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D-SRC Retail Readiness Guide

**Part II: The Founders Guide to Procuring
General Contractors and Executing Retail
Construction**



Retail Readiness Guide Pt I: Leasing

This guide was built to support Founders who want to grow their operations into a physical commercial space. Securing the perfect retail location can involve weeks of market research, property tours, lengthy applications, building and space assessments, and crucial legal and financial considerations. This guidebook is divided into two parts, representing the two stages of the process we teach about (Part I) Leasing and (Part II) Construction. Use Part I of The Retail Readiness guide to learn how to prepare for the leasing process and secure a commercial space that provides an equitable value exchange for your investment.

I. OUTLINE RETAIL SPECIFICATIONS

Get the DSOURCE "Retail Specifications" template to identify your retail space needs.

II. IDENTIFY AND SELECT PROPERTIES

Search for commercial property using resources like those listed in Section II of this guide.

III. INITIATE LANDLORD INTRODUCTIONS AND SCHEDULE SITE TOURS

Download and personalize the DSOURCE "Landlord Introduction Letter" for the properties of your choice. Schedule property visits and complete the DSOURCE "Retail Space Evaluation Checklist" with the property owner during each tour.

IV. EXECUTE PROPERTY TOURS, ANALYZE, AND NEGOTIATE ALTERNATIVES

Complete the DSOURCE "Retail Space Evaluation Checklist" and get feedback from an independent tenant/buyer agent on the condition of your space and the overall building. Follow up with an attorney on the building professional's recommendations and the Lease agreement prior to execution.

V. RECONCILE PLANS AND BUDGETS

Reconcile projected Lease costs with your business plan, financial projections, and/or other budget(s)

VI. CONSULT A BUILDING PROFESSIONAL AND AN ATTORNEY

Negotiate your monthly rent and other components of your commercial Lease

VII. CONSTRUCTION AND MOVE IN

Get the DSOURCE Retail Readiness Guide Part III: Retail Construction to learn more about commercial buildout

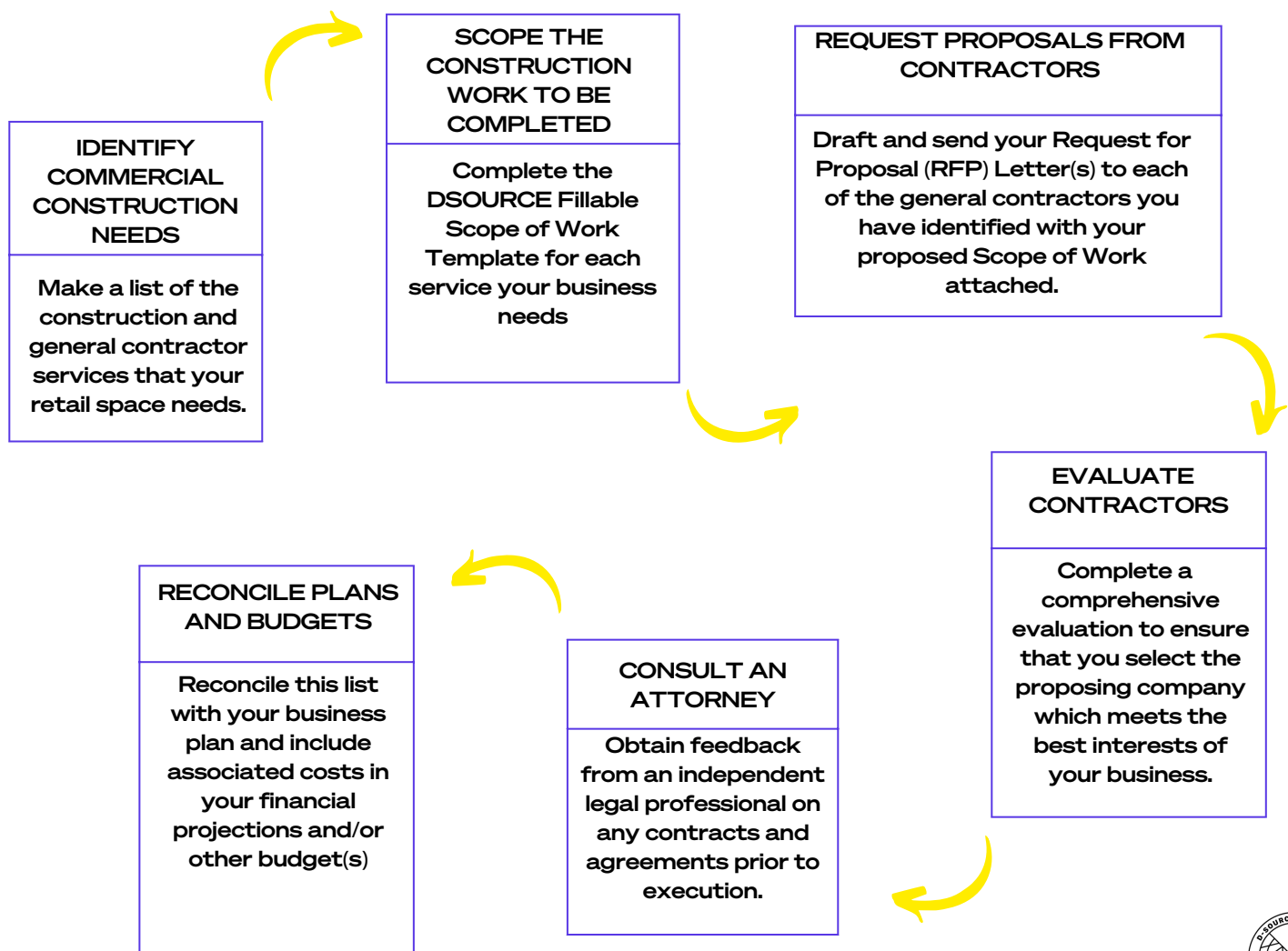
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The Retail Readiness Guide Part II: Retail Construction

