If the job total is $100,000, your bond cost will be $1,000 to $2,000 with an insurance company or $2,000 to $3,000 with the SBA.

4) *Maintenance bond* — This bond assures the owner that you'll fix all defects in your work and materials for a period of time after work is completed. The usual period is no more than three years.

5) *Supply and subcontractor bonds* — These bonds are like the contractor's payment bond. They guarantee that the sub's labor and material bills will be paid. The bond is paid for by the sub or supplier and is included in the cost of their bids.

Your insurance agent can help you get bonded. There is no up-front charge for this, but there *is* a lot of paperwork — about like applying for a loan. If the insurance company approves you, you'll be charged only for the bonds you require. Figure 1-3 shows a sample application form. As you can see, applying for a bond isn't easy. The process usually takes from three to six weeks to process.

Liability and Workers' Comp Insurance

These are very important to your business. Even if the law doesn't require you to carry general liability insurance or Workers' Compensation, you'd be crazy not to. Every remodeler has a high level of exposure to risk. If you don't pay an insurance company for coverage and something happens, you'll lose everything you have. And maybe more.

We'll explain both of these in more detail in a later chapter.

The Final Checklist

Here is a brief checklist of the things necessary for starting your own remodeling business.

1) Choose a business form (proprietorship, partnership, or corporation).
2) Select a name.
3) Register the name.
4) Get an Employer Identification Number (EIN).
5) Get a business license.
6) Get a contractor's license or NARI certification.
7) Open a business checking account.
8) Get the bonds you need.
9) Buy business liability insurance and Workers' Compensation coverage.

What About a Franchise?

We can't end this first chapter without talking about franchises. A franchise is the right to market a product or service under a specific name in a given area. A franchisor is the one who sells the rights; a franchisee is the one who buys the rights. It's an option that has some attraction, especially if you feel really unsure

CONTRACT, BID OR MAINTENANCE BOND APPLICATION   Bond No. ____

STATE SURETY COMPANY

______ Agent

NOTE

(a) Copy of contract, applicant's current financial statement (Form 2545) and contractor's information blank (Form 2592) must accompany this application, if not previously furnished.

(b) All questions must be answered fully.

(c) The Company reserves the right to decline this application and to withhold reason for declination, as all information relative thereto is regarded as confidential.

1. Full Name of Applicant (If corporation, give exact title)

2. Business Address (Street, City and State)

3. Name and Address of Obligee to Whom Bond is to be Given

4. Concise Description of Proposed Work and Location

5. Contract or Bid Price	Date Bids to be Opened	Date of Award

6. The following kinds and amounts of bonds are required:

Bid Bond	Performance Bond	Labor, Material Bond	Maintenance Bond	Other
$	$	$	$	$

7. Time for Completion	Penalty for Delay	Terms of Payment and Retained Percentage

8. List all other bids, including highest and lowest. (If more than four bids, tabulate on separate sheet and attach.)

NAME	ADDRESS	AMOUNT OF BID

9. Name and Address of Architect or Engineer in Charge

10. His Estimate of Cost of Work	Your Estimate of Cost

11. Will you sublet any part of the work? If so, state nature and amount. ______

(Tabulate on separate sheet if necessary)

12. Will subcontractors be required to give bonds? ______

13. Terms and duration of guarantees of efficiency, maintenance and repairs, if any, in contract or specifications ______

______ Is bond to cover this? ______

SSC 2506 (Rev. 7/77)   (OVER)

Figure 1-3

Contract, bid or maintenance bond application

Page 2

NOTE: If a fully completed application has been previously furnished us, only question 16 need be answered.

14. Number of Years Experience as a Contractor (For Yourself) (For Others)

15. List the most important contracts you have completed during the past five years:

KIND OF WORK	LOCATION	NAME AND ADDRESS OF ARCHITECT OR ENGINEER	CONTRACT PRICE	YEAR COMPLETED

16. List of contracts now being performed, with location, amount and percentage completed, including outstanding bids.

NATURE OF WORK AND OWNER	LOCATION	CONTRACT PRICE	% COMPLETED	EXPECTED COMPLETION DATE

17. Have You Applied to Any Other Company For This Bond? (If so, state when, to whom, and with what result?

18. Have You Furnished Bid or Performance Bonds Before? (If so, give names of surety companies and state what bonds are now outstanding)

19. Have You Ever Failed to Complete Any Work Awarded to You? (If so, give details)

20. Have You Received Financial Assistance From Your Present or Previous Surety?

21. References. Give name of your banker, an architect or engineer, an owner, also supply houses who have granted you credit.

NAME	OCCUPATION	ADDRESS (Give Street Address, Town, State and Zip Code)

22. Have you, or if a firm or corporation, has said firm or corporation, ever been bankrupt or insolvent?

Figure 1-3 (cont'd)

Contract, bid or maintenance bond application

Page 3

AGREEMENT

THIS AGREEMENT entered into by and between State Surety Company, Des Moines, Iowa hereinafter called the "Surety" and the principal and other signatories herein sometimes called the "Indemnitors".

WITNESSETH:

In consideration of the surety executing the bond or bonds herein applied for or procuring the execution thereof, the principal and the indemnitors, hereinafter referred to as "Indemnitors," for themselves, their heirs, their executors, their administrators, their successors and assigns, jointly and severally convenant and agree as follows:

1. That the statements contained in the foregoing Application are represented by the indemnitors as true and correct and are made without reservation for the purpose of inducing the surety to become surety on the bond or bonds herein applied for.

2. If the application is for a bid bond and the principal is awarded the contract, that said principal shall not be obligated to secure the final bond or bonds from the surety nor shall the surety be obligated to sign or procure such bond or bonds.

3. The indemnitors will pay to the surety at its home office the premium, or premiums, including all additional premiums, if any applicable to the bond, or bonds, herein applied for, in the amount or amounts set forth at the rate or rates filed with the State in which the bond or bonds were executed.

4. The indemnitors will indemnify and save the surety harmless from and against every claim, demand, liability, cost, charge, judgment and expense which the surety may incur or be obligated to pay as a consequence of having executed, or procured the execution of such bond or bonds, or any renewal or continuation thereof or substitutes therefor, in making any investigation on account thereof, in prosecuting or defending any action brought in connection therewith, obtaining a release therefrom and enforcing any of the agreements herein contained, including and not limited to attorneys' fees and expenses of attorneys. Indemnitors further agree to pay the reasonable fees of attorneys in bringing any action for the enforcement of indemnitors' liability to the surety arising under this agreement. In the event of payment by the surety the indemnitors agree that the voucher or other evidence of such payment shall be prima facie evidence of the propriety thereof and the amount thereof.

5. If the surety shall set up a reserve to cover any claim, suit or other liability arising under such bond or bonds, the indemnitors will, immediately upon demand, deposit with the surety a sum of money equal to such reserve or securities acceptable to the surety. That in such property, the surety shall have a security interest and the surety shall have the rights of a secured party under the Uniform Commercial Code, as adopted by the state of Iowa, and it is further agreed that reasonable notice shall be satisfied by giving to the person who deposits such collateral security, five days' notice of any contemplated action or disposition.

6. The Surety is authorized and empowered, without notice to or knowledge of the Indemnitors to assent to any change whatsoever in the Bonds, and/or any contracts referred to in the Bonds, and/or in the general conditions, plans and/or specifications accompanying said contracts, including, but not limited to, any change in the time for the completion of said contracts and to payments or advances thereunder before the same may be due, and to assent to or take any assignment or assignments, to execute or consent to the execution of any continuations, extensions or renewals of the Bonds and to execute any substitute or substitutes therefor, with the same or different conditions, provisions and obligees and with the same or larger or smaller penalties, it being expressly understood and agreed that the Indemnitors shall remain bound under the terms of this Agreement even though any such assent by the Surety does or might substantially increase the liability of said Indemnitors.

