



Roarke Custom Builders, Inc.

## **Can I have a free estimate?**

All construction projects have to start somewhere. Perhaps you're considering an addition or renovation of your home and you have sketched out some ideas or you have some magazine articles that capture the essence of the finished project. Before you commit too much emotional energy, you're understandably anxious to know what these ideas cost.

I am faced with this scenario virtually every week. As the owner of the company, I perform all the estimating on our sales leads. I have always strived to provide honest reasonable information to sales inquiries. Yet if I was not a good steward of my time, my entire week could easily be spent just pricing work. It has become necessary over the years and through our continued success (which only invites more estimating work) to develop the following estimating policy.

I realize that there are many contractors to choose from for your construction project. On the other hand there are many potential clients to choose from for our work. I believe it is in the best interest of both of us, the owner and the contractor, to get to the bottom line as soon as possible. Let me explain one way of accomplishing this task.

### **A brief education and some common sense**

RCB has been in business for 17 years and the majority of my business has been renovation work. In most cases, it is fairly easy to predict an average cost for a project quickly; even at a first meeting. For example, the average minimum starting price for our additions is \$135.00 per square foot (Spring 2004). I know there is very little chance of any exact, carefully detailed estimate coming in under this number. The detailed estimate will only verify what I already know from experience. I believe average square foot construction costs are an excellent place to start when discussing the feasibility of your project.

If your expectations were substantially different from the square foot construction costs, it is far better to know sooner rather than later. This is called the qualifying process. You are qualifying RCB as a contractor and I am qualifying you as a potential client. If my base costs are less than your budget, we're qualified with respect to price. If they are more; we have work to do to try to close the gap. If the gap is irreconcilable, then we have the benefit of knowing this important fact now without further delay and effort. Once we can move beyond this initial information: somewhere between sketches and full preliminary drawings and the determination that we have a mutual understanding of probable cost; it is desirable to get more specific information. This is an excellent time to make a hiring decision based on references, reputation, experience and availability and on estimated costs.

### **But that's not the traditional way.....**

Perhaps you are more familiar with a process that goes like this: The contractor blindly invests many hours at this preliminary stage preparing detailed (and free) estimates against vague or unknown conditions. He competes against other builders looking at early drawings that represent perhaps half the project but leave out most of the specifications. Each builder calls with his own questions. Ideas and suggestions start to emerge on how to best execute the work. Everyone 'promises' quick service: first the contractor to get back with his price and then the owner to get back with his decision. Not all the 'bids' come back on time so everyone waits (expect to double whatever time frames are promised). Finally, the owner then compares, sometimes with experienced help, what is assured to be 'apples and oranges' proposals, all with plenty of room for a contractor to change his price at a later time. And the winner is.... (the contractor who doesn't get hired!)

This grueling process of attrition actually works some of the time. However, and in my opinion, it is the source of most of the 'horror stories' that malign my profession. I would like you to consider a different approach in a few moments, but before I move on I hope you will bear with me as I make one more important point.

I feel that if you want a free detailed estimate, one that can be compared against another estimate, you need to pay for complete bid documents. These are final plans, fully designed and all materials specified or allowances given by others. Ironically, no architect, engineer or designer will go to these lengths without being paid. Thus to be asked for a detailed price on preliminary drawings which will be compared for cost against other 'bids', forces the contractor to specify the project. The contractor is now in a conflict of interest situation. In an effort to win the project, it is common to specify as low as possible, rather than being realistic about the probable final cost. Enter the proverbial 'low ball' price.

Let's be real honest for a moment. Without exception, the scope of work changes from the preliminary drawings to the final drawings and therefore the price changes as well. Usually the price goes up. Once remodeling work begins, the 'unknowns' start to surface and there are always more scope and price changes. Usually the price goes up again. To ignore this phenomenon is folly.

It is entirely possible to hire a lower priced contractor and pay more in the final analysis than perhaps a better qualified runner-up. Many under-priced preliminary bids are made profitable by over pricing the inevitable changes. The solution is to know the contractor's reputation based on the personal testimony of his references and to have an agreement as to how future changes will be priced. This forces each contractor to stand by their original price and not impose a premium on changes.

But even this strategic maneuvering, if successfully carried out, is a potential nightmare because forcing a contractor to live with an underbid price is no picnic either (to say nothing about trusting him in your home) and you find yourself asking:

## **What is the diligent owner to do?**

I would submit the following steps for your consideration:

1. Qualify your contractor based on the following criteria in this order: Specialization, Integrity, Leadership, Service, Craftsmanship and price.
2. Recognize that renovations are vastly different from new construction. Your renovation contractor comes into your life every day. His worksite is your home: your kitchen, your bath, your bedroom. Perhaps you will agree that low bidding is best left for new construction work. Hire the best qualified contractor that you can afford.
3. Problems that occur in new construction are thus amplified in renovations. Trust and good problem resolution skills are highly desirable. Call your contractor's references and ask how he handles problems and emergencies. Does your contractor demonstrate leadership?
4. You are busy. Having your home remodeled will be stressful, even on the good days. Little things matter a lot. You come home after a long day to find a dumpster blocking your garage. Someone left the front door unlocked. There's a note that you need to make several decisions tonight. Will your contractor plan out the decisions that you have to make, so that you have time to consider options? The little things add up to a big difference in the overall service you get. What do his references say? How does your choice stand up?
5. Know that nothing lingers like a job well done. All of the challenges and problems are worth the effort if you are truly pleased with the finished product. Well designed and well-built will make the project fun and your friends envious. (In case you are wondering why this isn't first on the list: you'll seldom have a problem with craftsmanship if a contractor has items 2, 3 & 4 under control.)
6. Regarding price: If it were my house and I was doing the hiring, here's how I would proceed: I would discuss budgets and try to understand how my project would be priced and managed, what the biggest price drivers are and how to control them so they don't get out of hand and sink the project. It would be important for me to have confidence that I could get most of what I wanted for my budget and to know that my builder was giving me realistic information on the project. I probably already like his reputation and personality and I want to confirm my unspoken choice by understanding how he will arrive at the final cost. Once satisfied, I would select my contractor. I would then proceed to design the project to my budget. There would be an official price check upon completion of the final drawings. My contractor would have had ample opportunity to warn

of cost problems as he was hired at the start of the design process and monitored the progress. My early hiring decision would earn me a reserved place in my contractor's schedule and we would begin work promptly after the final price check.

If you follow these steps you should be able to move forward using a team approach of owner, designer and builder and produce a fine renovation. I hope this frank discussion helps you in that effort.

## **My Policy**

Having shared seventeen years of experience in two and a half pages, it should be no surprise that my policy is to give an estimate of probable cost based on square foot construction costs at no charge and reach an early decision to work together. I can then invest my time in your project with confidence and help design a plan that will be within your budget. Unless the design work is extraordinary, the consulting time is built into the total price and there is no retainer or deposit required. In the event the design process is terminated for any reason, time invested will be billed at the rate \$65.00 per hour plus any expenses. A copy of this agreement is attached.

I look forward to working with you on your project.

Sincerely,

*Michael Roarke*

Michael Roarke  
President  
Roarke Custom Builders, Inc.  
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