

2011- New Year's Questions Asked to the DIY Coach (Part 2 of 2)

By Jerry R. Spumberg, The DIY Coach

Introduction

*In late December of 2010, I spoke before a business organization in Monmouth County, New Jersey and was asked many questions about remodeling, renovating, home improvement, and the investment opportunities in residential properties. **This is the continuation of the answers to those questions.** The questions below were sent to me before and after my talk. Many have come up in the past as well. I did not get to answer all of them when I spoke, but they deserve being answered and I would like to share those answers with you. I want to thank those people for raising these questions. They relate to a rather innovative method and approach for property owners for updating existing or building new homes while eliminating the overhead and profit that the traditional construction industry builds in to prices.*

12. Does a homeowner need to have a licensed plumber and electrician if he is doing his own work?

The simple answer is no in New Jersey as long as the homeowner files for a permit if the work requires it and follows the local authority's code requirements and inspection process. There are many simple repairs that do not require either of the before mentioned, but you should check with your building department to find out if yours does.

However, there is a lot more to this question than just the legal and municipal requirements. The most important question is about your skill and knowledge level being equal to the task. What you don't know can burn down your house; it can also injure or kill someone, and that could be you. So make sure you know your limits or seek the advice of a professional. Some professionals like me are more than happy to teach you the hands on how. A simple thing like relighting a gas hot water heater when done wrong or hanging an electric ceiling fixture can blow up in your face or end up falling on someone's head. What you do may even kill the next purchaser of your house. Know what you are doing or hire someone that does. You will sleep better for it.

13. Do you handle obtaining the building permits for your clients?

Yes! We have three ways that we work with clients. One of them is: A Coach will work with you doing the parts of a project you don't have the skills, knowledge, or tools for. This often includes being involved in projects from the conception stage thru final completion. We guide (coach) our clients through all aspects.

14. Do you receive any percentage from the sub-contractors?

No! Our contract with our clients strictly forbids us from receiving commissions, gifts, and kickbacks of any form. In the industry, this type of behavior can be determined to be criminal. It is always unethical.

15. Do you screen the customer's subcontractors in any way?

Yes! Whether the subcontractor is the customer's or one we recommended, there is a trades contract that we give to the owner to supersede the subcontractor's proposal. The client can then have an attorney review it for their needs and make any changes they wish. This is given to the subcontractor to fill out the required information such as registration or license, insurances required, federal and state identification, number of years

in business, and referrals past and present. I also find out who their suppliers are. Either the client or I make the calls before the client signs the agreement.

16. When is the slowest time of the year?

I use to say the winter months of January and February, but that's no longer true. Many people have gotten smarter and realize that this is a good time for planning a project as well as investigations into products. It's also a great time to negotiate with suppliers and subcontractors.

17. How do you sell your concept?

We don't sell it, we explain it. We have used the KISS principle in developing the business model – **KeeP **It Super Simple**. Everything is simple to understand and transparent, just like our website. Because it is so simple, people keep looking for a catch, but there is none. The website explains what we do, why we do it, the way we do it, and how we do it.**

When I meet with a new client, I remain consistent with the website and answer all of their questions. My objective is to give them the best understanding of the options they have for their project that I can. We do not push to close by having them sign a contract. Instead, we give them a sample contract to examine and digest and call them a few days later to see if they have any more questions.

Our contract, which in simple English rather than legalize, does the same thing. Its' most important aspect is to define and develop the relationship. We allow a client to terminate us at their discretion at any time. The benefits of hiring The DIY Coach are transparency and the possible significant cost savings are self-explanatory. I make sure the client becomes aware of the level of control they have over their projects as well as the responsibility they will assume before inking the deal. The biggest question is the client's willingness to spend the required time commitment that they themselves set.

18. What is your process for remodeling a kitchen with the homeowner(s) involved in some of the work?

The first thing to understand is that no matter what the project is, including kitchens, The DIY Coach's concept custom fits every aspect of the construction process to the clients.

The first step is to help the client find out what they want and how much their target budget is. The next question is for us to learn their level of participation and in what areas they want to participate in, if any. Determinations are made as to what extent their needs may or may not be for an architect, kitchen designer, and permits. We help our clients develop specifications for everything that will go into the kitchen (such as cabinets, counter tops, appliances, flooring, lighting, and plumbing) and determine what trades will be needed.

The coach then works with the client to use the same process that builders use – competitive bidding. A Request For Proposal (RFP), which contains the specifications for products or services, is offered to several vendors in each category as a solicitation of cost. The selection of the vendor is then made based on price, reputation, reliability, and a track record of a reasonable number of years in business. At this point, a budget is put together that includes a contingency cost for the unforeseen. If the budget is acceptable to the client, a schedule is developed by questioning each vendor of their time requirements. Plans and permits are then submitted to local authorities and upon approval, the project can be scheduled to begin.

19. How do you find employees and subcontractors? What qualifications do they have?

Coaches fit into two categories. The first are project coaches. These people can be either male or female, have owned their own building or remodeling business, or worked as project managers. Experience and capability is what I look for. Age has no significance. I love working with people with decades of experience (like myself)

who have seen most of the mistakes and can eliminate them before they become difficult to correct. Think of them as cloned from three of my TV favorites: Tom Silver and Norm Abrams from “This Old House” and Mike Holmes from “Holmes on Homes”. They have a strong carpentry background and are very capable in other trades. These are hands on people! The trades they don’t perform, they understand. They are excellent at coordinating vendors and developing schedules and have terrific people skills. They own their own tools and know how to use them, but more important, they know how to teach clients what they need to know without making it tedious. The most important qualification is that they love what they do and will love being a Do It Yourself Coach.

