

2010

Builders

Finding & Selecting a Builder

This E-Book tells you how to find a suitable builder for your project . The pitfalls to avoid & how to select & structure your contract to achieve the best value for your project.

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4/6/2010



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Preliminary

If you are downloading this eBook then you are probably in the process of trying to select a builder for your project. No doubt you are looking to have your job completed quickly, without fuss, and without paying too much. Possibly even looking for suggestions on design, how to get good resale value for money spent, tips on the latest bathroom fashions, landscaping advice, or how to get hold of the best roof Slater or floor Tiler in town.

The following chapters will empower you to get the best result for your project.

You will not find all this information forthcoming from builder organizations such as the MBA or HIA as they cater mainly as a support group for builders of all types Or from Government sources such as the "Office of Fair Trading" as it is composed of bureaucrats with little reality of the real world and has to cater for the "idiot fringe". They do maintain some sort of register which is arguably better than nothing.

Finding & Selecting Builders

How to find a Builder

Depending on the type of building project you will need to look in differing places. For example you are starting with a clean slate like a house block in a subdivision you quite likely will be looking for a project builder and one of the places you will want to check out is your local display village; if you are adding a pool you may want to go to the next pool expo in your city; you are not likely to find the one off design type builder at either of these locations. Some good advice: "Open your eyes and open your mouth." Some of the starting nooks to investigate are listed below.

- Local Rag
- Yellow pages
- Vehicle signs
- Friends who have had recent building work done
- Trade associations like MBA and HIA they keep a directory of member
- Trades directory internet. {Remember not all businesses are net savvy}
- Display villages
- Building Estates
- Builder street signs on current projects

A Better way to find a one-off builder

Take a drive around the surrounding streets of your building sites and record and check out the details of any builders doing similar projects to your future project. This will filter 3 factors for you; they are willing to work in your suburb. They are happy to quote and work on your project as it will be similar. You now have the opportunity to see how happy the owner is with his builder. It doesn't tell you how many jobs they have lined up before yours though [when can they start] or if another builder may even be better, [better qualified or better price] but it is a good starting point.

How to Select a Builder

On Price: Traditional business practice would tell you to get 3 quotes before making any major purchase. This is a useful sifting process to go through as there is a lot of useful information to be gleaned other than price verification by comparison.

By Referral: Talk to your friends can they tell you about any recent building experiences, or friends of friends with similar type of building work performed.

By Best Value for your job: Depending on how much experience you have previously had in dealing with trades persons your approach to determining best value will be skewed. The more experienced you are the more price will be the dominate issue as you will naturally be conversant with the other factors mentioned below and have a good handle on these. If this is your first big project then price point is less of an issue in getting the best value out of building works.

Take for example; you have a 1950's fibro house you want to dress up to make it saleable...you decide on a granosite finish as opposed to a strip off of cladding or brick veneering. You get 3 quotes one at \$10k one at \$12k and at \$14k. Now if you have never

had a granosite experience before you won't know that 2 important factors are access and splatter stickiness. The 10k quote puts in an exclusion clause "scaffolding by others".

You get a quote from a scaff company and they quote you \$1000/wk.....the 10k guy reckons it will take him 5 days so you reckon \$11k is the go, however it rains for 3 weeks after the scaff is set up..you start to get the idea you might have been suckered here. OR we go with 12k guy....he's in a rush to get it done so he doesn't blow his budget, doesn't cover up too well and you get pin head size splatters on your windows..he makes a half hearted attempt to clean but just smears them on with water...looks ok now...except tomorrow when the glass is dry it looks smudgy...a month later after trying every cleaning agent in the country you are advised the only way is to change the glass..not too cheap a job after all. If these points had been catered for at quotation stage selection on price would be much easier. This is one of the elements of getting *best value*. All the factors below need to be considered in getting best value

Significant Factors to be factored In

Was the quote delivered when promised? Reliability...ability to meet a deadline. Did you feel you could comfortably talk to the builder?..building is a marriage...do you want a happy one?

