VSG BUSINESS GUIDES

PRACTICAL TOOLS • REAL SYSTEMS • BUYER-READY

# COMMERCIAL TENANT IMPROVEMENT
## BUSINESS STARTUP GUIDE & WORKBOOK

PREMIUM 2026 EDITION

A practical U.S. framework for building a compliant, profitable small commercial renovation and tenant-improvement business.

- Choose the right operating path
- Define scope and licensing boundaries
- Estimate, price, and protect cash flow
- Manage subcontractors and change orders
- Build repeat business with commercial buyers
- Use ready-to-run worksheets and checklists

PLAN PRICE BUILD

BETTER SPACES. STRONGER BUSINESSES.

Commercial TI Startup Guide • Veteran's Strategic Solutions LLC

2026 EDITION

# Before You Begin

Commercial tenant improvement (TI) is not one business model. The safest entry depends on what you are legally allowed to contract, what you can insure, and which risks you are prepared to own.

**IMPORTANT SCOPE RULE**
Do not sell or sign for work you are not licensed, insured, qualified, or contractually authorized to perform. Electrical, plumbing, HVAC, fire protection, structural work, hazardous-material work, and permit-holder responsibilities often require licensed specialists or a licensed prime contractor.

## What this guide is designed to help you do

- ☐ Choose among three operating paths: licensed GC, specialty interior contractor, or owner-side coordinator.
- ☐ Validate local commercial demand before buying tools, hiring labor, or committing to overhead.
- ☐ Build clear scope boundaries, contracts, estimating discipline, and cash-flow controls.
- ☐ Create a repeatable job workflow from site walk through punch and closeout.
- ☐ Use worksheets, scorecards, scripts, and checklists that can be reused job after job.

## Guide Map

CHAPTER 1

# The Business You Are Actually Building

You are not selling 'renovation.' You are selling a controlled result inside an occupied or soon-to-be-occupied commercial space.


*A small TI business wins by controlling scope, schedule, documentation, and handoffs - not by pretending to self-perform every trade.*

- Typical buyers include landlords, property managers, tenants, small business owners, brokers, and licensed general contractors needing specialty subcontractors.
- Typical projects include second-generation offices, retail refreshes, flooring, paint, doors and hardware, fixture installation, non-structural interior scopes where allowed, punch work, and closeout.
- Projects become materially riskier when they involve occupancy changes, kitchens, medical/clinical uses, structural changes, fire protection, major MEP work, or hazardous-material disturbance.

