

Cost Control

In today's recovering economy, everyone is price conscious. Residential remodeling is certainly no exception. As a professional remodeling contractor, we understand how critical it is to establish and maintain a budget that everyone can both agree and rely upon.

When it comes to money, no one likes cost overruns or unpleasant surprises.

Professional remodelers are no exception. When a project's budget is busted, it's unlikely that the contractor profits from it. More often than not, it's a cost that the company shares with the homeowner. Going over budget not only erodes a remodeler's profit, but his reputation and potential for referrals as well.

As a professional remodeler, we are diligent about establishing a budget and actively managing that budget through construction. It is in everyone's best interest to make sure it stays on track.

Here are some methods we employ to accomplish that goal:

**Value engineering**. Value engineering is the practice of optimizing construction costs while maintaining (or ideally improving) housing performance and durability. It requires that the remodeler be on the project team from the outset, working with you and your design professional to identify and make the best use of materials and refine the construction costs of your remodel before construction begins.

**Negotiated subcontracts**. The goal here is to attract the most talented and highest quality trade partners at the best possible price. The best remodelers have a stable of reliable and professional trade contractors with whom they work on a regular basis.

Rather than focus on lowest price, and risk dropping his quality standards, a professional remodeler will take the plans and specifications to his best subs and negotiate a set cost for their work. After negotiations, those numbers are added to the budget and the contractors are held to their original estimates.

**Price guarantees**. Similar to negotiating with their trade partners, professional remodelers may seek to obtain guaranteed pricing from their materials suppliers as early, and for as long, as possible. Placing a pre-determined ceiling on prices is critical when material costs, such as for lumber or copper, are volatile and likely to rise even before construction begins.  In this economy, it has been more and more difficult to negotiate these guarantees.

**Details, details**. Costs are more easily kept in check when every penny is tied to either a specific stage of the process (such as rough framing or roofing) or materials or products (such as a dishwasher or garage door). In this way, professional remodelers are able to track specific costs to a detailed scope of work and materials list.

**Tracking costs**. Professional remodelers don't wait until the end of the job to find out if they are "on budget". They set several key milestones during construction to make sure costs match the amount of work that's been completed. Tracking costs during the project allows discrepancies to be caught early and frequently so potential adjustments can be made before the end of the job.

**Tracking changes**. While change orders are a part of virtually every remodeling project, they are the cause of most cost overruns and time delays during a home improvement job.  Time, is often one of the most costly overruns.  Changes are very time consuming and that has to be considered when calculating a change order.

This is not an area to leave to chance. Smart contractors have formal policies and procedures in place to manage change requests and payments. These procedures make any changes to the scope of work as efficient as possible, minimizing cost overruns and time delays.

These strategies go a long way to ensuring cost control on a remodeling project, protecting everyone from an unpleasant experience and helping ensure a high level of quality and customer satisfaction.