7. The company shall have the right and is hereby authorized, but not required:

(a) To adjust, settle or compromise any claim, demand, suit or judgment upon said bond or bonds or any of them, unless the indemnitors shall request the surety to litigate such claim or demand, or to defend such suit or to appeal from such judgment, and shall deposit with the surety at the time of such request, cash or collateral satisfactory to it in kind and amount to be used in paying any judgment or judgments rendered or that may be rendered, with interest, costs and attorneys' fees; that such collateral shall be held as provided in paragraph five hereof;

(b) To fill up any blanks left herein, and to correct any errors in the description of any of said bond or bonds, or in any name or names, it being hereby agreed that such insertions or corrections, when so made, shall be prima facie correct.

8. The surety is hereby authorized, but not required to, make or guarantee advances or loans for the purposes of the contract without the necessity of seeing to the application thereof; it being understood that the amount of all such advances or loans, unless repaid with legal interest by the principal to the surety when due, shall be conclusively presumed to be a loss hereunder.

9. Indemnitors do hereby convey and assign unto the surety any and all payments, funds, money or property due or to become due the indemnitors under the contract and general intangibles which arise during the performance of the contract which required the bond or bonds applied for, and the indemnitors do hereby assign, transfer and set over to the surety all their right, title and interest in and to all subcontracts let in connection therewith, all machinery, plant equipment, tools and materials which shall be upon the site of work or elsewhere needed for the performance of such contracts including all material ordered for such contracts and the indemnitors do hereby authorize the surety to endorse in the name of the payee and collect any check, draft, warrant or other instrument made or issued in payment of any such sum and to disburse the proceeds thereof.

10. In the event the principal under any bond written as a result of this application:

(a) Abandons, forfeits, or breaches the contract or (b) breaches any bond given in connection therewith or any other bond or bonds executed or procured by the surety or (c) fails, neglects, or refuses to pay for labor and materials used in the prosecution of the contract or (d) if an individual dies, absconds, or cannot be found by the usual methods of communications, or is incarcerated or (e) have proceedings instituted alleging that the principal is insolvent; or (f) have proceedings initiated, the effect of which may be to deprive the principal of the use of any part of the equipment used in connection with the work under the contract so as to hinder, delay or impede the normal and satisfactory progress of the work; the surety shall have the right, but not the obligation, to take possession of the work under the contract and at the expense of the indemnitors to complete the contract or cause or consent to the completion thereof.

11. The surety, and its designated agents, shall, at any and all reasonable times, have free access to the books and records of the indemnitors.

12. The surety shall have the right at any and all reasonable times to ascertain from the bank, banks, or other depository with which the indemnitors do business, the amounts standing to the credit of the indemnitors, and the indemnitors' indebtedness to such bank, banks, or other depository and such are authorized and directed to supply the surety with such information.

13. Separate suits may be brought hereunder as causes of action accrue and the bringing of suit or recovery of judgment upon any cause of action shall not prejudice or bar the bringing of other suits upon other causes of action, whether theretofore or thereafter arising. Said actions may be commenced at the discretion of the surety in the Courts of the County or judicial district wherein the Capitol is located of the State wherein the indemnitor against whom action is brought resides.

14. Nothing herein contained shall be considered or construed to waive, abridge, or diminish any right or remedy which the surety executing such bond or bonds might have if this instrument were not executed. Should any clause or any part of this agreement be held to be void or unenforceable, such finding shall not invalidate the remaining covenants contained in this agreement.

15. If the surety procures the execution of such bonds by other companies, or executes such bonds with co-sureties, or reinsures any portions of such bonds with reinsuring companies, then all the terms and conditions of this Agreement shall apply and operate for the benefit of such other companies, co-sureties and reinsurers as their interests may appear.

16. The undersigned expressly agree and stipulate that their homestead(s) shall be liable for any and all indebtedness hereunder and that their homestead(s) may be sold on execution to satisfy any indebtedness arising under this agreement or any judgment rendered thereon.

17. The word indemnitors, or personal pronouns used to refer to said word, shall apply regardless of number or gender, and to individuals, partnerships or corporation as the circumstances require.

18. That this agreement contains the whole of the agreement of the parties hereto, and any subsequent agreement of the parties hereto shall be only in writing, and signed by the President, a Vice-President, Secretary or an Assistant Secretary of the Surety.

19. The Indemnitors do hereby waive the benefit of any statutory limitation of liability of indemnitors as contained in the statutes of any state.

Continued on page 4

Figure 1-3 (cont'd)

Contract, bid or maintenance bond application

Page 4

AGREEMENT – Continued

20. That this Agreement shall constitute a Security Agreement to the Surety and also a Financing Statement, both in accordance with the provisions of the Uniform Commercial Code of every jurisdiction wherein such Code is in effect and may be so used by the Surety without in any way abrogating, restricting or limiting the rights of the Surety under this Agreement or under law, or in equity.

21. Waiver of Exemptions. Each of the Undersigned does, jointly and severally, bind his or her property and does hereby release and abandon, as to the Surety all right to claim any property, including their homestead, as exempt from levy, execution sale or other legal process under the law of any state, province or other government, as against the rights of the Surety to proceed against the Undersigned for indemnity hereunder. The Undersigned also waive the provisions of Sec. 204.075 of the Wisconsin Statutes and any similar provision in any other jurisdiction.

PLEASE BE SURE application is dated, witnessed or attested, signed and notarized in full.

This Agreement shall be effective this ______ day of ____________ 19____.

APPLICANT

______________________________ (SEAL)

Witness or Attest:

____

By ______________________________
(Officer's Name and title if a corporation)

NOTARY ACKNOWLEDGMENT of applicant's signature.

State of ______________________________ } SS
County of ______________________________

Subscribed and sworn to before me this ______ day of ____________ 19 ______________________________ NOTARY PUBLIC (SEAL)

INDEMNITY

In consideration of the aforesaid Surety executing the bond or instrument herein applied for, the undersigned join or joins in the foregoing indemnity agreement, and agree or agrees to be jointly and severally bound thereunder, and by all of the terms, covenants, and conditions thereof; the undersigned admits and declares that it has a material, substantial, and financial interest in the performance of the obligation which the bond or instrument applied for is given to secure, or in execution of the bond or instrument applied for, and asserts that if a corporation or a partnership is fully empowered to obligate itself hereby.

INDEMNITORS:

WITNESS: ______________________________

______________________________ (SEAL)
Signature

____
Address

WITNESS: ______________________________

______________________________ (SEAL)
Signature

____
Address

WITNESS: ______________________________

______________________________ (SEAL)
Signature

____
Address

NOTARY ACKNOWLEDGMENT of Indemnitors' Signatures.

State of ______________________________ } SS
County of ______________________________

Subscribed and sworn to before me this _____ day of ____________ 19_____ ______________________________ NOTARY PUBLIC (SEAL)

WITNESS AND NOTARIZATION MUST BE COMPLETED FOR INDEMNITORS' SIGNATURES

Figure 1-3 (cont'd)

Contract, bid or maintenance bond application

about your entry into the remodeling market. After all, what worked for McDonald's and 7-Eleven might also work for construction!

