

CONSTRUCTION RISK CHECKLIST > Pre-construction > Perform a background check on your client

One of the Biggest Risks Builders Face? Taking on the Wrong Client.

Most builders spend a lot of time assessing the risks of a project. They review the plans, assess the site, consider subcontractor availability and think about construction challenges.

What many don't do is properly assess the client.

Yet some of the most expensive disputes in residential construction have very little to do with defective workmanship or technical building issues. Instead, they arise because the builder and client were never a good fit in the first place.

Pre-qualifying potential clients before signing a contract is one of the most effective ways to reduce the risk of payment disputes, programme delays, unrealistic expectations and costly legal battles.

Before committing to a project, consider carrying out the following checks:

Client Pre-Qualification Checklist

- 1. Does the client have realistic expectations regarding budget, quality and timeframe?**
- 2. Has funding been approved and is the client financially prepared for the project?**
- 3. Are the plans, specifications and scope of work sufficiently detailed?**
- 4. Is the client organised and able to make decisions in a timely manner?**
- 5. Have they completed previous building projects successfully?**
- 6. Is communication professional, respectful and responsive?**
- 7. Do they understand how variations, unforeseen conditions and delays may affect the project?**
- 8. Have the decision-makers been clearly identified?**
- 9. Are there any warning signs or concerns that make you uncomfortable about proceeding?**

While no single factor should automatically rule out a project, a number of concerns appearing together should prompt further investigation.

One of the first things to assess is whether the client's expectations align with reality. If a customer expects a premium finish on a limited budget, or believes a complex renovation can be completed in an unrealistic timeframe, tension is likely to develop as the project progresses.

Builders should also assess how organised and decisive the client is. A homeowner who struggles to make selections, frequently changes their mind or cannot provide information during the quoting stage may create significant delays once construction begins. Many programme overruns can be traced back to late decisions and constant changes.

Funding is another critical area. Before committing resources, builders should be comfortable that finance has been approved and that the client understands the true cost of the project, including contingencies for unforeseen conditions and variations. Projects that encounter funding difficulties often result in payment disputes and significant stress for everyone involved.

Communication style is equally important. The quoting and negotiation phase often provides a clear indication of what the working relationship will look like. Clients who are respectful, collaborative and transparent are generally easier to work with when inevitable challenges arise. Conversely, if communication is already difficult before the contract is signed, it is unlikely to improve once construction is underway.

Builders should also ensure the scope of work is adequately defined. Unclear plans, incomplete specifications and assumptions about responsibilities are among the leading causes of residential construction disputes.

Most importantly, trust your instincts. Experienced builders often identify potential issues long before they can point to a specific problem. If something doesn't feel right during the early discussions, take the time to understand why.

The most successful building companies understand that risk management starts long before the first nail is driven. Sometimes the best project decision is not accepting the job at all.

Winning work is important. Winning the right work is even more important.