



Self-Assessment Checklist Accredited Remodeling Company

I. Ethics

1. Behave in an ethical manner and adhere to the NARI [Code of Ethics](#) and [Standards of Practice](#)

Guideline – Accredited Remodeling Companies are held to the same ethical standards as NARI Members. To demonstrate conformance, an organization shall attest to each statement of the Code of Ethics and also adhere to the Standards of Practice on an ongoing basis. In addition, the organization needs to disclose any complaints, grievances, or investigations in the past three years and the status of their resolution.

Comments/next steps:

II. Business and Financial Operations

2. Business Structure / Corporate Status

Be structured and registered in a way to help manage business growth, liability, as well as risk, such as Incorporated, Limited Liability Company (LLC), or Limited Liability Partnership (LLP).

Guideline: This standard may be demonstrated by submitting copies of documents from the state where the business is registered that show active registration at the time of submitting the accreditation application. At least one suitable document is required as evidence.

Comments/next steps:





3. Licensure

Maintain appropriate licenses, certifications, or permits as required.

Guideline: While business licensing, company certifications (such as EPA's Lead Renovation, Repair and Painting / RRP Program), and business permits (collectively called "License / Licensing" herein) requirements vary by state, county, and local jurisdiction, a remodeling company should be aware of requirements, acquire the appropriate licenses, and maintain them. Copies of the licenses showing valid-through or expiration dates that extend past the date of application submittal provide evidence of compliance.

Comments/next steps:

4. Staff Management

4.1 Maintain an Organization Chart that shows reporting relationships.

Guideline: The chart should identify the various positions within the company, the reporting relationships, number of persons in each type of position (such as "Project Manager – 2). Including the names of the actual staff persons is recommended.

Comments/next steps:

4.2 Maintain job descriptions for each position.

Guideline: Have on record up-to-date descriptions of key positions within the company. NARI recommends the company have descriptions for all positions on its organization chart.

Comments/next steps:

4.3 Maintain up-to-date employee and company policy manuals.

Guideline: A company with more than four employees shall have formal, written policy manuals, though this is recommended for all companies.

Comments/next steps:



4.4. Demonstrate consistent hiring practices.

Guideline: When hiring, the company should follow a consistent approach to identifying, recruiting, and evaluating candidates, including appropriate due diligence and fairness in verifying the candidates background, experience, work history, and eligibility.

Comments/next steps:

4.5 Utilize an employee review process.

Guideline: Have a hiring policy and follow a documented procedure to evaluate periodically the performance of employees. At a minimum, the policy should include the minimum frequency of reviews, the evaluation approach or criteria, and how employees contribute their feedback to the review.

Comments/next steps:

5. Insurance

Maintain all insurances as required by jurisdiction, permits, and client contracts

Guideline: At a minimum, maintain business liability, and worker's compensation, plus any additional coverage required by your jurisdiction or contracts. Identify NARI as an additional insured (as applicable).

Comments/next steps:

6. Accounting System

6.1 Use a recognized accounting information system.

Guideline: Companies need a formal, structured information system for tracking their finances and financial performance. This usually requires use of an accounting software that provides ledgers, reporting, tracking, and forecasting.

Comments/next steps:



6.2 Have a structured chart of accounts in place.

Guideline: Organize the company finances to segregate expenditures, revenue, assets, and liabilities in order to help others better understand the financial health of the company. The Chart of Accounts (COA) is a list of the accounts you use to define types of items on which you spend or receive money. The COA should include the name or title of the account, the accounting code number used, and a brief description or explanation of the account, such as its purpose and how/when the account should be used.

Comments/next steps:

7. Financial Performance

7.1 Conduct in-process job costing on remodeling projects.

Guideline: A remodeling company needs to understand the performance of individual remodeling jobs or projects. Job costing enables this analysis because it involves recording the costs related to specific jobs. It includes direct labor, direct materials, warranty, quality control, and other hidden overhead costs. The estimated job costs deducted from the Cost of Sales should show a profit.

Comments/next steps:

7.2 Demonstrate a pattern of profitability over the past three (3) years.

Guideline: While financial performance and the amount of profit varies from year to year and company to company, a successful remodeling company should demonstrate an overall pattern of profitability and drive the business to be profitable. Preparing and reviewing profit and loss statements over time is important to understanding business trends as well as what factors have more influence on the business performance.

Comments/next steps:



7.3 Maintain Retained Earnings or Reserves sufficient to conduct business for an adequate amount of time in the event of reduced revenue.

