



## How to Speak the Secret Language of Contractors To Explore Your Rehabbing Profits

By *Paul Esajian*.  
[www.ThanAndPaul.com](http://www.ThanAndPaul.com)

Often time's people ask me how I have been able to manage between 15-25 projects at one time and not lose all my hair. Although I must admit that I have lost quite a bit of hair from the many mistakes I have made along the way, I have noticed recently that it is slowly growing back as I get better at learning how to manage my contractors more effectively and avoid these mistakes. I have spent a lot of time studying the art of rehabbing homes from some of the best in the business combined with learning from my experiences of doing over 100 deals and 64 projects just last year alone.

Now I have made it my mission to share my systems for hiring contractors and managing projects effectively with real estate investors across the country. I noticed that many investors see the huge potential of the business of rehabbing homes but dread having to deal with headaches or potential contracting nightmares. This fear prevents many investors from getting started rehabbing in the first place. I am committed to helping you overcome this fear so you can cash in is one of the most lucrative streams of income out there.

So what does it take to find these contractors, Paul?

When people see my team and I on A& E's TV Show "Flip This House" they are able to see the amount of rapport that I maintain with my contracting teams which is a critical ingredient to becoming successful in the art of rehabbing homes to maximize profits. Let me say this, there is a lot of work behind selecting and managing a contracting team that can get your job done not only the efficient way but the most effective way which will ultimately mean the difference between success and failure on your bottom line.

One of the most common questions that viewers post to my blog [www.ThanandPaul.com](http://www.ThanandPaul.com) is this: How do you find qualified and competent contractors to complete your jobs both professionally and proficiently? The first step in good management is hiring the right contractors from day one. The key to doing this is knowing what to look for in the first place. The single most effective way to communicate to potential contractors is to learn to speak their language. The single mistake of mismanaging your contractors can make you or break you in this business. Although it may sound cliché I cannot stress enough how pivotal mastering communication on the initial estimate can be on the final outcome of your job. I have a 3 Step process that I follow that will help you become an expert communicator in Contracting 101.

### Step Number 1

#### Do your Homework

When I got started in this business I would call four contractors and receive one bid. Many of you I am sure are lucky sometimes if you can get that and when you do it is often a bogus quote. The solution to this is first mastering the conversation with the contractor while they are bidding on the job by making it clear that you know what you are talking about. If you are unsure of costs you must do some preliminary research beforehand so that you can speak contractor language. Contractors will not respect you and often take advantage of you if do not clearly state what you need and what you expect to pay for their services.

Begin by educating yourself on what the costs of doing a job really is. You can search online, talk with local material suppliers or consult a reference manual similar to the one that I wrote which I created to solve this problem when I was training my project mangers. I have found specific manuals dictating baseline costs of materials and labor are one of the most valuable resources to use especially if you are new to this business.

## **Step Number 2**

### **Lay Out a Detailed Scope of Work that Outlines Your Expectations.**

Before I meet with a contractor I lay out what I call a detailed scope of work. This scope of work lays out each component of the contractor's job that I expect to be completed within a certain timeframe in order for them to be compensated.

This holds them accountable but also shows them that I have done my due diligence and that I know what I am talking about in terms of the work expected. In addition in my initial meeting I make it clear that I have a budget and a specified timeframe to complete the work within. Then I will actually give them a deadline to meet when submitting their quote. I clearly state a period of time that I expect the job to be done in order to test their confidence in hitting the overall target date for completion.

Let me give you an example of a typical conversation that I would have on an initial estimate;

Hi, I'm Paul Esajian with CT Homes, LLC. I work with a network of investors that rehab over a 100 houses a year and I need to form new relationships with responsible contractors so that I can give them multiple projects. Is this something your interested in?

Great, I have a budget of 25k and feel confident that you can work within that number. This is a great opportunity for us to start working together and I would like you to give me a estimate for a roof at 123 East Street today if possible. The scope of work is at the house with the standard "Quote Itemization Form" complete the form and fax or drop off this quote by 5pm today. I need to get working on it right away as it needs to be completed in three weeks. Do you have the staff and the time to complete this job within that time frame?

Great, as I mentioned before I do multiple projects at once so I will require you to pull the permits, That is something that you do correct? Great, I have written up a scope of work that I expect you will need to do to complete the job but will also be open to your expert opinion in how I can get this job completed in the fastest most professional and cost effective manner.

Great, I look forward to reviewing your bid on Wednesday and if everything looks good we can begin work on Monday.

Notice that I laid the foundation for everything that I expect from this contractor before I have even met him. I do not want to waste his valuable time and I definitely do not want to waste mine. By following contracting Interview scripts like the one above, I have obtained all the answers I needed before he has come to look at the property and bid on the job. If they can meet all these requirements next I will invite them to come bid on the project.

## **Step Number 3**

### **Investigate the Contractor's Business before you go to contract.**

When an estimate comes in and is near my numbers the next step in my hiring process is investigating the contractors business. I want to know how long they have been in business. If they have another business I also investigate what that is and the time and capital to run that as well to make sure they can work on my allotted timeframe. Because of previous negative experiences I no longer hire contractors that have less than 3 years experience as a rule of thumb. Next I check their business credit. I never want to have to make a payment because they have run out of funds. I go by the golden rule to stay ahead on work and behind on payments. Finally I verify their insurance and provide them with 6 critical documents that I have developed that protect my business. This gives me an opportunity to communicate both verbally and written exactly what is expected to be completed before payment can be given. I also make a payment schedule that outlines benchmark & milestones.

By following these 3 easy steps you are well on your way to building a network of competent contractors that can efficiently manage and complete multiple projects leading to huge profits in the future.

---

These ideas and more are featured in Paul Esajian and The Fortune Builders' Rehabbing Reference Manual.

To find out more information about our life changing home study course and our live training go to:

[www.FortuneBuilders.com](http://www.FortuneBuilders.com). To book Paul Esajian for an event, contact his Speaker Representative, Ezra Carrasquillo at (347) 332-9992 / ezrac@earthlink.net