This guide was built to support Founders who want to grow their operations into a commercial space. Opening a retail store is no small feat. Even with proper planning, retail construction has a level of unpredictability that can result in cost overruns and extended timelines. Experienced contractors are key to executing an quality buildout. This guidebook is divided into two parts, representing the two stages of the process we teach about (Part I) Leasing and (Part II) Construction. Use Part II of The Retail Readiness guide to learn how to define your project and vet qualifications for creators and builders.



I: Identify Commercial Construction Needs

Envision the final look and feel of your retail space. Refer back to the brainstorming activity and technical retail specifications you outlined in Part I: Retail Leasing. Consider your vision alongside the following non-exhaustive list of construction and general contractor services. Use the space at the bottom of this page to list specific construction services you might need to build out your space.

Construction and General Contractors

- Renovations
- White Boxing
- Electrician
- Plumbing
- Painting
- Flooring
- Tiles
- Drywall
- Carpenter
- Plastering
- HVAC
- Mason
- Roofer
- Excavation
- Demolition
- Landscaper
- Concrete Specialist
- Ironworker
- Steelworker
- Façade

Architecture and Engineering

- Architecture and design services
- Building condition assessments
- Feasibility Analysis
- Permitting and zoning review
- Project estimates
- Project management
- Building permitting
- Construction administration
- Energy Efficiency
- Green Building Practices

Artists and Fabricators

- Architectural and stained-glass
- Conceptual design
- Custom fencing
- Finish carpentry and millwork
- Graphic design
- Green space design / build
- Lighting design
- Metalworking
- Muralist
- Window display

Interior Design and Merchandising

- Commercial interior design
- Sustainable interior design
- Restoration
- Classroom interior design
- Production interior design
- Visual merchandising
- Exhibition design
- Interior decorator
- Historic preservation
- Antique restoration
- Event decoration
- Artwork supply
- Interior landscaping
- Office planning and design
- Tiles and stone installation
- Lighting design

Construction and General Contractor Services My Retail Space Needs

II: Scope the Construction Work to be Completed

What is a Scope of Work?