The second category is specialty trade coaches. These too have years of experience, but only in one or two trades. Examples could be a tile setter, painter/wallpaper hanger, or a finishing carpenter. In some cases they may be a trades subcontractor or a person who is partially retired who enjoys working with and teaching DIYers on a one to one (or two) basis. They meet many of the requirements mentioned above.

One of the ways I find people, subcontractors, and suppliers is networking through the many relationships that I have in the industry and the continual development of new relationships. Past clients are also a source as well as a large circle of business friends outside my industry. As the company grows and the ever-changing economy brings highly skilled and experienced craftspeople’s back into the housing industry in need of full or part time work, The DIY Coach offers a unique cooperative and non-adversarial relationship for the coaches, our subcontractors, and our clients. As coaches or subcontractors who are treated as value members of the team, they find a lot more job satisfaction than working for a large box retailer or a traditional builder. In addition, they are encouraged to fully use and share their knowledge and experience with clients and all who form the team to construct a project.

Every DIY Coach and subcontractor fills out an application form with references and I personally interview each applicant. We also use our website to attract applicants.

20. What home improvements are the best investments for resale?

This is a question that people see answered on certain TV shows all the time, as if it’s simple to answer. In my opinion (as a builder and developer with over four decades of experience), I will tell you that the answer is not simple because we are asking it from an investment perspective. To understand this you must define return on investment (ROI). I define it from a business point of view as developing greater value upon selling then spent on improvements, including the value of my time. When you spend money on your own home with money that you saved or against equity that you borrowed, it is important to gain greater value than you spend if you consider your home a financial asset. Under present tax law, if you sell your home after living in it two years or more, there is no income tax paid. If you’re an investor, you will be subject to a capital gains tax that is usually less than income tax.

The first step in making any determination has to be a realistic assessment of what the property would have to be priced at, as it is, to sell in thirty to sixty days. This is not easy to do, even for me. I do my research about what similar houses in the same condition that are up for sale are priced at. I also want to know how many there are on the market and how many of these have sold over the last three months, six months, and a year. This is the absorption rate. It tells me the demand in this price range and what the price should be. I then talk to several top realtors who have sold twenty or more houses in the last year and ask them for a realistic price to sell in thirty to sixty days. I then take into consideration the monthly increase or decrease percentage in the cost of housing and apply it to the amount of time the remodeling projects will take. I now have a base to judge value added for any project.

The simplest remodeling project, if the house is sound, is a good paint job. In order to paint you must know how to perform the most difficult part, which is the preparation and repair work under the areas to be painted as well as what colors most of the buying market wants.

Cleaning up the landscaping and concentrating on curb appeal will get customers into the house, but won't sell it if the kitchen and bathrooms don't appeal to them. How to approach this is difficult to cover in a short answer, so I won't. I only mentioned this as a consideration. When investors buy houses that are out of date, most will lower their offers to reflect the cost of updating these areas. Again, what work you will do should depend on the input you get from professional realtors and if the project adds more dollars than you spend.

If you hire a general contractor, it is doubtful that you will get more money back than you spend. Visit our Web site www.thediycoachusa.com and click on "*9 Home Improvement Facts That Can Save You A Bundle*" and to the left you will find "*Useful Links and Tools*". This will lead you to research studies and professional trade articles that will bear this out. However if you do it yourself with some professional guidance, you can actually make money thru remodeling. If you have an experienced family member or friend that works in the industry that can help you, that's fine. If not, employ an expert on an hourly as-needed basis (such as The Do It Yourself Coach, LLC.) to advise and work with you to achieve your goals.

21. When a homeowner takes on a do it yourself project and finds it is too much for them to finish in the middle of the project, would you take it over as a general contractor?

No! Our main objective is to provide the client with the most cost effective method of completing his project. It is never our intention to convert our relationship to become that of a general contractor that charges overhead and profit. The greatest amount of savings for the homeowner comes from taking on the administrative role and eliminating a general contractor's markup. Depending on what is most cost effective for the owner, we will use competitive bidding to hire subcontractors for each phase of the project the owner needs to complete or work side by side with the owner and temporary labor that we will help him hire. In some cases, the best description of us is to be known as the owners hired project manager who will also perform manual work on the project. The exception to performing the manual labor role would be if the work could be done more effectively and for less cost by subcontracting out parts to individual trades.

It would be very easy for me under certain circumstances to convert a project to a general contractor's relationship because I have previously owned and operated several building businesses. However, The guidelines and policies that I have set for The Do It Yourself Coach, LLC would make it unethical to change the relationship because it would not be in the best interests of the homeowner.

If a owner decides to abandon a part of the project that he has planned to do (for example painting), we will step in upon the client's direction. We will request bids from several subcontractors to complete the remaining tasks. This would be compared to hiring hourly workers that the client pays direct, that I would work with or just supervise as needed. This would still eliminate the general contractor's markup. The only loss of savings would be the client's contribution of their labor.