Does the builder have additional items of value to offer? E.g. ways to save costs, increase design efficiency or aesthetics. Particular expertise in area's..right tools for the job which don't have to be hired or subcontracted.

Does the builder look like a builder of a pen pusher or a loud mouth sales man? The person who is delivering the quote, will he be hands on the tools, the day to day supervisor, your negotiation point, or somebody else who will be oblivious to the verbal agreements made or expected. On a day to day basis who will you be dealing with?

Is the Builders licence dirty or full of success stories? Complaints at fair trading, happy clients, happy architects?

How many jobs does he do a year or run concurrently? This will give you an idea of how much attention you will get. A project builder....you get none.

Remember to get your job complete you are dealing with a living being and all the associated factors which go along with that. You are not selecting the purchase of an inanimate object such as a washing machine from Harvey Norman or Bing Lee at \$X ...which is the cheapest?

It is too late to bemoan an experience from hell after making an incorrect choice. The horse has bolted!...forget about shutting the barn door. Do your due diligence. Trying to change builders along the construction path is generally a very painful option. Avoid it. Do your due diligence.

Just as there is horses that suit various courses there are builders that suit certain types of building works e.g. some hands on builders like the fine finicky type work e.g. high quality carpentry, others are in possession of certain types of equipment such as scaffolding or heavy machinery which makes them much more competitive in these area's if they don't have to subcontract out, others like to do their own bricklaying in houses so the best value can be achieved if the builder is set up for your type of building work.

The builder who is going to plonk a foreman on site/subbie everything & disappear generally will not provide you with good value as he doesn't have good control over quality/costs/continuity of work. This type of builder can provide value to mass construction of project housing though.

Common Strategies Some Builders Use to Win Your Work which makes you a sucker

Three builder sucker strategies to win your business

1. Builder Low ball's the quotation price then after you have selected your cheap builder it comes to contract stage job risks are passed back to you with any number of exclusion clauses and you never even realize that the other higher quote was in fact cheaper because the exclusion would not be in his contract. The customer has lost his focus being blinded by the price. Having gone so far down the road customers still reeling from blindness feel obligated to carry through or are blissfully unaware or anything being unto wart. The thought, if conceived of, starting over again is so overwhelming they apathetically sign.
2. Builder offers a price with certain exclusions. The items being of significant sums that the average consumer is unaware of, but if included in the quoted price would make a significant change for example a pool builder says in his quote & contract tiles to be supplied by owner. Quoted price or contract price is \$20k. Now there might be 150sqm of internal tiling and you will want mosaic's and you will want a good tiling job..but there isn't too many good mosaic tiler's about these days so rates are not cheap...so add another 25k to the price. That cheap price doesn't look so cheap anymore.

3. Builder offer's a discount for cash. Customers often like this approach as they think it will prop up their bottom line but in reality is false economy and will only last so long before their chickens come home to roost. If a builder is dishonest enough to defraud the Government then he will be dishonest enough to defraud his customers whenever the opportunity arrives...even if it's in quality or B/S variations.

Make sure you are not a sucker!

How to check out the builder you think is your first choice.

- Ask for previous job addresses....talk to these clients about their experience. It doesn't mean that everything they say is correct either as clients have their own foibles also but if disaster keeps raising its head then take it as a sign for future possible reoccurrence in your job. Check work quality and what the client thought of the cost charged now that the job is complete. Were they happy with their builder?
- Check out their licence at fair trading to make sure they are legit.
- Check their insurances..Public liability, workers comp, site damage cover to new/existing?
- A builder only has to come unstuck on your job once to make your life a misery. What is your gut feeling telling you?
- Check the quote and ask for a contract. Make sure you are not being suckered.

- Gut feeling: Are you happy to have a relationship with this guy on a day today basis? More important than the up front price? What will the finished price be? Emotionally and Bank Balance.

The best way to structure your contract with your builder.

There are 2 main type of contracts used in the domestic market...a lump sum and a cost plus.

A lump sum is the most common contract used as it is perceived as a fixed price contract. In reality it is not. Some elements of the building are but some are not...the unforeseen and undecided's. If using this type of contract allow yourself a 10% contingency with your budget as this sum is pretty typical of variations. This contract is most efficient where the buildings work are straight forward are easily delineated by drawings and site conditions known.