If this book had been written five years ago, there might have been a full chapter on franchising. Five years from now, it may not be mentioned at all. At least, that's the direction we see it heading.

In the early 1980s experts predicted that remodeling franchises would swallow up a large part of all remodeling business. Nearly one-half the new construction businesses fail in the first two years. The survival rate among franchises is usually above 90 percent. It seemed like franchising was just what the remodeling industry needed.

Somehow it never happened. After nearly a decade, there are at most 2,000 companies nationwide that have bought franchises. That 2,000 includes everything from remodeling to gutter cleaning companies. Out of the 200,000 to 300,000 home improvement companies in the U.S., that isn't much. Nor do they have much impact in any market area.

Remodeling franchises haven't spread like wildfire because the public hasn't gone for it. People may be willing to tolerate large, faceless companies to build their houses, but they seem to prefer a small, hands-on kind of company to do their alterations. People eat at McDonald's because they know it's going to look, taste, and cost about the same no matter if they're in Matoon, Illinois, or Garden City, Kansas. But renovating a home isn't like catching a quick bite. You don't do it that often, so you better find someone who can do it right.

Most of those who predicted the spread of remodeling franchises were experts on franchising and marketing. They knew very little or nothing about the difficulties and quirks of remodeling. As a result, most of the early boom fizzled fast. It turned out that teaching a teenager to flip hamburgers or run a cash register was very different from teaching someone to patch drywall or trim.

Mr. Build is one of the biggest franchisors, with hundreds of franchisees. It was started by the same people who started the Century 21 real estate franchise. While marketing and sales are vital to real estate, they are only a small part of remodeling. No matter how much help the parent company can be in those areas, it's much harder to standardize construction techniques and regulate quality when the home office is 2,000 miles away.

There are some advantages to franchising. A good franchisor will offer good training on marketing and management. You'll get good quality advertising and an effective referral system. Unlike the early franchise operations, most of the companies now franchising in the remodeling field are run by true remodeling experts — people who have built successful remodeling companies. Most have experience and good advice to share.

Keep in mind, though, that most franchisors now try to avoid new startup companies. They prefer to sign up well-established firms. They want established successes, not companies that require time, energy and training. That alone says a lot about the value of a franchise to you.

The biggest advantage a franchisor can give you is access to information. But that information will cost you. Some franchises charge as little as $1,000 for the name, but then several thousand more to cover setup costs, and either a flat fee or a percentage of your gross take each month for advertising and management. Others will charge as much as $100,000 plus the monthly fees. For money like that you'll get a "turn-key" operation. One that should have retail space, trucks, computers, and a well-trained staff.

Remember that the franchise fee is in addition to your normal startup cost and regular overhead. How much will you have to add to bids to cover the extra overhead? Can you be competitive in your area if you have to charge this amount?

If you're still interested in buying a franchise, consider the options carefully. At the end of this chapter you'll find names, addresses and a brief sketch of some of the more solid franchisors. If you contact these people, ask some of the questions listed below. Don't be satisfied until you get some straight answers. After all, you're entitled to know what you're buying. Be especially wary of new or very small franchisors. Of the two dozen or more remodeling franchisors that have been started in the last ten years, probably only half are still around. Of those, only two have more than 100 franchisees nationwide. Eight report fewer than 25.

Questions to get you started:

1) How long has the franchisor been in business?
2) How many active franchisees are there?
3) How many franchisees are no longer with this franchise?
4) How much is the initial fee?
5) What additional fees are there? Will they go up?
6) What do I get in return for these fees?
7) What kind of information will I get? (Can you get the same information cheaper at the library, bookstore, or from a construction book publisher such as Craftsman, Walker, or R.S. Means?)
8) What kind of training will I get? (Can you get the same training at NARI or NAHB seminars or local college night classes?)
9) What are my ongoing costs?
10) If the franchisor goes under or pulls out of my area, will I get my money back?
11) What does this franchise have to offer that others don't?

Here are names and addresses of franchisors that were active at the time this book was written (Fall 1990):

Paul W. Davis Systems
5111-6 Baymeadows Road
Jacksonville, FL 32217

Contact them at (904) 730-0320. Specializes in insurance restoration work. Most franchisees are located in the eastern half of the U.S. Cost is an initial cash investment of $20,000 with additional $25,000 needed for operating capital. Monthly fees start at 2.5 percent of gross.

Four Seasons Greenhouses
5005 Veterans Memorial Highway
Holbrook, NY 11741

Contact them at (516) 563-4000. Sells franchises for design and remodeling centers and specialty trade franchises (plumbers, electricians, carpenters, etc.). The initial cost is $50,000 to $100,000 for design centers and $3,000 for specialty trade franchises.

Mr. Build Handyman Services, Inc.
Glastonbury Corporate Center
628 Hebron Ave.
Glastonbury, CT 06033

Phone (203) 657-3607. Mr. Build franchisees cover a whole range of services in addition to remodeling. Fees start at $3,000 with $600 or more in monthly service and advertising fees.

This page left intentionally blank

Index

A

Accounts payable 248, 250, 252, 255
Accounts receivable 248, 250, 252
Accuracy, estimating with 183
Advertising 293-294, 310
  billboards 70, 80-82
  brochures 82-83
  budget..68, 72
  campaigns 65
  checklist 70-71
  co-op 68
  direct mail 82-84
  effectiveness...67
  electronic 67
  flyers 83
  give-aways 67
  humorous 78
  importance of 53-55, 60
  institutional.........................62-65, 80, 82
  logo 55-59
  low-cost 63
  magazine 76
  newsletter...82
  newspaper 73-76
  plan 55
  print 67
  promotional 65-68, 80, 82
  radio 76-79
  target audience 65
  television 79-80
  Yellow Pages 71-72
Advertising agencies 68
Agate line 73
Agencies, advertising 68
Agreement, sample 135-136
Alcoholic clients 119
Allocating
  costs 174
  work 194
American Arbitration Association 134, 136
American Institute of Architects 137-138
American Society of Home Inspectors
  (ASHI) 48
Amortization 148
Application
  credit 167
  employment 231
Appraised value 150-151
Appraisers 151
AQH (average quarter-hour audience) 79
Arbitration....................................134, 136-138
  contract 145
  settling disputes 145-146
Arbitration clause.............................. 137, 138
Arbitron 79
Architects 130, 202, 205
  getting business from 45-47
  working with 116
Architectural drawings 195
Asbestos
  problems 134
  removal 8
Assets 248, 309, 318
Audited financial statement 318

B

Balance sheet..318
Balloon payments..148
Bank loans, corporate 18
Bankers, get business from 43-44
Banking services 148
Bar chart 215, 217, 221
Better Business Bureau 9, 38
Better Homes and Gardens 62
Bid bond 25
Bid specifications 101-102
Bidding for work 182
Billboards 70, 80-82
Billing
  client preference 180
  methods 178
  time and materials 170
Blueprints 185
Bond application form 27-30
Bonding requirements 23
Bonds, getting 24-26
Bookkeeping 252
Books, estimating 195
Broad form insurance 321
Broadsheet.. 75
Brochures...82-83
Builder's risk insurance..................... 320, 322
Bulletins, billboard 81
Business
  checking account 24
  license 21, 23
  loan 166
  plan 325-327

C

C corporation 18
CAD programs 260
Calculate selling price 174
Calendar planner 215, 219
Calendar scheduling 217
Cancellation clause...................... 133, 135, 138
Cash disbursements 299, 301, 304
Cash flow 316
Cash worksheet 302-303
Certification programs 23
Chamber of Commerce 38, 61
Change order 93, 115-117, 120-121
  ....133, 138, 139
Change order, sample................................ 139
Checking account, business 24
Checklists
  advertising 70-71
  contract 137
  estimating 187
  exterior 191, 204
  interior 189, 203
  ordering 215
  starting your business 26
  take-off form 194
Cheshire labels 84
Circular E 312
Claims, insurance 321, 322, 324
Classified ads 73, 230
Clients, dealing with 111-115, 117-119
Co-op advertising 68
Collecting 117-118, 152
Collection 140-141
  arbitration 140
  small claims court 140
Collision insurance 323
Column inch 70, 73, 74
Community Development 48-50
Company literature 38
Company name
  choosing 19-20
  registering 20-21
Competition, remodeling 62-63
Complete agreement clause 136, 138
Completion date 130, 135
Component pricing 186
Comprehensive vehicle
  insurance 323
Computer 249
  accessories 261

aided design ... 260
estimating software ... 196-198
selecting ... 197
software ... 190, 196
sorting ... 308
spreadsheet ... 197
Computer needs worksheet ... 257
Computer software, estimating ... 226
Construction industry ... 7
Construction loan ... 155
Construction mortgages ... 150
Construction progress
schedule ... 152-154
Consumer loans ... 148-149, 152
Consumer mortgages ... 150
Contracts ... 105, 107-108, 118, ... 125-140, 176-182
arbitration clause ... 137, 138
basis ... 175
billing ... 178
cancellation clause ... 133, 135, 138
checklist ... 137
complete agreement ... 137, 138
cooling-off period ... 137
disclaimers ... 127-129, 130
firm price ... 170
hazardous materials ... 134, 138
insurance ... 138
litigation ... 134, 145-146
not-to-exceed ... 180-182
partnership ... 16
personal guarantee ... 137, 138
rescission clause ... 133, 135
sample ... 135-136
specifications ... 137
start & completion dates ... 135
substantial completion ... 135, 137
time and materials ... 138
warranties ... 128, 130-133, 135, 137
Contract rates ... 74-75
Contractor financing ... 166
Contractor's license ... 21, 23, 321
Contracts ... 105, 107-108, 118
Cooling-off period ... 133, 137
Corporate forms ... 17-18
Corporation
advantages ... 17-19
cost to form ... 19
fringe benefits ... 17
Cost breakdown ... 152-154
Cost data base ... 197
Cost per thousand (CPM) ... 69-70
Cost-plus-fee ... 183
Costs
allocation ... 174
direct ... 171, 174-176, 214-215
fixed ... 171
indirect ... 171, 174-176, 214-215
overhead ... 171
variable ... 171
Country Living ... 62
Courts
municipal ... 145
small claims ... 144-145
CPM (cost per thousand) ... 69-70
CPM (critical path method) ... 215, 222-225
Credit
acceptable risks ... 166
application ... 167
checks ... 166
lines of ... 149-150
Critical path method (CPM) ... 215, 222-225
Cume (reach) ... 79
Current assets ... 318
Customer evaluation ... 167
Customer relations ... 111-116

D

Daily schedule ... 227
Data base, cost ... 197
Dates
completion ... 130, 135
start ... 130, 135
Davis, Jake ... 67
Davis, Sam ... 67
DBA ... 20-21
Deadbeat clients ... 117
Dealing with clients ... 111
Decimal equivalents ... 199
Deep pockets ... 322
Demographics ... 0
advertising ... 69-70
direct mail ... 83
newspaper ... 74
radio ... 77-78
Department of Housing and Urban Development (HUD) ... 50
Depreciation ... 309
Designers ... 46, 202
Dial One ... 31, 33
Direct costs ... 171, 174-176, 214-215, 308
Direct mail advertising ... 70, 82-84
Disclaimer, contract ... 127-129, 130
Discount
loan total ... 168
supplier ... 316
Discount, offering ... 60
Display ads ... 72-73
Doing business as (DBA) ... 20-21
Double truck ... 75
Draw sheet ... 152
Drawings
architectural ... 195
copying ... 202
Draws ... 160-162, 316, 326
final draw ... 159-165
scheduling ... 155
Drive time ... 77
Dubs, radio ... 79

E

Earned income credit (EIC) ... 265, 272
EIC payment ... 282, 287
EIN (Employer Identification Number ... 21-22, 245, 253, 287
Employee time sheet ... 314
Employees
federal income tax ... 287
finding ... 230
managing ... 229-245
withholding allowance certificate ... 238
Employer contributions ... 315
Employer Identification Number (EIN) ... 21-22, 245, 253, 287
Employment agency ... 231
Employment application
sample ... 231-233
Employment Eligibility Verification (I-9) ... 240-241
Engineering ... 207
Equivalents, math ... 198-200
Estimate ... 205, 213-215
sample ... 202, 208-209
Estimates
comparisons ... 185
stick ... 186
stick-by-stick ... 186
unit pricing ... 186
Estimating ... 183-211
books ... 195
checklists ... 187
skills needed ... 185
software ... 190, 197
stick pricing ... 206, 210
success rate ... 196
tables ... 187
take-off ... 190
unit pricing ... 206, 210
Evaluating prospective employees ... 236
Evaluation, customer ... 167
Expenses ... 248
insurance ... 317
taxes ... 317
Express warranty ... 130

F

Federal income tax, employee's ... 287
Federal tax forms ... 265
Federal withholding ... 312
Fee, origination ... 150
FICA ... 175, 282, 312
Files
employee ... 251
organizing ... 250
Final draw ... 159
Finance company ... 151
Financial record keeping ... 248
Financial statements ... 317-318
Financing, contractor ... 166
Finding business ... 40-47
Finding employees ... 229
Fire damage, repair ... 44
Firing employees ... 244
Firm price contract ... 170
First mortgage ... 150
Fixed assets ... 318
Float time ... 222
Floor framing ... 210
Flyers ... 82-83
Forms, IRS
940 ... 272, 281-282
941 ... 271, 277-279
1099 ... 245, 291, 292
8109 ... 295
EIN ... 21
SS-4 ... 21
W-2 ... 283, 288
W-3 ... 289, 290
W-4 ... 237-239
Forms of ownership chart ... 19
Formulas ... 200-201
Foundation engineering ... 207
Four Seasons Greenhouses ... 33
Fraction, decimal equivalents ... 199
Franchise
advantages ... 31-32
definition ... 26
trends ... 31
Franchisors ... 33
Fringe benefits, corporate ... 17

G

General liability insurance ... 181, 320-322
Government paperwork ... 12
Government remodeling work ... 48-48
Graphic artist ... 57
Gross income ... 171, 173, 317
Gross profit ... 317
Gross Rating Points (GRP) ... 70, 80
Gross sales ... 173-174
Group estimates ... 207
Guidelines
credit risks ... 166
recruiting employees ... 234

H

Halftone 76
Handyman clients 112-114
Hard costs 211
Hardware 249
Hazardous material clause 136
Hazardous materials 136-138
Hiring guidelines 234
Home inspections 47-48
Home shows 84
Home solicitation laws 133
HUD 50