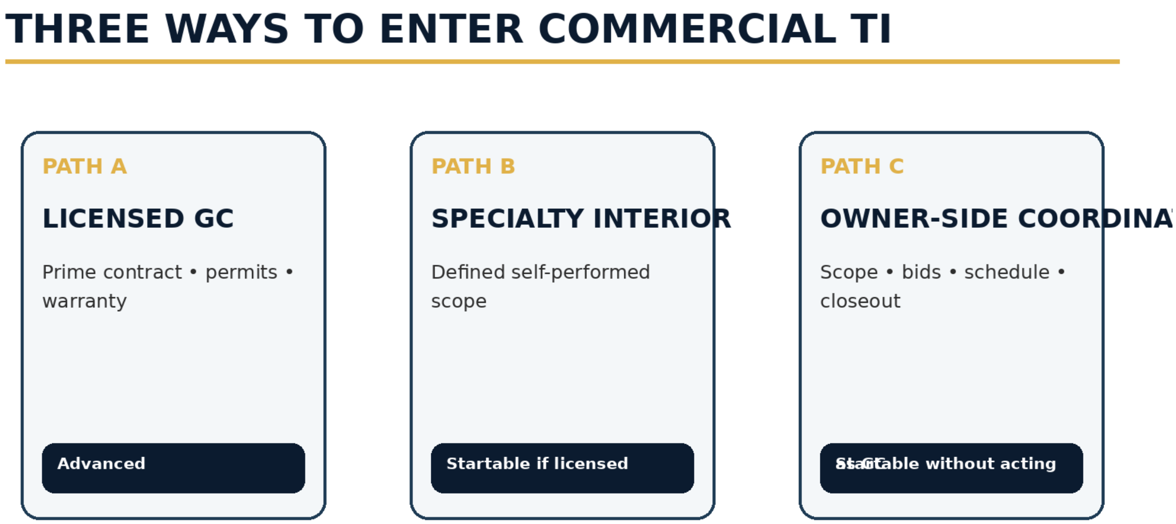
**START NARROW**

A first job should be easy to define and easy to inspect. A simple second-generation office or retail refresh is a better training ground than a restaurant, clinic, change-of-occupancy project, or multi-trade gut renovation.

CHAPTER 2

# Choose Your Operating Path

The contract role determines your legal exposure, insurance needs, cash needs, and margin opportunity.




Choose the path from your actual license, insurance, and contract role - not from the size of the opportunity.

| Path | What you sell | What you own | Typical starting position |
|---|---|---|---|
| A - Licensed GC | Prime construction contract | Permits, schedule, subs, warranty, prime risk | Later-stage unless already licensed/insured |
| B - Specialty Interior | Defined self-performed interior scope | Your labor, scope, quality, schedule for your package | Viable when local licensing allows it |
| C - Owner-Side Coordinator | Scope, bid collection, schedule, punch, closeout | Professional judgment and coordination | Often the lowest-capital entry |

**DECISION RULE**

Choose the path from the permit desk answer, your actual contractor/trade licenses, your insurance, and your contract language. Never use 'consulting' as a label for work that legally makes you the contractor.

CHAPTER 3

# The Readiness and Licensing Gate

Before you quote a commercial job, prove that you can legally contract it, safely execute it, and survive the payment cycle.

☐ What business registration, contractor license, trade license, or local certificate is required where the project is located?

☐ Who may apply for the building permit? Who may sign as contractor of record?

☐ Which parts of the scope must be performed by licensed electrical, plumbing, HVAC, fire-protection, structural, elevator, roofing, or environmental specialists?

☐ What insurance limits and endorsements do the owner, landlord, or GC require?

☐ Do you have enough working capital to cover mobilization and commitments until the next contractual payment point?

☐ Can you document worker classification, safety responsibilities, and subcontractor insurance before they enter the site?

**NATIONAL RULE OF THUMB**

Licensing and permitting are not nationally uniform. State and local governments set many business, contractor, and permit requirements. Verify the city/county and state rules for the actual project location before you sign.

CHAPTER 4

# Validate Your Local Market

Commercial TI demand is local, relationship-driven, and strongly affected by permitting friction and buyer concentration.

## Seven-day market test

☐ Call the building department and ask whether commercial interior alterations require a permit and who may apply.

☐ Identify 10 local commercial property managers, brokers, or landlords with repeat turnover.

☐ Review vacant and recently leased retail/office spaces; note common size, condition, and use.

☐ Interview three commercial GCs about scopes they prefer to subcontract or decline.

☐ Get a real insurance quote for your intended path.

☐ Price one representative project from a site walk and compare the result with what the buyer says the budget can support.

## Market scorecard

Active commercial property managers: ____________________________________________

Vacant / turning spaces: ____________________________________________

Repeat small-business openings: ______________________________________________

Established GC referral potential: ______________________________________________

Permit/licensing barrier: ______________________________________________

Insurance affordability: ______________________________________________

Buyer payment reliability: ______________________________________________

CHAPTER 5

# Define Services, Scope, and Exclusions

A premium commercial proposal is clear about what you do and what you do not do.

## Starter scopes that are easier to control

- Paint and finish packages
- Flooring removal/replacement where environmental clearance and substrate conditions are known
- Doors, hardware, trim, fixtures, shelving, and furniture installation
- Drywall repair and non-structural interior framing where permitted and properly licensed
- Punch-list and turnover work for property managers
- Owner-side scope writing, bid leveling, schedule tracking, punch, and closeout coordination

## Default exclusions until properly qualified

- Electrical
- Plumbing
- HVAC/refrigeration
- Fire alarm/sprinkler
- Structural modifications
- Roofing where separately licensed
- Asbestos/lead abatement
- Medical gas or specialized clinical systems
- Grease hoods / ANSUL / restaurant specialty systems

**SCOPE LANGUAGE**

Write exclusions in the proposal, not just in your head. If the client adds an excluded item later, it becomes a written change or a direct contract with a licensed specialist.

CHAPTER 6

# Code, Safety, Accessibility, and Environmental Risk

Commercial interiors can trigger building-code, accessibility, worker-safety, and environmental obligations even when the project looks cosmetic.

## Accessibility

- The ADA Standards apply to covered new construction and alterations to public accommodations and commercial facilities. Altered spaces and, in some cases, paths of travel can trigger accessibility requirements.

## OSHA and construction safety

- Construction standards can apply to alteration and repair work. Employers must protect employees under applicable OSHA or OSHA-approved State Plan requirements.
- Cutting, grinding, drilling, or disturbing concrete, brick, mortar, and similar materials can create respirable crystalline silica hazards subject to OSHA's construction silica standard.

## Lead and asbestos

- EPA's RRP rule does not generally apply to ordinary commercial offices or stores unless the work occurs in a qualifying pre-1978 child-occupied facility.
- EPA asbestos NESHAP rules cover renovation/demolition operations at institutional, commercial, and industrial buildings; a thorough inspection requirement applies, with additional requirements depending on the operation and material quantities.

**STOP-WORK TRIGGER**

If suspect hazardous materials, concealed structural conditions, undocumented fire-rated assemblies, or unknown utility conditions appear, stop the affected work and get the correct qualified professional involved before proceeding.

CHAPTER 7

# Insurance, Contracts, and Who Pays

A commercial project can be profitable on paper and still damage the business if the contract shifts uncontrolled risk to you.

## Insurance conversation

☐ General liability with completed-operations coverage appropriate to your scope

☐ Commercial auto when vehicles are used for business operations

☐ Workers' compensation when required and appropriate to your workforce

☐ Tools/equipment or inland-marine coverage if you own portable assets

☐ Professional liability/E&O when you sell design, consulting, or owner-side coordination judgment

☐ Project-specific requirements such as additional insured, waiver of subrogation, primary/noncontributory wording, or higher limits

## Who is actually paying?

☐ Landlord, tenant, property manager, or GC?

☐ Is there a TI allowance? If so, who controls release of those funds?

☐ Is payment contingent on inspection, landlord approval, lender draw, or corporate reimbursement?

☐ Are you being asked to finance materials while someone else waits for reimbursement?

**DO NOT BECOME THE BANK**

The contract should name the payor, payment schedule, approval process, retainage if any, change-order process, and what happens when payment is late. Get legal review for your state and project type.

# Startup Stack and Working Capital

The right startup budget depends more on your operating path than on the size of the construction market.

| Cost category | Path A: GC | Path B: Specialty | Path C: Coordinator |
|---|---|---|---|
| Entity / registrations | Required | Required | Required |
| Contractor / trade licenses | Prime-level | Scope-dependent | Do not act as contractor |
| General liability | Higher exposure | Scope-dependent | Often still needed |
| Commercial auto / vehicle | Common | Common | May be light |
| Tools / equipment | Broad | Focused | Minimal |
| Working capital | Highest | Moderate | Lower |
| E&O / professional liability | Sometimes | Sometimes | Strongly consider |

**BUDGETING RULE**

Use real local quotes. Do not copy a national 'startup cost' number into your plan. The biggest cash need may be insurance, deposits, payroll, material commitments, or the gap between completing work and receiving the next draw.

## Startup budget worksheet

Registration / licenses: $______________________________

Insurance deposit + first year: $______________________________

Vehicle / trailer: $______________________________

Tools and safety equipment: $______________________________

Software / admin: $______________________________

Marketing / proposal tools: $______________________________

Working-capital reserve: $______________________________

Contingency: $______________________________

CHAPTER 9

# Estimating, Pricing, and Job Costing

Estimate from scope and production reality, then add overhead and profit. Do not price by what you hope the customer will accept.


*Every quote should reconcile quantities, labor, subcontractor/vendor costs, project overhead, risk, and target profit.*

## Estimate build-up

**1.** Confirm drawings, field conditions, exclusions, alternates, and schedule.

**2.** Take off quantities and production hours.

**3.** Collect current material and subcontractor quotes.

**4.** Add permits, disposal, delivery, lifts, protection, cleanup, supervision, and project overhead.

**5.** Add contingency for known estimating uncertainty - not as a substitute for missing scope.

**6.** Add company overhead and target profit.

## Job-cost worksheet

Contract value: $______________________________

Materials: $______________________________

Direct labor: $______________________________

Subcontractors: $______________________________

Equipment / rental: $______________________________

Permits / fees: $______________________________

Disposal / delivery: $______________________________

Project overhead: $______________________________

Contingency used: $______________________________

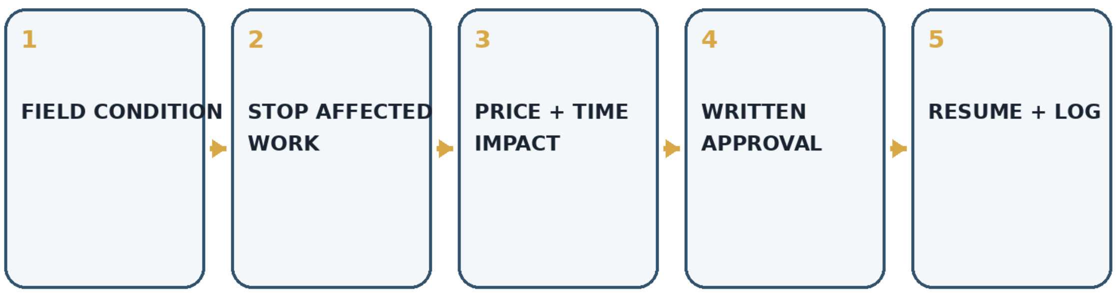
Gross profit: $______________________________

CHAPTER 10

# Proposals, Change Orders, and Documentation

Documentation is not bureaucracy. It is how you protect margin, schedule, and relationships.

## CHANGE-ORDER DISCIPLINE




**Never let 'we'll figure it out later' become the pricing system.**

### Proposal minimums

☐ Exact scope and exclusions
☐ Plans/specifications or site-walk assumptions used
☐ Price, allowances, alternates, taxes, and permit assumptions
☐ Payment schedule and retainage if any
☐ Start conditions and schedule assumptions
☐ Change-order process
☐ Warranty and closeout requirements
☐ Who is responsible for permits, design, testing, and specialty inspections

CHAPTER 11

# Subcontractors and Vendor Control

A subcontractor is not 'just a guy you know.' Commercial buyers expect proof that the people touching the site are qualified and insured.

☐ Verify business identity, applicable trade license, insurance, and workers' compensation status.

☐ Use a written subcontract or purchase order that defines scope, price, schedule, cleanup, safety, change process, and closeout.

☐ Collect W-9s and required tax information before year-end panic.

☐ Track certificate expiration dates.

☐ Do not let an uninsured sub become your employee by default; worker classification depends on the real relationship, not the label.

☐ Require written approval before extra work.

**WORKER CLASSIFICATION**

For federal tax purposes, the IRS looks at behavioral control, financial control, and the type of relationship. A 1099 label does not override the facts.