A cost plus contract is used mainly where there are more unknowns with the building works. If a builder was to quote a fixed price having to cover all these unknowns then the price would be outrageous, so the customer assumes the risk of the unknowns and pays a builder a percentage of the works value. A budget is set as a guide to the completed costs.

The down side of a cost plus standard contract is the builder is paid a percentage of the job costs. As you may be aware you get what you reward in life whether it be with cash or attention. The builder takes home more cash if your job costs more so typically this type of contract ends up well over budget and an ensuing shit fight. Most Government type contracts let are of this type and this is why they are always over budget

However if the builder is rewarded for keeping the cost down then you start to get jobs coming in under budget. This can be achieved by a simple agreement in the "Special Conditions" section where you write a clause to reward the builder if job completes under budget with say 50% of the savings.

Whichever way you choose make provision for all costs with at least typical figures [P.C. Sums] rather than allowing for exclusions as this will give a better up front reality check of costs and avoid another painful unforeseen.

What If's ?

- *The Builder Under Quoted*

Will find some excuse to get out of the job at some stage after he wakes up
Will go broke
Will delay your job whilst he does other more profitable jobs

Whatever happens it will not be a happy or profitable outcome for the customer

- *The Builder Goes Broke*

You will be left with the onerous task of finding another builder to take it on or to put a HOWI claim in. Either way it's going to cost you time and money. Not a good outcome for you.

- *The Builder Over Quotes*

The average builder will go and buy a new Ute with his good fortune. Some more ethical builders will put the excess in better quality finishes than what you would expect & promptly service your every whim, or even throw in some landscaping.

- *Quality of job is not as I expected.*

Talk to your builder be upfront and overt. Talk with reality..If you paid for a cheap job expect quality to be minimal, a top dollar job expect first class quality. Refer to standards which lay out quality required. As a last resort threaten fair trading.. But be warned going down this path will cause you to both loose though.

Ways to deal with your builder to achieve the best outcomes

- Always be clear and overt in your communications so no misunderstandings occur. Make your required outcomes known and keep a check on these as you would with any other managed project.
- Make sure your documentation is clear and concise
- Use an industry standard contract [e.g. HIA MBA] with special conditions as your preferred base contract document as these are clear cut in delineating responsibilities so eliminating any doubts which may need to be clarified in court with other contracts if a dispute occurs.
- Remember your builder is a human being and not an inanimate product. All the rules of social interaction apply just as you would with your spouse or work colleagues to achieve the desired outcomes for one self
- The carrot and stick approach works pretty well as a management tool. Most contracts carry a stick [a liquidated damages clause]. If you want better outcomes throw in a carrot. The contract usually is not a carrot unless the builder is the recipient of BER waste wrought contract.

Checklist to do before signing Contract.

Check for the human factors for this contract of work, personnel/personalities/experience this type work/location-travel/additional expertise/generosity with time advice...

Do your due diligence in checking out the builder

Detailing of the scope of works is clear /easily seen & concisely shown e.g. architects drawings need to show any works required to meet any DA conditions and Basix requirements. Not on separate sheets of paper that can get lost.

See that all items are covered and not excluded even if price unknown PC the item.

Make sure all documents required for the job are listed in the contract

Do any checklist which might be contained in the first pages of the contract.

Check all the builders insurances for cover & currency

Domestic work make sure builder has HOWI certificate

Start Your Search for Builders

You can start your search for one-off [builders](#) right here at www.all-builders.com.au

If you are in the Sydney Metro you can call: 0411212211 and ask for Douglas.

Even if he can't do the job himself he'll probably be able to refer you to someone who is trustworthy.

Request a quote for: free advice: a property inspection: analysis for development project: design & construct: fixed price construction: cost plus construction: project management: maintenance schedule identified & managed: analysis for "Renovation for Profit" project.

Other parts of Australia check your local resources as outlined above.

Now that you are empowered with "know-how"

May Your Building Experience be Happy & Profitable.