



**LEWIS BUILD**

EST 2010



# Frequently Asked Questions



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# What kind of service is provided in a preliminary agreement?

Preliminaries (or 'prelims') provide a description of a project that allows the builder to assess the work required to formulate a scope and/or a cost analysis.

Depending on what stage the client is at, some of the preliminary work undertaken by Lewis Build includes:

- Detailed and Contour survey
- Identification Survey
- Feasibility study
- Soil or geotechnical report
- Engaging of designer/architect to draw up a concept and subsequently detailed design
- Engineering design
- Town planning advice
- Other specialist consultant reports
- Locating existing infrastructure within the site
- Cost analysis/quoting

A client in the very early stage of the land purchasing phase, or have yet to engage a designer/architect, may require us to perform all tasks in the list. If the client has already got these documents in order, Lewis Build may be required to review the documents and produce a tendering quote.





# Why we don't provide a square meterage rate

We get asked that a lot. How much per square metre?

The reality is, for a custom-built project, there is no set rate. That's because no two projects are ever the same, no site conditions are the same, and no clients are the same.

A square meterage rate can be useful at the outset when formulating a starting budget. If the client has X amount of budget, then

the size of the building is approximately that divided by the rate. This rate needs to be verified by the builder by doing a proper quote. More often the rate applied at the beginning of the design process is different to the ultimate cost.

*A proper quote requires the builder to fully understand the plan, the scope of work, site condition, and time constraint. Like building lego pieces, each component is priced accordingly before being assembled to produce the final figure.*



## Other builders provide a free quote, why do you charge a fee?

In order for a quote to be meaningful, it has to be accurate, and contain clear and detailed information for both parties. An accurate quote takes a significant amount of time and money to prepare, as each project is different in scope and site conditions.

It is easy to get a free quote, but those builders will not want to spend the time or effort. They can apply a square meterage rate or lowball the quote and make up their margin by lowering the standard or adding extras during the build. Too often the owner engages the lowest-cost builder because it is hard to understand the quote. What sounds like a good deal, in the beginning, can end up being more costly or the project just fails to achieve the desired outcome.

A paid service allows us to spend more time investigating deeper. In particular, for renovation work, multiple site visits and confirmation may be required. If we are willing to enter into an agreement with you, we are committed to producing a quality quote with all the scope assessed, and unforeseeable items allowed.

If we enter into a contract agreement, then our fee is waived. To be clear, the fee is only chargeable if you decide not to proceed with our services.

*Too often the owner engages the lowest-cost builder because it is hard to understand the quote.*



## What documents are required for a quote?

If we are provided with accurate and detailed documentation, the quote produced will be precise. For a typical project, a four-week turnaround can be expected.

On the other hand, if the documents are lacking, the quoting process can be done in a couple of days.

## How much do you charge for a quote?

This is often the case if the client is seeking an estimate during the design process. A basic concept drawing can be used, provided that the client understands accuracy will be poor.

Ideally, a detailed set of architectural drawings, engineering design, soil test report, and schedule of finishes and fittings will be a basic minimum requirement.

The fee ranges from \$500 for an estimate to \$5,000, depending on the complexity and size of the job.

# What is the difference between a Bill of Quantity provided by a Quantity Surveyor and a builder's quote?

For a custom-build project over \$800,000, it is normal practice to engage the service of a Quantity Surveyor (QS) and work of Bill of Quantities (BoQ) early in the design process. The main purpose of a BoQ is to itemise and define a project so that all tenderers are preparing their price and submission on the same information. It is not uncommon to find that the quotes from builders differ to the BoQ report, this can be due to:

- Tendering builder's capacity and workload in their pipeline
- Quality of the trades that the builder employs
- General market conditions at the time of tender
- Builder's different assessment of the project risk

Each builder has a different assessment to the project risk and applies a different methodology to run the project. Lewis Build ensures all projects we deliver are tested through our rigorous quality assurance programme before they are handed over. We have developed systems and procedures to allow a consistent level of quality.



# What are Prime Cost (PC) and Provisional Sums (PS)?

To make the quote/contract as accurate as possible, you need to define what exactly is going to be included down to details such as what light bulb you are going to use. Sometimes, that is not possible at the time of quoting or contracting. There are two common terms used to allow for such variables.

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## Prime Cost (PC) item:

Is an allowance made in a tender or contract for the supply and delivery only of an item/items of material (e.g. taps, baths, light fittings etc.) that have not been selected at the time of tender or before the contract is signed, or for which the Contractor was not able to provide a fixed price on entering the contract.

The client would normally make the final selection of the item, which is subject to a PC allowance.