Guideline: Successful companies have access to some form of reserves or earnings not distributed to shareholders or owners that provide the ability to cover the minimum cost of operations in the event of an emergency, crisis, illness/injury of key personnel, unexpected economic downturns, or similar situations that affect business. There are many options, including savings, lines of credit (LOCs), credit cards, owners' assets, other liquid assets, or a combination of these options. Your company should also understand how long in months or years that you can operate and cover your overhead before having to shut down.

Comments/next steps:

7.4 Demonstrate the ability to manage business cash flow.

Guideline: Expenses and revenue come in at different times. Most remodeling businesses have to cover the cost of project expenses before receiving all the revenue from the client. A successful business will have a plan and method for managing the ups and downs of its cash flow, such as savings, lines of credit, and other financing mechanisms.

Comments/next steps:

III. Marketing and Sales

8. Maintain and execute a marketing program, including a plan, website, and lead tracking.

Guidelines: Developing new clients and work requires a plan and regular attention. Information needs to be kept up to date and the company needs visibility with current, past, and prospective clients so that clients reach out when they need the services you provide. Companies also need to follow-up on opportunities to develop them into proposals and eventually contracted projects.

Comments/next steps:





8.1 Maintain and execute a marketing plan that is updated at least annually.
Comments/next steps:

8.2 Maintain a website with up-to-date information on the business.
Comments/next steps:

8.3 Formally track sources of leads and results of marketing activities.
Comments/next steps:

9. Use a documented sales process, including:

- **Pre-qualification process.**
- **Presentation process.**
- **Follow-up process.**
- **Tracking closing ratios.**
- **Process for hand-off from sales / design to production.**

Guideline: While there are many different sales processes and methods, remodeling companies need to decide on a method that works for your businesses and adapt it to your company. A robust sales process should include the elements listed above in some form.

Comments/next steps:





IV. Quality, Compliance, and Training

10. Have a customer satisfaction monitoring process that addresses any issues identified.

Guideline: Remodeling companies need ways to monitor customer satisfaction and identify any issues, in order to be able to address them. This type of process can take many forms, including reviews, satisfaction forms, third party surveys, and more. A key is selecting an approach and consistently monitoring how your customers feel about your work. A satisfied customer is a good referral and a more likely repeat customer. Identifying any concerns and addressing them as soon as possible helps improve satisfaction and your business reputation.

Comments/next steps:

11. Maintain at least one MCR/CR, CKBR, or another top tier certified remodeling professional (such as CGR, CKD) on staff.

Guideline: The qualifications and credentials of your team members should reflect the quality of work that your company completes. Independent validation by a third party professional organization like NARI of staff knowledge, experience, and skills strengthens the company profile and demonstrates a commitment to excellence. While there are many designations available in the industry only the following are accepted for this standard.

Organization	Designations	
NARI	MCR, CR, CKBR	
NKBA	CMKBD, CKBD, CKD	
NAHB	GMB, GMR, CGB, CGR, CAPS	

Comments/next steps:



- 12. Conduct, maintain, and document an internal training program that addresses health and safety and professional development.**

Guideline: Knowledge and skills in your team do not happen by accident. Formal training helps drive good practices and compliance by awareness as well as reinforcement of the required and desired approaches to health, safety, work quality, and professionalism. Remodeling companies should have formal programs for developing their teams.

Comments/next steps:

- 12.1 Health and Safety requirements.**

Comments/next steps:

- 12.2 Professional development.**

Comments/next steps:

- 13. Maintain an Injury and Illness Prevention Plan (IIPP) as defined by OSHA.**

Guideline: Remodeling companies need to comply with a variety of OSHA requirements, depending on what types of projects they complete. At a minimum, all need an IIPP.

Comments/next steps:



V. Production / Field Operations

14. Operating Procedures

Guideline: Consistency helps drive quality. How your company wants work to be completed needs to be documented and staff needs to utilize consistent procedures to complete critical operations.

Comments/next steps:

14.1 Document and utilize standard operating procedures (SOPs).

Comments/next steps:

14.2 Maintain an explanation or policy on how those procedures are implemented and maintained.

Comments/next steps:

15. Project Management

Guideline: Remodeling projects need to be planned, managed, and led by an experienced person who understands the type of work as well as how to manage the work and successfully complete the project. The project management responsibilities should be included in the position description. Companies need to follow a formal process for managing their projects.

Comments/next steps:





15.1 Use a production manager, project manager, or lead carpenter for project management.

Comments/next steps:

15.2 Have a formal process for managing project schedules.

Comments/next steps:

