

The Wrench Connection

**The Landlord's Guide
to Contractors**



**What'd we
talk about
last time?**



Recap: Module 7

Preventing rent defaults & property damage

Automated enforcement: defending boundaries with immediate results for bad behavior

Preparing for court appearances



Recap: Module 7

Cash for keys

Right of entry

What NOT to do



In this Module

Why you need a range of good contractors and handymen

Finding excellent contractors of every price point

Screening contractors

Hiring & negotiating with contractors



In this Module

Managing the job

Closing out jobs

**Building relationships and trust with
your best contractors**



**The right
tool, the
right
contractor
for the job**



Contractors 101

You need multiple contractors along a range of skill and price points:

- **low-cost informal handymen**
- **inexpensive licensed and unlicensed contractors**
- **higher-end licensed contractors**



Contractors 101

- **specialists for**
 - **HVAC**
 - **Plumbing**
 - **Electrical**
 - **Roofing**



Contractors 101

Small jobs -> handymen

Low-end property work -> low-cost contractors

High-end property work -> high-end contractors

Always remember ROI!

Don't forget! Need backups for each



Contractors 101

Responsiveness, punctuality, etc. tend to follow price

Lower-end handymen are super responsive...

when they need work.



Contractors 101

Skilled, professional, responsive and affordable contractors > their weight in gold

And you want a full contacts list BEFORE you actually need work done!

So where do you find good contractors?



Action Step: Begin Your Contractor Search

Ask for referrals:

- **From your Realtor**
- **In our Facebook groups**
- **In local REI groups on Facebook**
- **In local BiggerPockets forums**



Action Step: Begin Your Contractor Search

Ask for referrals:

- **Friends, family, neighbors, colleagues, etc.**
- **Hard money lenders (if you use them)**
- **AngiesList**



Screen contractors thoroughly!

**You're spending \$1,000s on
work, on an asset worth
\$100,000s**



Screen Contractors Before Hiring for Big Jobs

Double check referred contractors' reviews on Angieslist & Google them

Ask for at least three customer referrals from within the last six months, and call all three!



Screen Contractors Before Hiring for Big Jobs

If licensed, require copies of license(s)

Verify insurance and bonding – Ask for a Certificate of Liability

Ask them what townships they have worked before. Contact the township permit department and ask!



Screen Contractors Before Hiring for Big Jobs

Ask what projects they're currently working on

Swing by the job site. Watch the workers, talk to them, try to gauge their professionalism.

If anything at all gives you pause, move on and keep looking!



**Before
Hiring...**



Don't be afraid to negotiate!

...while remaining honest & professional

Emphasize you will have more work, if they do professional work in-budget and on-schedule

But be very firm: you do not accept blown budgets or timetables



If a project goes over-budget or finishes behind schedule, you won't work with them again

Be especially careful with deposits and draw schedules. Contractors want to be ahead on money, you want them ahead on work!

Review their written contract carefully



Be Visible & Present!

**Again: You're spending
\$1,000s on work, on an
asset worth \$100,000s**



During the Job

Inspect the work while it's ongoing

**For larger jobs: visit site at least
3x/week**

**Your visibility sends a message to
contractors: they're being held
accountable**



During the Job

Constantly ask about timetable

Also – Learn what you can about the process of home improvement!

Valuable knowledge

Read blogs, watch video's (Youtube is overflowing with “how-to video's”)



Closing the Job

Attention to detail!



Closing a Job

Double check EVERYTHING

Look “under the hood” whenever possible

Test every functional item thoroughly

Do not be afraid to ask questions



Closing a Job

Don't be afraid to be rough – your renters will be!

Bring a more knowledgeable friend to inspect

Make a list of anything that looks questionable



Goal: Relationships & Trust

Become your contractors' favorite client!

Always pay on time

Offer to serve as a reference

Build rapport and trust, so they'll prioritize your work



**Wrap It
Up!**



Wrap It Up

Finding excellent contractors of every price point

Screening contractors

Hiring & negotiating with contractors

Managing the job

Closing out jobs

Building relationships & trust with contractors



Bigger Picture – ADE

Hiring contractors can't be automated, delegated or eliminated.

What can be delegated:

- **Researching & asking for referrals on contractors**
- **Screening contractors**
- **Some (but not all) mid-job site visits**



Bigger Picture – ADE

Building a Rolodex before you need it means fast response times (remember Module 6 about trimming turnovers???)

Getting improvement work right the FIRST time saves money and eliminates future costs (in time, money, vacancies)

You're as effective as your network. As a landlord, that includes contractors.



Coming Up Next: Under Improvement

**Moving repairs from unplanned to planned
(which helps automate it & eliminate
future costs)**

Understanding & budgeting for CapEx

Setting tenant obligations

Using planned repairs to boost ROI

Recurring themes & tying it all together



Module 8 Out

See You on the Flipside!

