HOW TO AVOID AN

## ARCHITECTURAL

HOME BUILDING CATASTROPHE



### HI, WE'RE NATHAN AND JULIAN

#### Directors at Fortified Construction

At Fortified Construction we specialise in building bespoke architectural homes and renovations.

There are so many pitfalls when it comes to building or renovating your dream home. Within this document we outline the exact process you can follow to avoid your budget and timeline blowing out and instead be in control of the building process.

We have seen it all, budget blowouts, timeline delays, disheartened clients and everything in between. After working through a lot of the painful mistakes ourselves in addition to learning from others, we know what works and what doesn't. We believe it is essential that you follow the right process when taking on any building project, especially throughout the planning and preliminary phases.

With that in mind, this document will take you through the step-by-step guide of how to correctly approach your home building or renovation journey.

We hope this information helps you as you take on this exciting endeavour.

Kind regards,

Nathan Reynolds

Julian Leighton

Mightlen



## 01. Find a Reputable Builder First

You are right at the first stage of designing and building your dream home. You have been saving different design concepts from Instagram, Pinterest or maybe ArchiPro and you are ready to put those ideas to paper.

You would think the next logical step would be to engage an architect or a designer to help develop a set of plans before you get your three quotes from different builders, right? Wrong.

Unfortunately this is how most home building clients approach their building process and it is inherently fraught with a variety of issues. This process usually results in either the project not going ahead due to design and budget conflict, or they go ahead and blow their project budget substantially.

According to a leading designers institute, only 20% of plans drawn by architects or designers in the New Zealand residential market ever get built

"Can you imagine spending \$10,000 -\$100,000+ on a set of plans, just to find out your project will end up 30-40% above your budget?"

Can you imagine spending \$10,000 - \$100,000+ on a set of plans, just to find out your project will end up 30-40% above your budget? Well that's the reality of 80% of people who start with architectural drawings without working in collaboration with a trusted and experienced builder.

So the very first stage of your building process is to do proper due diligence on finding the right builder. We recommend looking at their experience level, previous projects, competence levels in your specific design concepts or site gradient as well as their attitude when you first approach them.

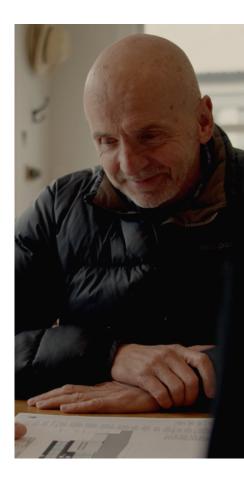


# O2. Concept Designs by recommended Architect or Designer

Architects and designers draw plans. They do not build homes everyday. The best they can do is pick a square metre rate and design something that will hopefully fall within that square metre rate. And that, as you can imagine, is a massive gamble with your money.

Your builder will be responsible for over 90% of your overall budget. The first step to ensure your home will be built to your budget is to find a builder you can trust to ensure your project is delivered within your design and budget.

To ensure this happens, the builder needs to be involved in the design process from the very start to collaborate with you and the Architect. Doing it this way means the builder will take ultimate ownership and responsibility for the overall project and will make sure every dollar is accounted for.



## O3. Builder & Architect work in Collaboration

When you're about to build a project worth hundreds of thousands or even over a million dollars do you imagine it's important to select a builder based on quality or price? If you are comparing three quotes from three builders, you are automatically focusing on price, it's only natural to do so. You may not know that most people spend the majority of their time picking an architect while neglecting to spend anywhere near that amount of time on picking a builder, even though their builder will be responsible for 90% of their project budget. It's crazy when you start to think about it

So once you have taken the time to choose the right builder for you, the next step is for that builder to recommend a few Architects or designers. Architects are no different to lawyers, accountants or engineers in a sense that they all have their specialisations. If you get the wrong Architect, your home will be designed way outside of your budget, guaranteed.

To give you an example, at Fortified Construction we collaborate with an array of different architects and designers who all specialise in their own fields and have a proven track record with us. We understand their strengths and weaknesses and therefore can match the perfect architect or designers with our clients. With that in mind, we would recommend finding a builder who is well established in the industry so they can provide that level of bespoke matchmaking.