I

I-9, Employment Eligibility
Verification 240-241
Ideal spreadsheets 300
Image enhancement 61
Immigration Act of 1988 237
Implied warranty 131
In-column ad 72
Income 171-173, 248
Income and expense records 264
Income statement 318
Indirect costs 171, 174-176, 214-215
Inserts 75
Inspection reports 47
Inspections, on-site 155
Institutional advertising
billboards 80
definition 59
effectiveness 60
value of 61
Insurance 132, 318-324
adjusters 40, 44
carriers 25
expense 253, 310, 317
liability 25, 50, 181, 245
overhead 174
owner 135
property 320
repair 44
unemployment 244
workers' comp 25, 50, 135
Intent to lien 144
Interest 310
Internal Revenue Service (IRS)
approval, corporation 18
taxes 264
IRS forms
940 .... 265, 273, 280-281
941 ....265-273, 277-279
1096 ....266, 293-295
1099 ....245, 265, 291-293
8109 ....265, 295-297
EIN 21
SS-4 21
W-2 .... 265, 282-283, 288
W-3 ....265, 289-290
W-4 237-239

J

Jingles 78
Job completion form 120-121
Job cost records 175, 309
Job costs 207, 300, 304, 313, 317
payroll 313
records 306-307
Junk mail 82-84

K

Keeping employees 229
Kiwanis 61
Know what you're selling 39

L

Lawsuits 144, 145
Layout, advertising 75
Lead form 87
Leads
attracting 54
qualifying 86
tracking 66
Legal
advice 125-146
problems 136
protection, corporate 18
Lender's breakdown 155-158
Lender's progress schedule 159
Letter of recommendation 95-96
Liabilities 248, 318
Liability
corporation 16-18
insurance 12, 23, 245, 320
partnership 15-16
sole proprietor 14
License bond 25
License, passing on 17
Licensed architects 46
Licenses 21, 23, 306, 308
Lien 129
intent to lien 144
lawsuit 144
pre-lien notice 144
property 140
rights 144
waivers 105, 141-144,
Lien waiver, sample 142-143
Line art 76
Line of credit 149-150, 318
Lion's Clubs 61
Literature, company 38
Litigation 134, 140-141, 144-146
Loan
broker 168
discount 168
draws 155-165
mortgage 150
obtaining 166
points 149-150
rates 149
to value ratio 150-151
Logo
cost 57
designing 55
ideas for 57
Looking professional 36
Low bidder 102

M

Magazine advertising 76
Magazines, CPM 70
Maintenance bond 25
Managers, property 40-41
Manipulators 115
Math primer 198
Mechanic's lien 141-144
Media relations 62
Mediation 134
Miscellaneous income report 265, 291
Mortgage 149-150
Mr. Build 31, 33

N

NAHB Remodelor's Council
.... 24, 38, 60, 72, 83
National Academy of Conciliators 145
National Association of Home
Builders (NAHB) 8, 23, 319, 328
National Association of the Remodeling
Industry (NARI) 23, 24, 38, 60,
.... 62, 72, 83, 327
National Kitchen and Bath
Association (NKBA) 38, 328
Negotiating for work 182
Neighborhood Housing Services
(NHS) 48, 50
Net income, corporate 17
Net profit 317
Networking 230
Newsletters 83
Newspaper
advertising 73-76
CPM 70, 75
weekly 74
NHS 50
Node, CPM 222
Nonemployee compensation 291
Not-to-exceed contract 180
Notice, pre-lien 144

O

Objections, overcoming 104
Occurrence form insurance 321
Office
efficiency 247
expense 310
On-site inspections 155
One-write system 298
Open rates 74-75
Ordering checklist 216
Origination fee 150
Overhead 172-177, 184, 207,
.... 210, 213-215, 248
Overhead, advertising 68
Overtime 311
Owens-Corning Fiberglas 54

P

Paperwork handling 255
Partnership 15-16
Paul W. Davis Systems 33
Payroll 301, 304, 309
employer contribution 315
records 250, 264
service 264
tax deposits 264
taxes 171, 311
totals 284-286
Payroll, meeting 8
Percentage for overhead 176
Perfectionist clients 116
Performance & payment bonds 25
Permits 207
Personal guarantee 133
Personality traits, testing 10
Personnel, managing 229-245
Planning fee 207
PMT (photo-mechanical transfer) 76
Points, loan 149-150
Postcards, advertising 65
Posters, billboard 81
Pre-construction meeting 118-120
Pre-lien notice 144
Premiums, insurance 320
Presentation folder 64, 93-94, 97
Pressure sensitive labels 84
Professional Builder 8, 62
Professional look, need for 36-38
Profit
corporation 17
ensuring 196, 102, 210, 213-214
partnership 16

percentage 178
sole proprietor 15
Profit & loss statement 317
Profit formula 171
Profitability 326
Progress report 226
sample 228
Progress schedule 152-154, 155
lender's 159
Promotional gifts 67
Proof, newspaper ads 75
Property
inspections 47-48
insurance 320
managers, working with 40-41
owners, working with 42
Proposal folder 105
Proposal, sample 135-136
Public liability insurance 135
Public relations 61
Publishers, estimating books 195
Punch list 120
Purchase order 175
Purchasing agents 114

Q

Qualified Remodeler 8, 9, 62, 178

R

Radio advertising 77
Radio jingles 78
Radon test 8
Rate card 75
Ratio, loan to value 150
Real estate agents, working with 48
Received on account 314
Redevelopment organizations 48-49
Referral business 35
Remodeling industry 7-12
Remodeling magazine 8, 47, 148, 261, 329
Remodelor's Council 24, 38, 60, 72, 83, 328
Rent 310
Requisition system 175
Rescission clause 133, 134
Reservations 75
Responsibility, architect's 47
Resume, personal 97-99, 231
Retainer 130
Retaining good employees 242
Risk factors, billing methods 179
Rotary Club 61
Run-of-paper (ROP) 75
Run-of-schedule (ROS) 77

S

S corporation 18
Safeguard Business Systems 300
Sales, gross 173-174
Sample forms
calendar planner 219
daily schedule 227
employment application 232
estimate 202, 208-209
I-9 240-241
lien waiver 141-144
progress report 228
W-4 238-239
Sauer, David 178
Savings & loan 148, 151
Scale drawing 202
Schedule C, IRS 14
Scheduling 213-228
service 226
software 226
Second mortgage 148, 150, 166
Selecting software 197
Sell the value 100-103
Selling 89-95
Services, scheduling 226
Shop cash records 315
Showing numbers, billboard 80
Signs 63
Singer, Ben 66-67
Site work 210
Sketches 205-206
Skills, estimating 185
Slogan 58
Small Business Administration (SBA) 25
Small claims court 140
Social security 282, 312
card 237
number 21, 245, 253, 287
taxes 175
Software 196, 249
estimating 190, 197
scheduling 226
Soils report 207
Sole proprietorship 14-15
Sounding professional 37
Specifications 101-102, 105, 116, 118
appraisal 151
bidding 181
job 125, 126
quality of 49
Spot, radio 79
Spreadsheet 197
Ideal 300
one-write system 300-301
SS-4 21
Stability 326
Stamp, architect's 46
Start date 130, 135
State tax forms 265
State withholding 312
Statements, financial 317-318
Statute of limitations 141
Stick estimates 186
Stick method 187, 195
Stick pricing 197, 206-207, 210
Stick-by-stick pricing 186
Subcontractor prices 210
Subcontractors, working with 188, 244
Substance abuse 237
Substantial completion, payment 129-130
Supplier discounts 316
Supply and subcontractor bonds 25
Surface measure 198