A clearly defined scope of work details who will be completing a project, how, where, and when, in a timeline with expected outcomes.

Prior to starting work on your retail construction project, your contractors will need to visit the space to take measurements, assess the property, and/or evaluate necessary repairs to provide you with a Scope of Work. As the project manager of your retail project, you can help your contractors get a head start on by providing an overview of your construction needs using the DSOURCE Scope of Work Template. Use this template alongside your Retail Evaluation Checklist to define your construction needs based on the condition of your space and the renovations necessary to adequately operate. This scope should include S.M.A.R.T Objectives - that is, "Specific, Measurable, Attainable, Relevant, and Time Bound" activities necessary to complete your construction project.

Examples of S.M.A.R.T. Outcomes in a Scope of Work Outline include:

1. "Interior Design for a modern ~230 sq ft dining room area by March 2023"
2. "Remove existing drywall by June 2023"
3. "Install new vinyl floor tiles in customer area by August 2023"

By clearly defining the work and your expectations for contractors, you can help to minimize cost overruns and ensure the best possible outcomes. Give your contractors a head start by downloading the DSOURCE Fillable "Scope of Work" Template for the construction services that your business needs.

[You can also view a sample of a General Contractor Scope of Work on the following page](#)



Scope of Work Template: **SAMPLE**

General Contractors and Construction Services

Outline your construction needs. Share your scope of work with potential contractors in your request for proposals.

WORK TO BE DONE	EXPECTED "S.M.A.R.T" OUTCOMES (Specific, Measurable, Achievable, Relevant, Time-Bound)
Architecture and Design services	Ex: Develop interior design plan for my retail location by May 2023
Site Plans	Ex: Develop site plan for commercial construction of my retail stie by May 2023
Building Condition Assessments	
Feasibility Analysis	
Permitting and zoning review	
Project estimates	
Project management	
Building permitting	
Construction administration	
Energy Efficiency	
Green Building Practices	
Artwork	
Other: _____	

Download the D-SRC General Contractors Scope Workbook



III: Locate Contractors and Request Proposals

Where do I find licensed and certified contractors capable of executing my construction project?

1. Search Engine Queries

a. Online search engine queries (e.g. Google/Google Maps) are by far one of the easiest and most popular ways to locate anything in your community, and this is also true for finding professional contractors. Conduct queries to find licensed contractors in your community by exploring web-based phrases such as:

i. [Architecture and Design contractors nearby](#)

ii. [Construction Companies near me](#)

iii. [Artisans in my area](#)

2. Word of Mouth

a. Ask around. Inquire with others in your professional network who have experience working with construction contractors and ask for recommendations. Be sure to ask for licensed and certified companies in these requests.

3. Previous Projects

a. Consider contractors that you are familiar with from previous professional projects.

What is a Request for Proposal (RFP)?

A Request for Proposal or "RFP" is a formal business document that outlines a project and communicates a need for services. An RFP is primarily used by governments and large organizations to gather bids for a project or service and is generally used for big-ticket purchases. The alternative to an RFP is a less formal process that may fail to identify the best vendor, the best plan, and the best pricing for accomplishing your project.

The DSOURCE Request for Proposal (RFP) process for small businesses

1. Establish the Scope of Work using the [**DSOURCE Scope of Work Template**](#)

a. Outline the construction and contractor services necessary to fulfill your project.

2. Create and send the RFP letter(s) using the [**DSOURCE RFP Letter Template**](#)

a. When seeking quotes for contractors, a simple RFP letter can be used to describe your project and ask for bids from contractors to work on the project.

3. Evaluate and score proposals using the [**DSOURCE Contractor Scoring Evaluation Template**](#)

a. The RFP process can help your company thoroughly evaluate the proposing company's ability to understand and undertake your project, compare pricing, and understand the expertise of the professionals with which you will work. Use the DSOURCE Contractor Scoring Evaluation Template in the next section to assist with your evaluations.

Need help drafting an RFP Letter? View the letter sample on the following page.



