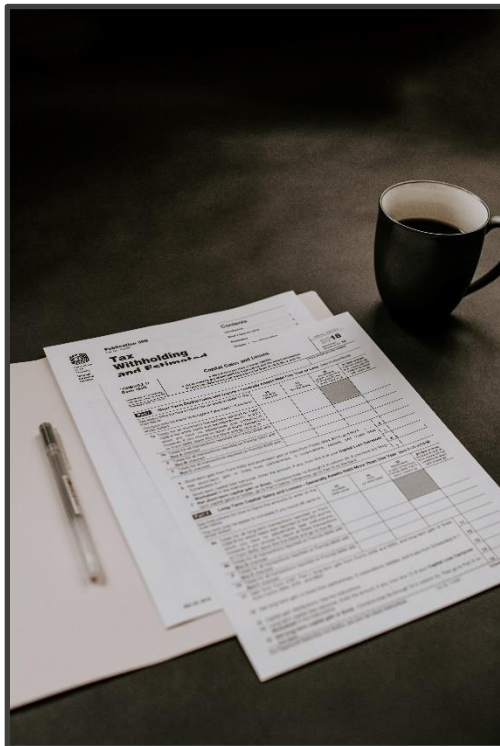


How to Start a Professional Construction Company

Executive Summary. If you've ever wanted to start your own construction company, here's the process.

What do you want to do? First thing to do is figure out what you want to do. Heavy/civil, window installation, frame houses, industrial coatings – what?

This decision should be based on (1) your ability to bring in work and (2) your knowledge set. Don't forget that your company needs money; money to pay employees and money to pay vendors. You have to find someone, some entity, that is willing to trust you enough to give you \$25,000 or \$2,500,000 to do something that's already being done by someone else.



Go get the professionals and set up your entity. If you want to have a company that lasts, and one that is taken seriously, professionally, go hire an attorney and a CPA. Ask them both what sort of entity you should create: S-Corp, LLC, LLP, et cetera. Meeting these two folks will set your company on a smooth path to a drama-free startup. And this will give you your first two connections. These professionals know other professionals and you will start to immediately be treated as a business owner – no longer an employee.

Depending on your state, you likely will have to register with the Attorney General or equivalent. During this process you'll have to get a tax identification number (both federal, called an FEIN, and likely even a state tax ID).

Your attorney and CPA can help you do it, or even just do it for you (if you pay them).

Get money and put it in a bank account. Go set up a bank account. At a bank. Not with your parents, your Uncle Louie, or under the pillow. Get some starter checks. Even in today's world, you're going to need the occasional check. Depending on the size of company you want, the seed money will vary. If you're

starting small with no bonding, put whatever you can in the account. If you want to start with a \$2 million bonding capacity, you should get \$250k to \$500k in the bank depending on your relationship with the surety agent. Cash is king, your good looks and smile only go so far.

The next professionals. After the attorney and the CPA, go get insurance. If you want to be a bonded contractor, you can likely get your bonds from the same firm that provides insurance. You'll want to get an insurance agent, and down the hall from her will be the bonding agent (if the firm is large enough). I'd suggest getting the insurance and bonding in the same firm – it makes life easier to limit the players helping you. You can always change these out later. Just as a sidenote, you don't go to Travelers or Hartford directly for insurance and bonds, you must go through an agent – and you can't have multiple agents. One agent will shop all of your needs. This is just how it works.

Logo. Now that you've got all the business stuff out of the way, go have a little fun. Hopefully you picked a good company name, now create a logo. There's plenty of places to do it online. Don't pay more than \$500. And make sure that you get the logo in PDF, TIFF, JPG, PNG, and all the file types. You'll want to use it on letters and proposals, on your website, decals for your vehicles, et cetera.

Get appropriate licenses. If you're going to be a contractor, you probably need a license. In some states it is an over-the-counter transaction and in other states it can take up to eighteen (18) months. You can work out of the back of your pickup truck without a license, and illegally (people do it all the time), but if you ever want to get to the big leagues, you've got to go legit.

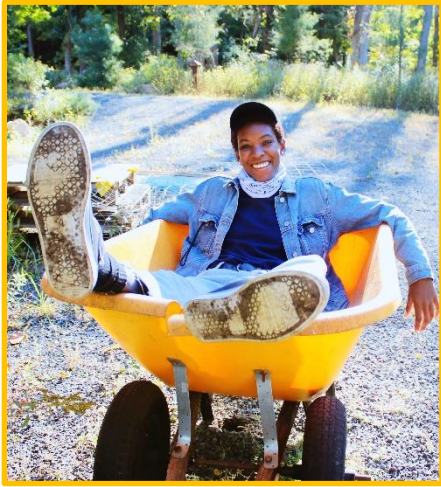
Go to work. Now that you're all set up, go use those connections you have and bid some work. Hopefully you have the ability to estimate and put together a professional looking proposal.



Heads up, someone may hire you. I'm hoping you know how to lay pipe, or put down carpet, or whatever. Because you may get hired soon. If you can't perform the craft, you better know the guy or gal that can. Because now you're an operating construction company.

My story. First thing to know is that having your own business isn't easy. You don't go into business this week, and then next week

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you're rolling in a Range Rover™ and Rolex™. No. Sustaining a business, and prospering in a business, is a combination of connections, hard work, luck, and intelligence. Intelligence may be the last thing on this list – sometimes ignorance is bliss. The most important trait in a business owner is balls. Yours need to barely fit in wheelbarrow if you want to be a big and successful company. This holds for men and women. Also, you'll soon find out that the construction business isn't clean and neat. It's chaotic and dirty and nasty. You're going to see things you didn't see as an employee, and you will

have to decide if your ethics can withstand the options put in front of you.

As one of mentors used to say, "don't look back, it'll scare the shit outta ya!"

Work safe!