T

Tables, estimating 187
Tabloid size 75
Tag line 58, 72
Take-off sheet 186, 190, 192-193
Talent, radio 79
Tax
credits 231
deposits 264
expense 310
laws 318
liability
corporation 17-18
partnership 16
sole proprietor 14
Tax forms
940 272, 281-282
941 271, 277-279
1096 266, 293-295
1099 245, 291, 292
8109 295
SS-4 21
W-2 283, 288
W-3 289, 290
W-4 238-239
Tax returns 317
Tax status based on ownership 19
Taxes
deducting 317
federal withholding 266
payroll 171, 311
social security 175, 266
workers' compensation 175
Taxpayer's ID number 21-22
Telephone expense 310
Television
advertising 67, 79-80
CPM 70
impact of 70
Test, personality 11
This Old House 62
Time and materials 170, 176-178
Time and materials contract 138
Time card 251
Time management 255
Trade organizations 62
Transmittal of tax forms 265
Truth-in-lending laws 129

U

Umbrella policy 320, 324
Unemployment insurance 176, 244, 266
Uniforms 64
Unit price estimates 186
Unit pricing 195, 197, 206, 210
Urban renewal 49

V

Value 151
Value, selling 100-103
Variable costs 171
Vehicle
expense 310
insurance 322-323
Velox 76
Vila, Bob 62
Volume measure 198

W

W-2 283, 288
W-3 289, 290
W-4 237
Waiver
contract 132-133
lien 105, 107, 141-144, 155, 245
Wall Street Journal 66
Warranty 128, 133-135, 245
claims against 132
express 130
implied 131
Wilmer Service Line 300
Withholding taxes 309, 311
Word of mouth 54
Workers' compensation 12, 23, 93, 132, 245, 266, 320, 323
Write-off process 121

Y

Yellow Pages 19-20, 41, 54, 60, 67, 71-72

Practical References for Builders

Plumber's Handbook Revised

Shows what will and won't pass inspection in drainage, vent, and waste piping, septic tanks, water supply, graywater recycling systems, pools and spas, fire protection, and gas piping systems. Covers common layouts for residential work, how to size piping, select and hang fixtures, practical recommendations, and trade tips. It's the approved reference for the plumbing contractor's exam in many states. Includes an extensive set of multiple choice questions after each chapter, and in the back of the book, the answers and explanations. Also in the back of the book, a full sample plumber's exam. **352 pages, 8½ x 11, $41.50**

Drafting House Plans

Here you'll find step-by-step instructions for drawing a complete set of home plans for a one-story house, an addition to an existing house, or a remodeling project. This book shows how to visualize spatial relationships, use architectural scales and symbols, sketch preliminary drawings, develop detailed floor plans and exterior elevations, and prepare a final plot plan. It even includes code-approved joist and rafter spans and how to make sure that drawings meet code requirements.
188 pages, 8½ x 11, $34.95

Roof Framing

Shows how to frame any type of roof in common use today, even if you've never framed a roof before. Includes using a pocket calculator to figure any common, hip, valley, or jack rafter length in seconds. Over 400 illustrations cover every measurement and every cut on each type of roof: gable, hip, Dutch, Tudor, gambrel, shed, gazebo, and more.
480 pages, 5½ x 8½, $26.50

Construction Forms for Contractors

This practical guide contains 78 practical forms, letters and checklists, guaranteed to help you streamline your office, organize your jobsites, gather and organize records and documents, keep a handle on your subs, reduce estimating errors, administer change orders and lien issues, monitor crew productivity, track your equipment use, and more. Includes accounting forms, change order forms, forms for customers, estimating forms, field work forms, HR forms, lien forms, office forms, bids and proposals, subcontracts, and more. All are also on the CD-ROM included, in Excel spreadsheets, as formatted Rich Text that you can fill out on your computer, and as PDFs. **360 pages, 8½ x 11, $48.50**

eBook (PDF) also available, $24.25 at www.craftsman-book.com

Builder's Guide to Room Additions

How to tackle problems that are unique to additions, such as requirements for basement conversions, reinforcing ceiling joists for second-story conversions, handling problems in attic conversions, what's required for footings, foundations, and slabs, how to design the best bathroom for the space, and much more. Besides actual construction, you'll even find help in designing, planning, and estimating your room addition jobs. **352 pages, 8½ x 11, $34.95**

National Repair & Remodeling Estimator

The complete pricing guide for dwelling reconstruction costs. Reliable, specific data you can apply on every repair and remodeling job. Up-to-date material costs and labor figures based on thousands of jobs across the country. Provides recommended crew sizes; average production rates; exact material, equipment, and labor costs; a total unit cost and a total price including overhead and profit. Separate listings for high- and low-volume builders, so prices shown are specific for any size business. Estimating tips specific to repair and remodeling work to make your bids complete, realistic, and profitable. Includes a free download of an electronic version of the book with *National Estimator*, a stand-alone *Windows*™ estimating program. An interactive multimedia video that shows how to use the software to compile repair and remodeling cost estimates is free at www.costbook.com.
504 pages, 8½ x 11, $88.50. Revised annually

***Also available as an eBook (PDF),* $44.25 at** www.craftsman-book.com

Building Contractor's Exam Preparation Guide

Passing today's contractor's exams can be a major task. This book shows you how to study, how questions are likely to be worded, and the kinds of choices usually given for answers. Includes sample questions from actual state, county, and city examinations, plus a sample exam to practice on. This book isn't a substitute for the study material that your testing board recommends, but it will help prepare you for the types of questions —and their correct answers — that are likely to appear on the actual exam. Knowing how to answer these questions, as well as what to expect from the exam, can greatly increase your chances of passing. **324 pages, 8½ x 11, $35.00**

National Construction Estimator

Current building costs for residential, commercial, and industrial construction. Estimated prices for every common building material. Provides manhours, recommended crew, and gives the labor cost for installation. Includes a free download of an electronic version of the book with *National Estimator*, a stand-alone *Windows*™ estimating program. An interactive multimedia video that shows how to use the software to compile construction cost estimates is free at www.costbook.com.
672 pages, 8½ x 11, $87.50. Revised annually

***Also available as an eBook (PDF),* $43.75 at** www.craftsman-book.com

Construction Estimating Reference Data

Provides the 300 most useful manhour tables for practically every item of construction. Labor requirements are listed for sitework, concrete work, masonry, steel, carpentry, thermal and moisture protection, doors and windows, finishes, mechanical and electrical. Each section details the work being estimated and gives appropriate crew size and equipment needed. Includes a CD-ROM with an electronic version of the book with *National Estimator*, a stand-alone *Windows*™ estimating program, plus an interactive multimedia video that shows how to use the disk to compile construction cost estimates. **384 pages, 11 x 8½, $59.00**

***Also available as an eBook (PDF),* $29.50 at** www.craftsman-book.com

Construction Contract Writer

Relying on a "one-size-fits-all" boilerplate construction contract to fit your jobs can be dangerous — almost as dangerous as a handshake agreement. Construction Contract Writer lets you draft a contract in minutes that precisely fits your needs and the particular job, and meets both state and federal requirements. You just answer a series of questions — like an interview — to construct a legal contract for each project you take on. Anticipate where disputes could arise and settle them in the contract before they happen. Include the warranty protection you intend, the payment schedule, and create subcontracts from the prime contract by just clicking a box. Includes a feedback button to an attorney on the Craftsman staff to help should you get stumped — No extra charge. **$149.95.**

Download the Construction Contract Writer at:
http://www.constructioncontractwriter.com