REQUEST FOR PROPOSAL (RFP) LETTER SAMPLE- CONTRACTORS AND CONSTRUCTION

Hi, my name is John Witherspoon, Owner and head chef of "Bang! Bang! Shrimp!", a seafood restaurant in Detroit, MI. We have recently secured a 2,000 sq. ft. commercial space and we are seeking quotes from contractors for a kitchen buildout and white boxing of our company's brand-new location. I have attached a general Scope of Work for the services we are seeking. I would also like to schedule a tour of our site with someone from your team in hopes of obtaining a more specific scope of work for the design and construction of our new retail home. Please let me your availability over the next few weeks for a site tour. In the meantime, are you able to share a sample proposal for services that includes the following information about your company?

1. Company Bio (with a statement of how and where the company is incorporated)
2. Primary Contact
3. Professional Qualifications and Experience
4. An Estimate of Fees and Expenses for the Services Requested
5. Payment Terms and Schedule
6. Previous Project Work Samples

I look forward to working with you.

Thank you for your time.

John Witherspoon, Owner and Head Chef
Bang! Bang! Shrimp!
313 Hustle Harder St.
Detroit, MI 48204
jwithersppon@bangbangshrimp.co
313-489-4608

You can also download a fillable version of this template in your DSOURCE Account.



IV: Evaluate Proposals from Contractors

Even with proper planning, construction has a level of unpredictability that can result in cost overruns and extended timelines. Certified, experienced contractors can make all the difference in the event of an unforeseen setback. Given the significant investment of time and money required to successfully complete a construction project, it is okay to be critical of the players you invite to the table. Request any assurances or certifications you feel necessary to adequately vet your contractors. If you have additional questions or concerns, schedule an introductory meeting with proposing companies to clarify their proposals.

Professional Team Considerations

During evaluations, you want to ensure that there is an alignment of values, and the proposing company's capacity to help you see your project through. Thorough RFP evaluations and interviews with professional teams should provide critical information such as:

1. The technical ability of the Proposing Company to perform the required services.
2. The experience, background and availability of the Primary Contact(s) or Project Manager(s) and their prior experience, if any, in your business industry.
3. The experience and availability of support staff for the Primary Contact or Project Manager.
4. The nature and quality of the expertise the Proposing Company possesses in your industry.
5. The experience and reputation of the Proposing Company as represented in the response and the quality of the references.
6. The proposing company's demonstrated knowledge of the specific aspects of your business.
7. Cost of services. Although a significant factor, fees and expenses may not be the dominant factor in choosing your contractors. Fees and expenses should be a particularly key factor when all other evaluation criteria from the proposing companies are equal.



Construction Contractor Scoring Evaluation: SAMPLE

Each criteria provided in the below five (5) categories is of equal value. Use this scoring evaluation to evaluate proposing companies for your construction project. Adequate companies should fulfill all criteria noted with an "*" - scoring at least 10/16. Proposing companies with the highest score should receive priority consideration to execute the project.

COMPANY NAME: _____

Description	Criteria	Max Score	Earned Score
The Company	The proposing company is legally incorporated and organized*	1	
	The company has adequate liability insurance(s)	1	
	The proposing company's leadership and values are aligned with those of my company	1	
	The proposing company(s) has an office, headquarters, or accessible location in my community. I am able to meet with leadership face to face whenever necessary and with minimum travel.	1	
Total Company Score		4	
The Professional Team	The proposing company and its project managers are professionally certified and/or licensed to perform the required duties*	1	
	The experience and reputation of the Proposing Company is substantiated by the response and the quality of their references.*	1	
	The experience and reputation of the Proposing Company is represented in the response and the quality of individual resumes. *	1	
	The experience and reputation of the Proposing Company is represented in the response and the quality of the previous work samples. *	1	
Total Professional Team Score		4	
Communication	The proposing company responds to communications in a warm and timely manner*	1	
	The proposing company provides professional, high-quality, written responses to questions and concerns.*	1	
Total Communications Score		2	
Industry Experience	The proposing company has experience working with clients in my industry	1	
	The proposing company demonstrates a knowledge of the risks and best practices associated with my industry and the project.	1	
	The proposing company has the capacity to provide multiple necessary services for my company within the project scope	1	
Total Industry Experience Score		3	
The Proposal	The proposing company has provided a high-quality proposal that demonstrates a clear understanding of the project.*	1	
	The proposing company's proposal includes a detailed scope of work with deliverables and a timeline*	1	
	The proposing company has demonstrated technical ability to perform the required services.*	1	
	The company has submitted organized, detailed, and aesthetically pleasing materials	1	
Total Proposal Score		4	

TOTAL COMPANY SCORE: ____ / 17

You can also download a fillable version of this template in your DSOURCE Account.



Step V: Consult an Attorney

Review proposals and negotiate elements as you feel necessary, including the scope of services, workplan, fee structure, transaction structure, length of the engagement, etc., prior to signing any contracts or agreements. When in doubt, ask a legal professional.

Step VI: Reconcile Plans and Budgets

What is Reconciliation?

Reconciliation is a process whereby two sets of records are compared for consistency and harmony. Reconciliation involves creating consistency between all your business planning documents and balancing budgets with the most up-to-date and accurate figures available to you.

If you are building a preliminary construction budget, use standard estimates for construction until you receive quotes from professionals. Standard estimates for retail construction pre-white boxing, are approximately \$125 per square foot. For example, if you will be renovating a vacant retail or commercial building that is approximately 416 square feet, construction costs should be estimated as follows:

$$416\text{sq ft} \times \$125 = \$52,000 \text{ construction cost}$$

Your actual costs may come in below (or above) this figure, but many building owners and funders alike will consider this "worst case estimate" acceptable until you have received specialized proposals from certified contractors. If you will be leasing a white box space, construction estimates will be much cheaper and may only constitute cosmetic renovations. For this reason, white boxed spaces are associated with higher lease costs. Review your retail checklist(s) and compare specifications and amenities to decide whether a rehab or whitebox is best for your company at this time.

Add construction figures to your budgets. This is a good point to assess your intended investment in construction.

- Are the potential construction costs within budget?
- Are high construction costs worth the location opportunity?
- Will this new or expanded retail location improve your profit margin?
- Do you have room in your budget for additional renovations you wanted to consider?
- Could you downsize your desired renovations without sacrificing the quality of your product or your customer's experience?
- How long will you be paying rent during the construction phase before your retail space opens, and how will this affect profits in the short term?

Consider these and other important questions before executing contractor agreements.



The Construction Action Plan and Budget: **SAMPLE**

Download as .xls/.xlsx spreadsheet file in your DSOURCE Account

EXPECTED "S.M.A.R.T" OUTCOMES (Specific, Measurable, Achievable, Relevant, Time-Bound)	DATE
Download the DSOURCE Commercial Construction Action Plan and Budget Template to get started	
Define your Construction/Buildout needs using the DSOURCE "Contractors and Construction Scope of Work Template."	
Request Proposals from General Contractors/Construction companies using the DSOURCE "Construction RFP Letter Template."	
Use the DSOURCE Contractor Scoring Evaluation to assess companies and proposals	
Ensure all final construction costs are accounted for through reconciliation of the Commercial Construction Budget	
Obtain necessary building permits, operational permits, and other authorizations necessary to operate legally in my commercial location	

You can also download a fillable version of this template in your DSOURCE Account.



Next Steps

1. Download and complete the DSOURCE Commercial Construction Action Plan
2. Download and complete the DSOURCE "Scope of Work" Outline for the contractor services of your choice.
3. Draft an RFP letter for the contractor services of your choice.
4. Send your RFP Letter(s) and attached "Scope of Work" outline to the providers you have identified.
5. Evaluate proposals and select a provider using the DSOURCE Contractor Scoring Evaluation template
6. Reconcile all final construction services costs in your budgets and financial projections
7. Seek input from a Legal professional prior to executing any contracts or agreement.