Once you have met with your recommended architect and you like what you see, we recommend signing a Preliminary Agreement with your builder. This is a minor agreement that will put some parameters in place to start your collaboration process with your builder and your architect.

Collaboration among all three of those stakeholders is the key to starting a successful project. The architect or designer can then develop a set of concept plans based on your brief. These concepts may go through a variety of changes to meet your expectations. Once the concept plans have been approved, you can go to the next stage, cost estimating.



### 04. Ballpark Estimates

The next stage in the process is very important to ensure your project is continually steered to the right track and unfortunately this is where most builders start going wrong and as a result lead clients down the wrong path.

Based on the concept plans provided and our experience in the industry we will put together a realistic ballpark estimate before construction drawings are completed and submitted to council. As the construction drawings and council consents are the most expensive and time consuming part of the design phase the last thing we want is to price a job once consent is issued and have it be outside of budget. There are many examples of this happening and in most cases the solution is to scale back the design, re-draw and submit to the council a second time. Ouch! This is far from an enjoyable experience for all involved.

Once we have completed the ballpark estimate, we have developed a benchmark for your concept plans. If the estimate has fallen within your budget, then we are ready to move to the construction drawing stage. The reality though is that it is more likely to sit outside your budget at this stage. This is normal, so don't be discouraged if that is the case. Remember, 80% of plans never see the light of day.

This is the time to make changes to your concept plans and where selecting the right builder at the very beginning is critical.

Keep in mind, the cheapest builder is not always a bad builder. They may be great at their craft, but more often than not, the cheapest builder is the builder who missed the most due to lack of experience. You are heading for a horror story of your own or worse still entrusting your home to a builder who is insolvent. So beware!



## 05. Construction Drawings and Engineering

The next stage is getting your construction drawings completed and engineering sorted.

Getting your construction drawings completed takes time and there can be a number of professionals involved. These can include structural, geotechnical and hydrolic engineers as well as others depending how complex the build is.

As with all professionals, there is a range of engineers that specialise in certain building types and it is important that the right engineer is engaged for your job to avoid costly over engineering. At Fortified Construction we have good working relationships with a range of engineers to help develop designs as practically and cost effectively as possible

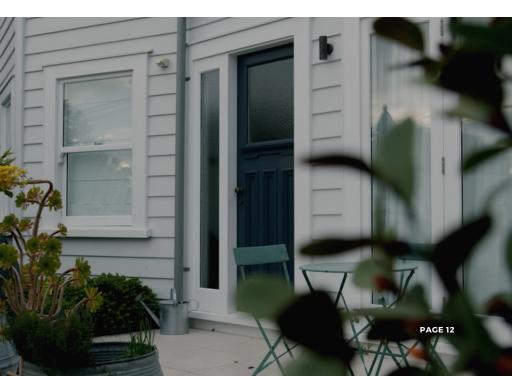
In any case, a review of the engineering package before plans are lodged with council by your builder helps to ensure the design reviewed by council is as practical, cost effective and the various materials are easily sourced. There are many ways to construct structural elements in a house and they all have their pros and cons.

Again, we want to try to minimise any re-work of designs as much as possible to ensure construction drawings make it through council as easily as possible. Remember, we are still yet to turn over any ground on site and mistakes at this point can be costly.



## O6. Lodgement for Council Consents by Architect

After the architect and engineers complete your construction drawings to your specifications, they will then start your building consent application and lodge it with your council.



## 07. Aesthetic Selections by Client

In many cases during the concept and construction drawing stages, the builder, Quantity Surveyor or architect would have made allowances for things like your tapware, kitchen cabinets and other items. These are what are known as Prime Cost Items and Provisional Sums.

The selection stage takes an enormous amount of time and unfortunately some clients leave this till the last minute and end up pressured into making the wrong decisions. Get a head start early and have a look at what you like. If you make early selections, you can give these to your builder to add to the estimate for better accuracy. If you wait, then the builder will generally dictate the terms of the Prime Cost Items.

For example, your builder may allow \$250 for your kitchen tap within the Estimate or Quote. Once it comes time to select your kitchen tap, you find that the tap you really like is actually \$800. So you need to find an extra \$550 for your kitchen tap. This will then also include your basin taps in your bathroom and ensuite, your shower taps, your laundry taps and so on. You can see how your budget can start getting impacted quite quickly.