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## Provisional Sum (PS):

Is an allowance made in a tender or contract for particular work which could not be finalised before tendering or signing a contract and which includes the total cost of the supply and installation (e.g. joinery, landscaping, air conditioning, rock removal).

Where Prime Cost items (PCs) and Provisional Sum (PS) allowances have to be shown in a tender or contract document, the amount shown should be inclusive of GST.

e.g.:

- Tile allowance PC \$35/m<sup>2</sup> (inclusive of GST)
- Landscaping PS \$10,000 (inclusive of GST)





# How PC and PS can affect the contract price

Unlike a variation, PC and PS are adjustments to a contract. If you want a water tight contract, it is better to have as little PC and PS as possible, making the builder carry all the risk of supplying the items.

If you want to share some of that risk, having an agreed PS or PC can work in your favour. A good example is site cut where it is difficult to work out how much soil will be excavated

and carting off the excess spoil due to dump location, traffic conditions of the day.

This example shows agreed PS allowance of \$10,000 (inclusive of GST) and the total cost to cut the site in three different scenarios: Work is done less than the allowance at \$8,000, work is done as per the allowance \$10,000 and work is done for more than the allowance \$12,000.

CASE #	1	2	3
<b>A</b> Actual Cost (inc GST)	\$8,000.00	\$10,000.00	\$12,000.00
<b>B</b> exGST (A/11)	\$7,272.73	\$9,090.91	\$10,909.09
<b>C</b> PS allowance per	\$9,090.91	\$9,090.91	\$9,090.91
<b>D</b> quote/contract	-\$1,818.18	\$0	\$1,818.18
<b>E</b> adjustment (B-C)	\$0	\$0	\$363.64
<b>F</b> contractors agreed margin	-\$1,818.18	\$0	\$2,181.82
<b>G</b> (Dx0.2)	-\$181.82	\$0	\$218.18
<b>H</b> Sub total (D+E)	-\$2,000.00	\$0	\$2,400.00
<b>I</b> GST (Fx0.1)	\$500,000.0	\$500,000.0	\$500,000.0
<b>J</b> total adjustment (F+G)	0	0	0
original contract price (inc GST)	\$498,000.0	\$500,000.0	\$502,400.0
Adjusted total (inc GST) (H+I)	0	0	0



# Priced Service Solutions



# Concept Estimate

\$390 + GST

For those who have concept designs and want a quick idea of cost.

## What is a concept estimate in residential construction?

A concept estimate in residential construction is a preliminary cost projection based on the general scope and parameters of a construction project. It is an early stage estimate used to provide a rough idea of the potential cost of a residential construction project before detailed design plans are developed.

A concept estimate takes into account factors such as the size and complexity of the project, the quality of materials to be used, and the location of the construction site. It can also include general cost projections for key elements such as foundation, framing, roofing, electrical, plumbing, and finishes.

Concept estimates can vary widely in accuracy, and they are generally less precise than later stage estimates developed during the design or construction phases. However, they can provide valuable information for clients and project stakeholders in deciding whether or not to move forward with a project, and in establishing a budget for the construction work.



## Why is it worth getting a concept estimate by a builder?

01

### **Provides a rough idea of project cost:**

A concept estimate will provide a rough idea of the potential cost of a construction project before detailed design plans are developed. This can help the homeowner or developer determine if the project is feasible and fits within their budget.

03

### **Enables early identification of issues:**

A concept estimate can help identify any potential issues or challenges that may arise during the construction process. This can include identifying any design or engineering issues that need to be addressed early on, which can help prevent costly delays and changes later in the construction process.

02

### **Helps with decision-making:**

A concept estimate can help with decision-making by providing a clearer understanding of the project scope, limitations, and costs. This information can be used to make informed decisions about the project design, materials to be used, and other key factors.

04

### **Builds trust with the builder:**

By working with a builder to develop a concept estimate, homeowners or developers can build trust with the builder and establish a clear understanding of project goals, expectations, and budget. This can help ensure that the project runs smoothly and that all parties are on the same page from the outset.

*Overall, getting a concept estimate by a builder is a valuable tool for anyone considering a construction project. It can provide valuable information to inform decision-making, prevent issues, and build trust with the builder.*

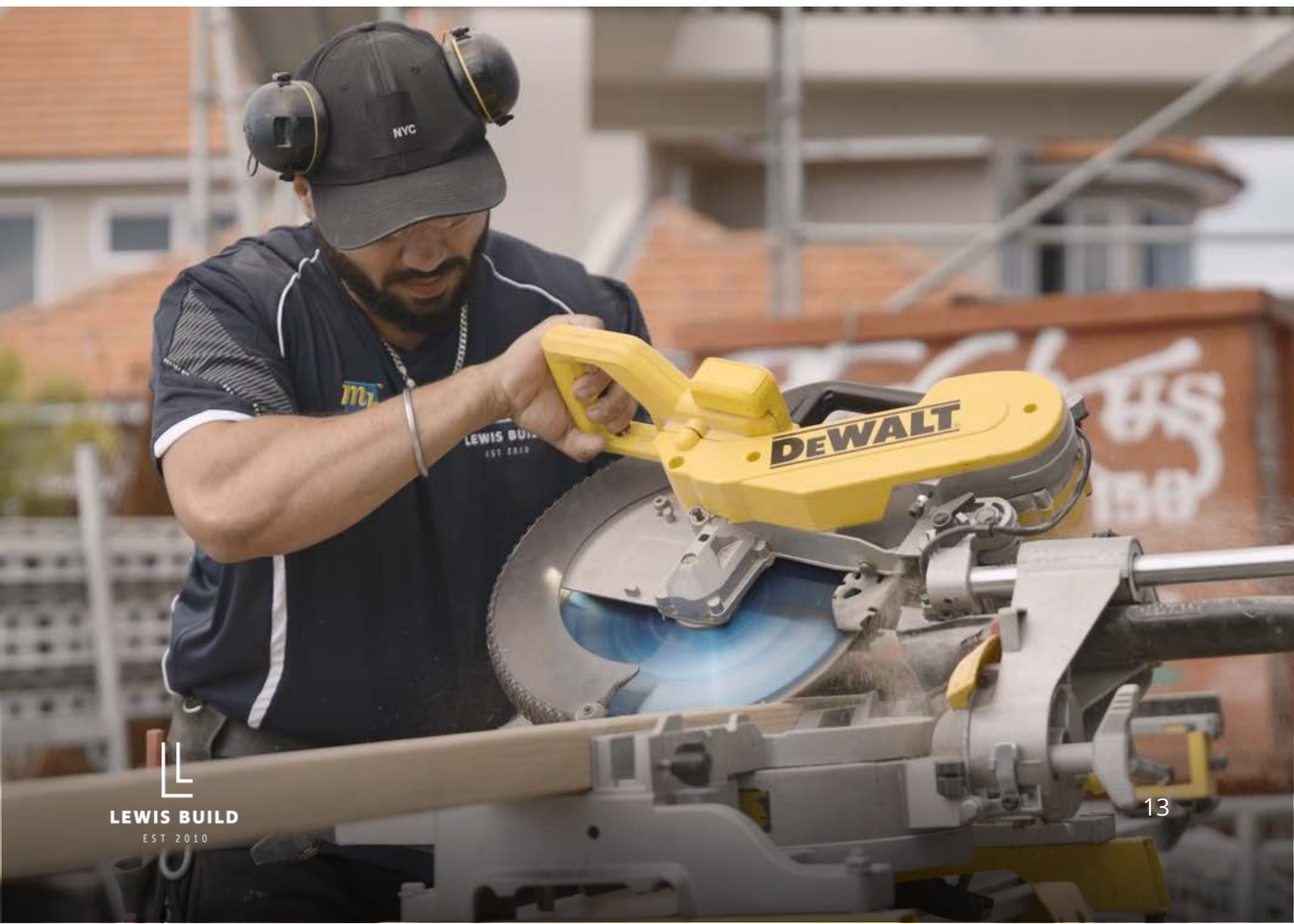
# Cost Analysis/Quote

**\$500 - \$5,000 + GST**  
*depending on size and complexity*

Our clients work with Ben and one of the best external estimators in the country to get a proper cost analysis of your project.

<b>\$0-\$500k</b>	0.35% of project value (min. charge \$500)
<b>\$500k - \$1.5m</b>	0.3% of project value
<b>\$1.5 - \$2.5m</b>	0.25% of project value
<b>Above \$2.5m</b>	Negotiable rate

**Example of estimate costs:** \$1m = \$2,500



## What are the benefits of a builder and an external estimator working together on a quote for a residential construction project?

Collaboration between a builder and an external estimator can bring several benefits to the quote process for a residential construction project. Here are some advantages of working together:

01

### **More accurate cost estimates:**

Builders and estimators each have their own areas of expertise. Builders are knowledgeable about construction methods, materials, and labour costs, while estimators have experience with the estimating process and industry benchmarks.

By working together, they can combine their expertise to provide more accurate cost estimates that take into account all the relevant factors.