CHAPTER 12

# Project Delivery: Mobilize to Closeout

The job should move through a repeatable operating sequence.

| Stage | Name | Done looks like |
|---|---|---|
| 1 | Preconstruction | Scope, contract, insurance, permits, long-lead items, site rules |
| 2 | Mobilize | Protection, staging, safety, baseline photos, schedule communication |
| 3 | Build | Daily coordination, inspections, RFIs, cost tracking, quality control |
| 4 | Manage changes | Stop affected work, price time/cost, written authorization |
| 5 | Punch | Owner/tenant walk, deficiencies, completion evidence |
| 6 | Close out | Final inspections, warranties, manuals, photos, lien documents where applicable, final invoice |

**DAILY CONTROL QUESTION**

What changed today that can affect cost, time, safety, access, inspection, or the client's expectation? If the answer is anything, document it before the memory disappears.

CHAPTER 13

# Cash Flow, Draws, and Payment Protection

Profit is earned on the estimate, protected in the field, and realized only when cash is collected.

## PROJECT CASH-FLOW CONTROL


**Rule: Do not finance the client's project with personal cash. Match procurement and subcontractor commitments to the written payment schedule.**

Illustrative workflow only. Contract law, lien rights, deposit rules, and payment timing vary by state and project.

☐ Tie material commitments and subcontractor deposits to written payment milestones whenever possible.

☐ Do not assume a TI allowance means immediate cash.

☐ Know whether retainage applies and when it is released.

☐ Invoice promptly with the backup the contract requires.

☐ Track accounts receivable by job and aging.

☐ Learn your state's lien and notice rules before the first project; deadlines and eligibility are state-specific.

CHAPTER 14

# Find and Win Commercial Clients

Commercial renovation sales are relationship sales supported by proof, responsiveness, and low-friction estimating.

## Best early channels

- Commercial property managers with repeat turn and refresh work
- Commercial brokers handling second-generation spaces
- Small-business owners opening or relocating
- Licensed GCs needing dependable specialty interior subcontractors
- Facility managers with recurring punch and deferred-maintenance needs

## Discovery questions

☐ Who owns the space and who signs the construction contract?

☐ What is the required opening / turnover date?

☐ Is there a TI allowance, landlord work letter, or corporate approval process?

☐ What permits, drawings, or design professionals are already involved?

☐ Which work must happen while the building remains occupied?

☐ What are the building's rules for hours, loading, debris, elevators, and access?

**SALES RULE**

Do not lead with 'we do everything.' Lead with a defined problem you can solve safely and repeatably, then expand only after the buyer trusts your process.

CHAPTER 15

# Your First 90 Days

The goal is not to become a full-service commercial GC in 90 days. The goal is to prove one legal, insurable, repeatable lane.

## Days 1-30: Build the gate

☐ Choose Path A, B, or C based on licensing and permit rules.

☐ Form the business and obtain EIN if needed.

☐ Bind appropriate insurance.

☐ Create scope/exclusion language, estimate template, proposal, change order, and job-cost sheet.

☐ Identify five licensed trade partners and five commercial buyer targets.

## Days 31-60: Prove the sale

☐ Complete at least five buyer discovery conversations.

☐ Walk and estimate at least two real small commercial opportunities.

☐ Refine your estimating production assumptions.

☐ Choose one starter service package and one referral message.

## Days 61-90: Prove the loop

☐ Win and close a project you are fully qualified to perform or coordinate.

☐ Track estimate vs. actual cost and schedule.

☐ Collect closeout photos, lessons learned, and a review/testimonial where permitted.

☐ Decide whether the next investment should be tools, insurance capacity, licensing, or marketing - based on booked demand.

# Workbook, Templates, and Checklists

Use these as working pages. White space here is intentional.