Contractor's Survival Manual Revised

The "real skinny" on the down-and-dirty survival skills that no one likes to talk about – unique, unconventional ways to get through a debt crisis: what to do when the bills can't be paid, finding money and buying time, conserving income, transferring debt, setting payment priorities, cash float techniques, dealing with judgments and liens, and laying the foundation for recovery. Here you'll find out how to survive a downturn and the key things you can do to pave the road to success. Have this book as your insurance policy; when hard times come to your business it will be your guide. **336 pages, 8½ x 11, $38.00**

Also available as an eBook (PDF), $19.00 at www.craftsman-book.com

Profits in Buying & Renovating Homes

Step-by-step instructions for selecting, repairing, improving, and selling highly profitable "fixer-uppers." Shows which price ranges offer the highest profit-to-investment ratios, which neighborhoods offer the best return, practical directions for repairs, and tips on dealing with buyers, sellers, and real estate agents. Shows you how to determine your profit before you buy, what "bargains" to avoid, and how to make simple, profitable, inexpensive upgrades. **304 pages, 8½ x 11, $24.75**

Estimating Home Building Costs, Revised

Estimate every phase of residential construction from site costs to the profit margin you include in your bid. Shows how to keep track of manhours and make accurate labor cost estimates for site clearing and excavation, footings, foundations, framing and sheathing finishes, electrical, plumbing, and more. Provides and explains sample cost estimate worksheets with complete instructions for each job phase. This practical guide to estimating home construction costs has been updated with digital Excel estimating forms and worksheets that ensure accurate and complete estimates for your residential projects. Enter your project information on the worksheets and Excel automatically totals each material and labor cost from every stage of construction to a final cost estimate worksheet. Load the enclosed CD-ROM into your computer and create your own estimate as you follow along with the step-by-step techniques in this book. **336 pages, 8½ x 11, $38.00**

Also available as an eBook (PDF), $19.00 at www.craftsman-book.com

Craftsman's Illustrated Dictionary of Construction Terms

Almost everything you could possibly want to know about any word or technique in construction. Hundreds of up-to-date construction terms, materials, drawings and pictures with detailed, illustrated articles describing equipment and methods. Terms and techniques are explained or illustrated in vivid detail. Use this valuable reference to check spelling, find clear, concise definitions of construction terms used on plans and construction documents, or learn about little-known tools, equipment, tests and methods used in the building industry. It's all here.
416 pages, 8½ x 11, $36.00

Markup & Profit: A Contractor's Guide, Revisited

In order to succeed in a construction business, you have to be able to price your jobs to cover all labor, material and overhead expenses, and make a decent profit. But calculating markup is only part of the picture. If you're going to beat the odds and stay in business — profitably, you also need to know how to write good contracts, manage your crews, work with subcontractors and collect on your work. This book covers the business basics of running a construction company, whether you're a general or specialty contractor working in remodeling, new construction or commercial work. The principles outlined here apply to all construction-related businesses. You'll find tried and tested formulas to guarantee profits, with step-by-step instructions and easy-to-follow examples to help you learn how to operate your business successfully. Includes a link to free downloads of blank forms and checklists used in this book. **336 pages, 8½ x 11, $52.50**

Also available as an eBook (EPUB, MOBI for Kindle), $39.95 at www.craftsman-book.com

Build Smarter with Alternative Materials

New building products are coming out almost every week. Some of them may become new standards, as sheetrock replaced lath and plaster some years ago. Others are little more than a gimmick. To write this manual, the author researched hundreds of products that have come on the market in recent years. The ones he describes in this book will do the job better, creating a superior, longer-lasting finished product, and in many cases also save you time and money. Some are made with recycled products - a good selling point with many customers. But most of all, they give you choices, so you can give your customers choices. In this book, you'll find materials for almost all areas of constructing a house, from the ground up. For each product described, you'll learn where you can get it, where to use it, what benefits it provides, any disadvantages, and how to install it — including tips from the author. And to help you price your jobs, each description ends with manhours — for both the first time you install it, and after you've done it a few times. **336 pages, 8½ x 11, $34.75**

Contractor's Guide to *QuickBooks* 2015

QuickBooks 2015 has many new features that simplify a building contractor's bookkeeping work. You'll wonder how you managed without them. To help you make the most of these new features, or to make getting set up with *QuickBooks* almost painless, this user-friendly manual walks you through *QuickBooks*' detailed setup procedure and explains step-by-step how to create a first-rate accounting system. You'll learn in days, rather than weeks, how to use *QuickBooks* to get your contracting business organized, with simple, fast accounting procedures. But setting up *QuickBooks* from scratch can be time-consuming. On the free download included with purchase of the book you'll find a *QuickBooks* file preconfigured for a construction company. Open it, enter your company's data, add info on your suppliers, subs and customers, and you're up and running. The setup's done for you. **280 pages, 8½ x 11, $68.50**

***Also available as an eBook (PDF),* $34.25 at** www.craftsman-book.com
See checklist for other available editions.

Renovating & Restyling Older Homes

Any builder can turn a run-down old house into a showcase of perfection — if the customer has unlimited funds to spend. Unfortunately, most customers are on a tight budget. They usually want more improvements than they can afford — and they expect you to deliver. This book shows how to add economical improvements that can increase the property value by two, five or even ten times the cost of the remodel. Sound impossible? Here you'll find the secrets of a builder who has been putting these techniques to work on Victorian and Craftsman-style houses for twenty years. You'll see what to repair, what to replace and what to leave, so you can remodel or restyle older homes for the least amount of money and the greatest increase in value. **416 pages, 8½ x 11, $33.50**

Handbook of Construction Contracting, Volume 1

Everything you need to know to start and run your construction business; the pros and cons of each type of contracting, the records you'll need to keep, and how to read and understand house plans and specs so you find any problems before the actual work begins. All aspects of construction are covered in detail, including all-weather wood foundations, practical math for the job site, and elementary surveying.
416 pages, 8½ x 11, 32.75

Handbook of Construction Contracting, Volume 2

Everything you need to know to keep your construction business profitable; different methods of estimating, keeping and controlling costs, estimating excavation, concrete, masonry, rough carpentry, roof covering, insulation, doors and windows, exterior finishes, specialty finishes, scheduling work flow, managing workers, advertising and sales, spec building and land development, and selecting the best legal structure for your business. **320 pages, 8½ x 11, $33.75**

Basic Engineering for Builders

This book is for you if you've ever been stumped by an engineering problem on the job, yet wanted to avoid the expense of hiring a qualified engineer. Here you'll find engineering principles explained in non-technical language and practical methods for applying them on the job. With the help of this book you'll be able to understand engineering functions in the plans and how to meet the requirements, how to get permits issued without the help of an engineer, and anticipate requirements for concrete, steel, wood and masonry. See why you sometimes have to hire an engineer and what you can undertake yourself: surveying, concrete, lumber loads and stresses, steel, masonry, plumbing, and HVAC systems. This book is designed to help you, the builder, save money by understanding engineering principles that you can incorporate into the jobs you bid. **400 pages, 8½ x 11, $39.50**

eBook (PDF) also available; $19.75 at www.craftsman-book.com

Home Building Mistakes & Fixes

This is an encyclopedia of practical fixes for real-world home building and repair problems. There's never an end to "surprises" when you're in the business of building and fixing homes, yet there's little published on how to deal with construction that went wrong - where out-of-square or non-standard or jerry-rigged turns what should be a simple job into a nightmare. This manual describes jaw-dropping building mistakes that actually occurred, from disastrous misunderstandings over property lines, through basement floors leveled with an out-of-level instrument, to a house collapse when a siding crew removed the old siding. You'll learn the pitfalls the painless way, and real-world working solutions for the problems every contractor finds in a home building or repair jobsite. Includes dozens of those "surprises" and the author's step-by-step, clearly illustrated tips, tricks and workarounds for dealing with them. **384 pages, 8½ x 11, $52.50**