03

### **Increased transparency:**

Collaboration between the builder and estimator can promote greater transparency and clarity in the quote process. The client can have greater confidence in the accuracy and reliability of the cost estimates, which can help to build trust and a stronger relationship between the client and the project team.

02

### **Better understanding of project feasibility:**

Builders and estimators can work together to assess the feasibility of a project and identify any potential issues that may impact cost or construction. This can help the client to make more informed decisions about the project and adjust the scope or design as needed.

04

### **Improved project outcomes:**

By working together, the builder and estimator can develop a more cohesive and effective approach to the project. This can help to improve the overall outcome of the project, ensuring that it is completed on time, within budget, and to the desired quality standards.

*In summary, collaboration between a builder and an external estimator can bring several benefits to the quote process for a residential construction project. By working together, they can provide more accurate cost estimates, better assess project feasibility, increase transparency, and improve overall project outcomes.*

## Why do builders know what a residential construction project costs, better than an architect or designer?

Builders have a better understanding of what a residential construction project costs than architects or designers because they have experience and knowledge of the construction process and the costs associated with it. Builders have a deep understanding of the materials, labour, and equipment required for construction and can provide accurate estimates based on their experience with similar projects. Builders work closely with architects and designers to ensure that the project is feasible and that the designs can be constructed within the budget. They can provide valuable input and suggestions to optimize the design for cost-effectiveness and practicality. Builders can also provide insight into cost-saving measures that may not be apparent to architects or designers.

In contrast, architects and designers are typically focused on creating a design that meets the client's needs and vision, and may not have the same level of expertise or experience with the construction process and associated costs. They may not be as familiar with the cost implications of different design choices, materials, and construction methods.

*While architects and designers can provide important input and guidance on the design of the project, it is important to work closely with a builder to ensure that the project can be constructed within the budget and that all cost factors are taken into account. Builders can provide valuable insight and expertise on the practicalities of construction and the costs associated with it.*



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## What team members should be a part of the pre-construction process to have the best outcome for clients?

The pre-construction process is a crucial stage in a residential construction project, as it lays the foundation for the entire project. To ensure the best outcome for clients, the following team members should be involved in the pre-construction process:

01

### **Owner/Client:**

The owner/client is an essential team member in the pre-construction process as they provide the vision and goals for the project. They also play a critical role in the decision-making process, ensuring that their needs and preferences are taken into account.

03

### **Builder/General Contractor:**

The builder/general contractor is responsible for overseeing the construction process and ensuring that the project is completed on time, within budget, and to the required quality standards. They work closely with the architect/designer to ensure that the design can be feasibly constructed, and provide cost estimates and construction schedules.

05

### **Project Manager:**

The project manager is responsible for overseeing the project from start to finish. They ensure that all team members are working together effectively, that the project is on schedule and within budget, and that any issues or challenges are addressed promptly.

02

### **Architect/Designer:**

The architect/designer is responsible for creating the design and plans for the project. They work closely with the owner/client to understand their vision and requirements and translate that into a functional and aesthetic design.

04

### **Engineer:**

The engineer is responsible for ensuring that the project is structurally sound and meets all relevant building codes and regulations. They work closely with the architect/designer and builder/ general contractor to ensure that the design and construction methods are safe and effective.

*By involving all of these team members in the pre-construction process, clients can ensure that their project is well-planned, cost-effective, and executed to the highest quality standards. The collaboration between these team members can help to minimize the risk of unexpected issues or delays during construction, ensuring a smooth and successful project delivery.*





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## Why should people pay a builder for consultation services during the pre-construction of a residential construction project?

Paying a builder for consultation services during the pre-construction phase of a residential construction project can bring several benefits to the project. Here are some reasons why people should consider paying for builder consultation services:

01

### **Expertise and advice:**

Builders have extensive experience in the construction industry and can provide valuable advice and expertise during the pre-construction phase. They can help the client to identify potential issues, develop cost-effective solutions, and optimize the project design for construction.

03

### **Risk mitigation:**

Builders can help to identify potential risks during the pre-construction phase and develop strategies to mitigate those risks. This can help to reduce the likelihood of unexpected issues arising during construction, which can lead to delays and cost overruns.

05

### **Stronger relationships:**

By paying for consultation services, the client can establish a stronger relationship with the builder. This can help to build trust and confidence in the builder's expertise, which can be invaluable during the construction phase of the project.

02

### **Cost savings:**

A builder can help the client to identify cost-saving opportunities during the pre-construction phase. They can provide advice on construction methods, materials, and design elements that can help to reduce construction costs without compromising on quality.