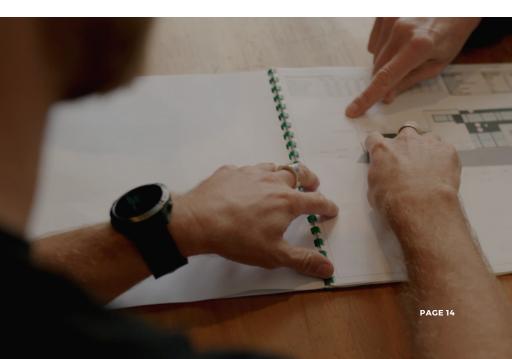
The more Prime Costs the builder has to use because you have not made selections, the more likely that your budget will get blown.

Some builders will use a lower sum for the Prime Cost and Provisional Sums to artificially reduce the quote, knowing that once you sign up they can hit you with the variations. Unfortunately, this has become a somewhat standard procedure with many builders in the industry. If you don't have much time to make your selections, think about using your architect or an interior designer.

At Fortified Construction, subject to our client's budget, we usually recommend using your architect or an interior designer who can help with specifying these items, from kitchen designs through to tiles and tapware selections.

## 08. Quotes for Materials, Labour & Consulting

Once we have all the information, we'll send it to our trusted suppliers, subcontractors and consultants for accurate quotes based on accurate quantities. Waiting for quotes until this stage helps prevent mistakes and omissions that can become budget-blowout variations during construction.



## 09. All Inclusive Proposal

There are three elements you need in any proposal, regardless of the size of your project, to ensure that your builder has taken the time to accurately audit your plans and understand your project.

So many clients look for builders who offer a free quote and this is the ultimate recipe for disaster. Free quotes are offered by trades who are able to work on a square metre rate. For example, a painter will use a square metre rate to calculate the external painting and internal painting and has a fixed price for each door they paint. They can prepare a quote within 20 minutes. Same thing goes for many other trades

Some builders use this same technique to offer free quotes to their clients, knowing that once they sign a contract, they can make up any shortfall using variations. And it can work to some degree on "cookie cutter" homes.



Over many years in this industry, we have realised that you require three core elements in your proposal in order to be able to make an informed decision on your project, regardless of the size, style or type of project you have. At Fortified Construction, we like to think we have set a benchmark in Proposal Deliverables, so this is what we offer our clients to give them ultimate confidence:

#### **B.** Specifications

This is a description written in layman's terms of what has been allowed for. This document should list exactly what type of materials, joinery, colours and so on you can expect.

#### A. Bill of Quantities

When building ANY project, you need a full bill of quantities. This is a document that shows every bit of material and labour has been accounted for. This document is what the volume builders use to be able to really start sharpening their pencils to reduce their square metre rate for marketing.

If your builder has not prepared a full bill of quantities for your custom project, you must ask yourself how much have they missed, which means how many variations will come back later on?

#### C. Schedule or Gantt Chart

If your builder hasn't taken the time to develop a schedule, how will anyone know how long the project will take? If you have not been presented with a Gantt chart, you can expect the project to blow out because no one knows when they are required on site.

At Fortified Construction, you will find your proposal could be in excess of 30 pages of information and often takes over 100 man hours over a 4-6 week period to prepare. This should give you an idea of what you should expect. Paying for this level of accuracy is how you can guarantee your home will be built with no surprises.



### 10. Contract Signed by Client

Some builders view contracts as a piece of paper they must sign in order to get a project. Smart builders understand that this is the most important tool in the project and understand the need to use the correct contract for the right project.

There are many different variations of contracts, but for the purposes of this document we will cover the most common styles rather than specific types. In the residential market, there are three basic styles of contract:

#### Cost Plus Contract

This type of contract is favoured by many builders as it is the most fair type for both parties if it is administered correctly and the builder has correctly priced up your job.

Cost plus is where you pay for the time, materials and sub-trades your job takes. There will be a builders margin applied to materials and sub-trades that will be agreed between both parties. These contracts are flexible and allow for quick decision making on site if things need to change as there is not the rigmarole of drawing up and agreeing to contractual variations.

We find this type of contract, under the right management, can be a beneficial way to run bespoke home builds and renovations - as long as the work has been put in through the pricing phase and there is clear communication and management through the build.