## Path decision worksheet

City / county: ______________________________________________

State: ______________________________________________

Commercial alteration permit required?: ______________________________________________

Who may pull permit?: ______________________________________________

License(s) I currently hold: ______________________________________________

Scope I may legally self-perform: ______________________________________________

Scope I must subcontract / exclude: ______________________________________________

Chosen operating path: ______________________________________________

## Bid / no-bid scorecard

Clear scope? YES ☐ NO ☐ NOTES: ______________________________

Known payor? YES ☐ NO ☐ NOTES: ______________________________

License/permit fit? YES ☐ NO ☐ NOTES: ______________________________

Insurance fit? YES ☐ NO ☐ NOTES: ______________________________

Qualified subs available? YES ☐ NO ☐ NOTES: ______________________________

Schedule realistic? YES ☐ NO ☐ NOTES: ______________________________

Cash flow survivable? YES ☐ NO ☐ NOTES: ______________________________

Environmental/occupancy risk understood? YES ☐ NO ☐ NOTES: ______________________________

## Preconstruction checklist

☐ Signed contract

☐ Insurance certificates

☐ Permit responsibility confirmed

☐ Drawings/specs received

☐ Existing-conditions photos

☐ Hazardous-material status reviewed

☐ Long-lead items released

☐ Subcontracts/P.O.s issued

☐ Building rules / access confirmed

☐ Schedule issued

☐ Payment milestones confirmed

# Workbook - Commercial TI Project Control Sheet

| FIELD | ENTRY |
|---|---|
| Project / suite | ______________________________ |
| Client / payor | ______________________________ |
| Property manager / landlord | ______________________________ |
| Contract role (A / B / C) | ______________________________ |
| Contract value | ______________________________ |
| Original start date | ______________________________ |
| Required completion date | ______________________________ |
| Permit holder | ______________________________ |
| Design professional | ______________________________ |
| Site superintendent / lead | ______________________________ |
| Current committed cost | ______________________________ |
| Current billed amount | ______________________________ |
| Approved change orders | ______________________________ |
| Pending changes | ______________________________ |
| Subcontractors on site | ______________________________ |
| Inspections remaining | ______________________________ |
| Punch status | ______________________________ |
| Retainage | ______________________________ |
| Final payment due | ______________________________ |
| Closeout documents remaining | ______________________________ |
| Lessons learned | ______________________________ |

CHAPTER 17

# Sources & Annual Verification Checklist

Recheck anything that can change before relying on it in a live project.

## Primary sources reviewed for this edition

- Internal source: VSG_MODEL_Commercial-TI_2026-08-28_v1.docx (primary VSG business-model source).
- Internal source: Commercial_Renovation_Business_Model.docx (legacy feasibility material harvested before cleanup).
- U.S. Small Business Administration - Launch Your Business (state/local licensing and permit requirements vary).
- Internal Revenue Service - Get an Employer Identification Number (EIN available free directly from IRS).
- Internal Revenue Service - Independent Contractor (Self-Employed) or Employee? and Publication 15-A (worker classification facts and control).
- U.S. Department of Justice / ADA.gov - 2010 ADA Standards for Accessible Design and alterations guidance.
- Occupational Safety and Health Administration - 29 CFR 1926 construction standards and respirable crystalline silica construction guidance.
- U.S. EPA - RRP applicability to commercial buildings / child-occupied facilities.
- U.S. EPA - Asbestos NESHAP renovation and demolition requirements for institutional, commercial, and industrial facilities.

## Annual / project verification checklist

☐ State and local business registration, contractor, and trade licenses

☐ Who may pull the specific permit for the project

☐ Local building/fire/accessibility code edition and amendments

☐ Insurance limits and endorsements required by the client / building

☐ Workers' compensation and worker-classification requirements

☐ Environmental survey/inspection obligations before demolition or disturbance

☐ OSHA / State Plan requirements for the actual work activities

☐ Lien, preliminary-notice, retainage, and prompt-payment rules

☐ Sales/use tax treatment of construction labor and materials

☐ Subcontractor licenses, insurance, and certificate expiration dates

☐ Material pricing, labor productivity, overhead, and margin assumptions

**FINAL QUALITY RULE**

A premium commercial guide should make the reader more cautious where the law and risk are complex, not more confident than the facts justify. Verify the live project location, contract, and scope before acting.