

Quality, Speed, Service and Price

Price- bidding

In the earlier example, I gave you a couple of examples of “Price” oriented builders and some of the major pitfalls that I have seen owners fall into. Price pitfalls are common throughout the building process. We all want to get a “great deal”! The devil is in the details. As a builder, price bidding on a project is a fairly straightforward process. If I am bidding a set of plans that a prospective owner has sent out to 5 or 6 different builders, I know two things. One; I don’t want to bid it (the home has to be warranted for 10 years - the cheapest house I can possibly build is not one I want to warranty). Two; Whoever gets the bid is going to provide a home built at the minimum price and minimum code quality.

A price oriented owner normally brings me a builder quality set of plans to bid from. Builder plans are not very detailed – 1 page for downstairs, 1 page for upstairs maybe 2 more pages for the front, back, sides and roof. A plot plan and a basic electrical page finish it out. These are common. The average commercial plan for a building will be 50 -75 pages thick with every detail listed and specified. The reason they are so different is cost (price). The price of a builder plan set is low, the amount of detail is low with the builder providing all of the engineering and specifications.

When a bid on a builder set of plans goes out; everyone knows to cut the home specifications on everything to the minimum requested by the plans to get the job. Since the plan is not one that you can spend a lot of blood and sweat creating detailed specifications and engineering for; a builder must go with the code minimum. A rough price bid like that can be completed in a couple of hours.

A detailed analysis of the cost of a construction budget that I do for my custom build clients is close to 100 pages of details and takes me about 3 weeks of hard work. This involves dozens of other companies for engineering and takeoffs. This work costs me a couple of thousand dollars plus my in house labor. Caprock has a unique solution in purchasing that allows us to compete with the large volume builders. This allows us to save thousands for our home owners on the back end (total construction cost). We do not do perform this in depth cost analysis and do engineering takeoffs for random bids. We will rough bid a job... give an estimate.. but not a fixed price until we are the Builder of record. So, when you are bidding a Builder grade home plan (selecting a builder) by price alone, you are normally asking for the lowest common quality of work and you are getting rough estimates. Not a good idea. The cheapest guy out there is probably desperate and is willing to cut as much as he can to get the job. That brings us to the next item.

Quality

We all love quality! We just don’t want to pay for it! In multiple surveys that have been published over the last couple of decades, a surprising fact emerges. Quality is way down on the list of decision

items when buying a home. We live in a throwaway consumer based society! Build a home, live in it 5 – 7 years and sell it before there are any major repairs to be done. Insulation has come of age in the past few years (less than a decade). Everyone wants a zero-energy home. Heck.... Be off the grid. Can you imagine living with all of the modern conveniences and not have an energy bill! The problem is paying for the construction of that type of home... you could never resell it to recoup your money. That type of energy quality is for the Trust fund babies that are tree huggers. So where is the middle ground? Bite the bullet and build a little smaller home. Cut some square footage. Build a better house, in a better location.... It is hard to go wrong there. A very well put together home with great style (get a decorator or designer), color coordinated and well appointed will be comfortable and less expensive to operate. It does not have to be off the grid to be a good quality home. Using the lowest bidder to build your home will not reach a good custom quality standard. No, I am not advocating throwing money at the problem. However, don't get the idea that being tough on bidding will get you something for nothing. All that is going to get you is a home built based on what the builder can put in for that price. Ramping the home up to be super energy efficient is not the answer either. Appraisers don't give higher appraisals for "maximum green home" features usually and tax credits vary. All homes should be energy efficient and appraisers use price value on the homes sold in the area as a common denominator. That puts you in competition (for loan appraisal) with homes that are not as "green". You need a builder and designer to balance all of this for you.

In maintaining quality of life in a custom home, it is important that the finished home looks great. We include the interior design services without cost as part of our build. The quality of the home is greatly impacted.

Speed

Speed of construction is a function of information, scheduling and skill. If your builder has created the complete specifications for the home in advance of getting a loan, scheduled the job out and skillfully manages the construction.... Speed will take care of itself. Speed and Quality are not opposing ideas. A well planned job can be high quality and expeditious. The trick is all in the planning of home, the fully developed specifications, having all of the selections made in advance and all of the cost set. Another way to increase speed is to cut corners. Cutting corners lowers the cost of construction (maybe), decreases quality and increases speed of build (maybe). I do not cut corners. Smaller homes can be built in 90 days, mega-homes can take multiple years. We have done both. The average home construction is less than 6 months.

Service

Builder services start the first time you talk to them. Are they open and supportive? Do they offer to hold your hand through the entire process. Do they offer the full array of builders services, Architectural plans, interior design, specifications written, bank loan documentation, realtor services, market analysis, loan procurement, construction, residential superintendents, written warranty policy, check and invoice documentation, lien releases, accounting of project... etc...etc.. ? If not, how do you what is going to be in your home before it is constructed? How do you know what it is going to

cost? How do you know everyone got paid? How do you know about warranty? What if the builder goes out of business? Are you encouraged to be involved in the process?

Builder services go beyond the accounting, engineering and construction side of the equation. Remember, this builder should be someone you can trust and count on. What about emergencies? Do they provide someone to help you? Who do you call? Caprock has had a great neighbor policy for decades. If you have a problem, call us. We can probably help you handle it faster and cheaper than you can do by yourself. That does not mean free maintenance for ever. It means warranty items will be addressed during the warranty period according to the written manual. It also means that out of warranty items (paint the front door, for example); 5 years later can be handled with a phone call to Caprock. In the bad builder photos above, the builder did not provide good service before, during or after the build. The bad builder was selected based solely on price.

Summation

You need to prioritize your needs and wants! Quality, Service and Speed are one thing. Price is another! If you shop on price alone, you will find what you are looking for. The bitterness of low quality, poor service and slow response from your builder will remain long after the sweetness of a low price is forgotten.