#### NZIA Contract

This contract is favoured by Architects to allow them to administer the project they have designed on your behalf. The NZIA contract can be run as both cost plus or fixed price and generally requires close management by the architect. Depending on the level of involvement your architect or designer has been contracted to have will generally determine if this contract is used or not. If you do not plan to have your architect manage the invoicing and budget this type of contract will likely not offer any advantage.

#### Fixed Price Contract

Fixed price contracts are often viewed as the 'safest' contract in terms of price certainty. However, this is largely determined by a couple of factors:

- 1. How much work has gone into preparing the pricing that supports the fixed price contract and the detail of the information that underwrites that price.
- 2. The detail and accuracy of the construction drawings the pricing is based on as well as the specification for finishes, fixtures and fittings.

If either of these factors are not up to scratch it will lead to costly (both financial and time) variations to the original contract. The more information you have in your proposal, the tighter control you have in your contract and the less room for surprise variations in your build.

At Fortified Construction, we feel choosing the right contract is not a 'one size fits all' situation. We will have an open discussion with our clients about their job and the various contracts we have for running it. Once everyone is clear on those options we make an informed decision that is beneficial for all parties.



## 11. Scheduling Your Build

A reputable builder will work with you to find the perfect time for your project. There are many factors involved in scheduling to ensure that your builder can complete your project with your full attention and avoid unexpected costs and delays.

Since any good builder would always fully commit to completing your project exactly to your expectations, forward-planning on materials, sub-contractors, site management, and many other details is necessary. This is where "planning means perfect".



## 12. Construction & Landscaping

This is unfortunately where some clients' nightmares come to fruition:

Plans started out over budget. After numerous five page free quotes from different builders, they finally found a builder who was in their price range and willing to build their project within their budget. With a knot in their stomach they risk their dream home in the hands of the cheapest builder they could find.

If you are feeling nervous about this, you should be! Everything that has happened leading up to this point is a good indication of how the build will transpire.

Now, don't get me wrong - there are a lot of great builders out there. Extraordinary builders even. The problem is that there is a massive difference between building a project and running a successful building company.

Selecting your builder in the first instance means that you have effectively removed any risk of being swayed by a cheap quote or an unproductive builder on the verge of collapse.

At Fortified Construction, we work very closely with our clients through the construction process to accommodate any changes they need and keep them abreast of all design decisions.

We believe that with a flexible approach and a strong relationship, we can realise the perfect outcome for our clients.



### 13. Handover

Before handover, make sure your builder carries out a detailed inspection of the completed works and rectifies any defects. They will then need to undertake a second walkthrough with you to inspect any additional works prior to handover. You'll receive the keys to your new home at this point.

Your builder should then supply all the required technical documents, including warranties, and assist you in running a Code Compliance Certificate (CCC) application.

This is a standard handover process of any competent builder.

### 14. Follow Up & Maintenance

Good builders will schedule a 6-12 month inspection to ensure that any maintenance issues are immediately resolved. They will also need to address any urgent concerns you encounter during the first year. This means you can be confident your home is built to thrive through all four seasons!

6-12 Months is the standard period of any residential project, so make sure you ask your builder about the length of their maintenance period.



## ABOUT FORTIFIED CONSTRUCTION

At Fortified Constructions, we follow the practices of extreme ownership. Your project is our project, and we go above and beyond to ensure that it matches your plans precisely.

In our experience, everything comes down to the on-site team building bespoke houses and undertaking stunning renovations. That's why we emphasise our culture of personal responsibility, healthy living, professionalism, and genuine love for the work.

Every single individual who represents us on your site, from our highly-skilled, experienced team, trusted sub-trades, and project managers, all respect the place that you call home and enthusiastically work toward your vision.

GET IN TOUCH
WITH US AT

NATHAN
021 168 2757
nathan@fortifiedconstruction.co.nz

JULIAN 021 025 21524 julian@fortifiedconstruction.co.nz

fortifiedconstruction.co.nz

## YOUR DREAM IS AWAITING

If you would like to have a chat about how we can bring your vision to life and create a beautiful space that you'll love coming home to:

**GET STARTED** 



Follow us on socials @fortifiedconstruction