eBook (PDF) also available, $26.25 at www.craftsman-book.com

Paper Contracting: The How-To of Construction Management Contracting

Risk, and the headaches that go with it, have always been a major part of any construction project — risk of loss, negative cash flow, construction claims, regulations, excessive changes, disputes, slow pay — sometimes you'll make money, and often you won't. But many contractors today are avoiding almost all of that risk by working under a construction management contract, where they are simply a paid consultant to the owner, running the job, but leaving him the risk. This manual is the how-to of construction management contracting. You'll learn how the process works, how to get started as a CM contractor, what the job entails, how to deal with the issues that come up, when to step back, and how to get the job completed on time and on budget. Includes a link to free downloads of CM contracts legal in each state. **272 pages, 8½ x 11, $55.50**

eBook (PDF) also available; $27.75 at www.craftsman-book.com

Wood-Frame House Construction

Step-by-step construction details, from the layout of the outer walls, excavation and formwork, to finish carpentry and painting. Contains all new, clear illustrations and explanations updated for construction in the '90s. Everything you need to know about framing, roofing, siding, interior finishings, floor covering and stairs — your complete book of wood-frame homebuilding. **320 pages, 8½ x 11, $25.50. Revised edition**

Planning Drain, Waste & Vent Systems

How to design plumbing systems in residential, commercial, and industrial buildings. Covers designing systems that meet code requirements for homes, commercial buildings, private sewage disposal systems, and even mobile home parks. Includes relevant code sections and many illustrations to guide you through what the code requires in designing drainage, waste, and vent systems. **192 pages, 8½ x 11, $29.95**

CD Estimator

If your computer has *Windows*™ and a CD-ROM drive, CD Estimator puts at your fingertips over 150,000 construction costs for new construction, remodeling, renovation & insurance repair, home improvement, framing & finish carpentry, electrical, concrete & masonry, painting, earthwork & heavy equipment and plumbing & HVAC. Quarterly cost updates are available at no charge on the Internet. You'll also have the *National Estimator* program — a stand-alone estimating program for *Windows*™ that Remodeling magazine called a "computer wiz," and Job Cost Wizard, a program that lets you export your estimates to QuickBooks for actual job costing. A 60-minute interactive video teaches you how to use this CD-ROM to estimate construction costs. And to top it off, to help you create professional-looking estimates, the disk includes over 40 construction estimating and bidding forms in a format that's perfect for nearly any *Windows*™ word processing or spreadsheet program. **CD Estimator is $133.50**

Contractor's Plain-English Legal Guide

For today's contractors, legal problems are like snakes in the swamp — you might not see them, but you know they're there. This book tells you where the snakes are hiding and directs you to the safe path. With the directions in this easy-to-read handbook you're less likely to need a $200-an-hour lawyer. Includes simple directions for starting your business, writing contracts that cover just about any eventuality, collecting what's owed you, filing liens, protecting yourself from unethical subcontractors, and more. For about the price of 15 minutes in a lawyer's office, you'll have a guide that will make many of those visits unnecessary. Includes a CD-ROM with blank copies of all the forms and contracts in the book. **272 pages, 8½ x 11, $49.50**

Roof Framer's Bible

68 different pitch combinations of "bastard" hip roofs at your fingertips. Don't curse the architect — let this book make you an accomplished master of irregular pitched roof systems. You'll be the envy of your crew, and irregular or "bastard" roofs will be under your command. This rare pocket-sized book comes hardbound with a cloth marker like a true bible. **216 pages, 3½ x 7½, $24.00**

Builder's Guide to Accounting Revised

Step-by-step, easy-to-follow guidelines for setting up and maintaining records for your building business. This practical guide to all accounting methods shows how to meet state and federal accounting requirements, explains the new depreciation rules, and describes how the Tax Reform Act can affect the way you keep records. Full of charts, diagrams, simple directions and examples to help you keep track of where your money is going. Recommended reading for many state contractor's exams. Each chapter ends with a set of test questions, and a CD-ROM included FREE has all the questions in interactive self-test software. Use the Study Mode to make studying for the exam much easier, and Exam Mode to practice your skills. **360 pages, 8½ x 11, $35.50**

eBook (PDF) also available, $17.75 at www.craftsman-book.com

Craftsman Book Company
6058 Corte del Cedro
Carlsbad, CA 92011

☎ 24 hour order line
1-800-829-8123
Fax (760) 438-0398

Name

Company

Address

City/State/Zip

❍ This is a residence

Total enclosed________________(In California add 7.25%)

We pay shipping when your check covers your order in full.

In A Hurry?

We accept phone orders charged to your

❍ Visa, ❍ MasterCard, ❍ Discover or ❍ American Express

Card#____________________

Exp. date__________Initials__________

Tax Deductible: Treasury regulations make these references tax deductible when used in your work. Save the canceled check or charge card statement as your receipt.

Order online www.craftsman-book.com
Free on the Internet! Download any of Craftsman's estimating databases for a 30-day free trial!
www.craftsman-book.com/downloads

10-Day Money Back Guarantee

❍ 39.50 Basic Engineering for Builders
❍ 34.75 Build Smarter with Alternative Materials
❍ 35.50 Builder's Guide to Accounting Revised
❍ 34.95 Builder's Guide to Room Additions
❍ 35.00 Building Contractor's Exam Preparation Guide
❍ 133.50 CD Estimator
❍ 59.00 Construction Estimating Reference Data with FREE *National Estimator* Download
❍ 48.50 Construction Forms for Contractors
❍ 68.50 Contractor's Guide to *Quickbooks* 2015
❍ 58.50 Contractor's Guide to *Quickbooks* 2012
❍ 57.00 Contractor's Guide to *Quickbooks Pro* 2010
❍ 56.50 Contractor's Guide to *Quickbooks Pro* 2009
❍ 54.75 Contractor's Guide to *Quickbooks Pro* 2008
❍ 53.00 Contractor's Guide to *Quickbooks Pro* 2007
❍ 49.75 Contractor's Guide to *Quickbooks Pro* 2005
❍ 49.50 Contractor's Plain-English Legal Guide
❍ 38.00 Contractor's Survival Manual Revised
❍ 36.00 Craftsman's Illustrated Dictionary of Construction Terms
❍ 34.95 Drafting House Plans
❍ 38.00 Estimating Home Building Costs, Revised
❍ 32.75 Handbook of Construction Contracting Volume 1
❍ 33.75 Handbook of Construction Contracting Volume 2
❍ 52.50 Home Building Mistakes & Fixes
❍ 52.50 Markup & Profit: A Contractor's Guide, Revisited
❍ 87.50 Natl Construction Est w/FREE *Natl Estimator* Download
❍ 88.50 Natl Repair & Remodeling Est w/FREE *Natl Estimator* Download
❍ 55.50 Paper Contracting: The How-To of Construction Management Contracting
❍ 29.95 Planning Drain, Waste & Vent Systems
❍ 41.50 Plumber's Handbook Revised
❍ 24.75 Profits in Buying & Renovating Homes
❍ 33.50 Renovating & Restyling Older Homes
❍ 24.00 Roof Framer's Bible
❍ 26.50 Roof Framing
❍ 25.50 Wood-Frame House Construction
❍ 28.50 How to Succeed w/ Your Own Construction Business
❍ FREE Full Color Catalog

Prices subject to change without notice