04

### **Better project outcomes:**

By working closely with the client and the design team during the pre-construction phase, the builder can help to ensure that the project is well-planned and executed to the highest standards. This can lead to better project outcomes, including a completed project that meets the client's needs and expectations.

*In summary, paying a builder for consultation services during the pre-construction phase of a residential construction project can bring several benefits, including expertise and advice, cost savings, risk mitigation, better project outcomes, and stronger relationships.*



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## Are free quotes from a builder better than a paid quote?

In general, free quotes from a builder are not necessarily better than paid quotes. The quality and accuracy of a quote depend on many factors, such as the builder's expertise, experience, and attention to detail, as well as the complexity of the project and the accuracy of the information provided by the client.

**Here are some potential downsides of relying solely on free quotes from a builder:**

01

**Limited scope:**

Builders may provide limited information and scope of work in a free quote, in order to keep their costs down. This can result in inaccurate or incomplete information about the project, which can lead to misunderstandings and cost overruns later on.

02

**Lack of detail:**

Builders may not include all the necessary details in a free quote, such as specific materials, timelines, or contingencies for unexpected issues. This can lead to surprises and additional costs during the construction phase.

03

**Limited support:**

Builders may provide limited support or guidance during the free quote process, as they may not have the time or resources to fully understand the client's needs and preferences.

04

**Lower quality:**

Free quotes may be of lower quality than paid quotes, as builders may not be willing or able to invest the necessary time and resources to produce a more accurate and detailed estimate.



**In contrast, paid quotes from a builder can provide several benefits, including:**

01

**Greater accuracy:**

Builders may be willing to invest more time and resources in a paid quote, which can result in a more accurate and detailed estimate.

02

**More detailed scope:**

Paid quotes may include a more detailed scope of work, which can help to prevent misunderstandings and cost overruns later on.

03

**Better support:**

Builders may provide better support and guidance during the paid quote process, as they may be more invested in the project and more willing to work with the client to understand their needs and preferences.

04

**Higher quality:**

Paid quotes may be of higher quality than free quotes, as builders may be willing to invest more time and resources in producing a more accurate and detailed estimate.

*In summary, free quotes from a builder are not necessarily better than paid quotes. While free quotes can be a useful starting point, paid quotes can provide greater accuracy, support, and detail, which can be invaluable in ensuring a successful residential construction project.*



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## What are some common concerns that people have around hiring a builder?

There are several common reasons why people may be hesitant to hire a builder for a residential construction project:

01

### **Cost concerns:**

One of the most common reasons people may be hesitant to hire a builder is because of cost concerns. They may worry that hiring a builder will be too expensive and that they will not be able to afford the project.

To ensure your budget is as accurate as possible from the outset, we work with a QS to make sure the costs are managed as efficiently as possible. We will communicate promptly and have regular budget meetings with you, which means you will have full transparency over any unexpected costs.

03

### **DIY mentality:**

Some people may be tempted to take on a construction project themselves, either because they believe they can save money or because they enjoy the challenge of DIY. However, DIY projects can often end up costing more in the long run and may not meet the necessary standards for safety and quality.

05

### **Difficulty in finding the right builder:**

Finally, some people may be hesitant to hire a builder simply because it can be difficult to find the right one. They may not know where to start, or they may struggle to find a builder who they feel comfortable working with and who has the necessary expertise and experience for their project.

02

### **Lack of trust:**

Some people may be hesitant to hire a builder because they do not trust them. They may have had a negative experience in the past or have heard stories of builders who have taken advantage of their clients.

At Lewis Build, we hand pick our team for your project from start to finish, and our past clients have described the builders on site as 'friends'. We are a company built on trust and longevity.

04

### **Time constraints:**

Some people may be hesitant to hire a builder because they are worried about how long the project will take. They may need the project to be completed quickly and worry that a builder will not be able to meet their timelines.

There are always factors outside our control, such as ordering special items, weather delays, or client variations. However, with our project management tool BuildXact we can track the timeline from start to finish of the project.

*In summary, cost concerns, lack of trust, DIY mentality, time constraints, and difficulty in finding the right builder are all common reasons why people may be hesitant to hire a builder for a residential construction project. At Lewis Build, you can be confident that we have systems in place to ease your concerns*



**Visit** [www.lewisbuild.co.nz](http://www.lewisbuild.co.nz)

*Visit our website to get in touch or to find out more about our company.*

**Call** [022 539 4725](tel:0225394725)

*Call to connect directly with our owner, Ben.*

**Email** [ben@lewisbuild.co.nz](mailto:ben@lewisbuild.co.nz)

*Email Ben anytime if you have any questions.*

**Interact** **Instagram** @lewisbuild  
**Facebook** @lewisbuildnz