

# Twenty Questions Asked to The DIY Coach In February

By Coach Jerry R. Spumberg

The DIY FYI

February 23, 2010

## 1. Does bringing in a coach increase the price of building a home?

If you compare the cost of hiring a coach (the term as defined by my company) when compared to a general contractor or builder, it is much less. Builders and general contractors charge a mark-up for overhead and profit plus the cost of the onsite project manager or supervisor. If it is a small company where the owner directly supervises the project, he usually builds in his time as a part of the cost. For more information please visit our web site [www.thediycouchusa.com](http://www.thediycouchusa.com) click on "9 Home Improvement Facts That Can Save You A Bundle". To the left are commercial trade magazines articles and studies under "Useful Links and Tools" that will give you an idea of what these costs are. The only cost you pay with a coach is that of a project manager on an hourly as needed bases. You become the developer and are taught to administer your own project. If you are not a seasoned professional in the construction industry, it is doubtful that you will purchase the various elements of the project (called the buyout) as well as an experienced person, without help. A successful builder, who has become a remodeling coach, could not have become successful unless he had a reputation for honesty. A smart builder continually develops sources for labor and materials, understands how to negotiate in good faith with vendors, and has a reputation for paying his bills. After all, if you were a vendor, would you give your best prices to a person that could provided you with only one sale or to a professional that offers the additional opportunity for future sales as well? Do not be fooled by clubs that charge high membership fees, delivery charges, and service fees that offer wholesale prices. A recent nonprofit consumer magazine stated that these franchises "lack price transparency" and "You can't return items". They have limited showrooms of which you select products from catalogs. There are additional fees that you are responsible for, such as a six



percent handling fees, shipping fees from the wholesale distributor to the local center, and additional fees to actually get your new stuff to you house. "There is no cancelation of your membership or a refund" if you're unhappy after you join and want to quit.

The fact is that an experienced DIY Coach, who has developed business relationships with many competing vendors, may even be buying from some of the same sources that these buying clubs do. With a Coach's advise, you can buy at club's prices or better without all the added cost. I've rarely paid a building material supplier a delivery fee. My clients also have a much larger choice of vendors and products that include some companies they personally know, companies that previously did business with myself or The DIY Coach's clients, and others that are constantly approaching us for business. Read other articles on our blog such as: "Part IV - What A Coach Should Be Able To Do For You." A DIY Coach will save you money by helping you buy right.

## 2. Regarding projects, when is it best to hire a builder (general contractor)?

There are many people who do not have the desire to be involved with anything more than picking selections, approving the design, and entering into a single contract. Price and return on investment are relatively unimportant. They make a down payment and stage payments until the project is finished. They want the least involvement possible. They will visit the project site more out of curiosity of how far the project has come, rather than to be involved or even participate in the selection of vendors or participating in some of the work. For these clients, where cost is not as important as the time that would be required of them to spend on administration and budget development, a reliable and capable general contractor is the best choice. A Coach relationship is not for every client.



## 3. What is the biggest difference between a Do It Yourself Remodeling Coach and a General Contractor with regard to a home improvement project or an addition?

When a general contractor enters into a contract with a property owner, it is binding on all parties. In a legal sense, if a dispute arises the parties are adversaries. The general contractor feels he is entitled to the money spent for labor and materials plus his overhead and profit. The owner feels he is entitled to the project and everything that should be included in the price. Most disputes arise because of what may be unseen until the project is underway, the costs of extras or changes, and the quality of work. As you can see from that mentioned above, the two parties come from very opposite directions for the most part. One builds and delivers a product, the other pays money to own it.

The building or home improvement coach has a relationship with a home owner that is quite different. The DIY Coach's relationship is that of a trusted employee who works for the owner and becomes his own project developer, on an hourly as needed basis. This building expert can be terminated at any time at the home owners discretion with or without reason. There is no markup, only the agreed upon hourly pay that is due the coach. The coach's objective is to achieve what is directed by his client. To learn more about what a coach should be read our five part series "May The Coach Be With You" on this blog.

## 4. How is marketing your services on the web site going for The Do It Yourself Coach? What are your methods?

After reading a book, "The New Rules of Marketing & PR" by David Scott, I made a decision that the site would be dedicated to content. It would give clients a builder's perspective on subjects that included: kitchens, bathrooms, finished basements, remodeling, reconfiguring and expanding existing homes, dealing with wet or damp basements, residing, roofing, replacing windows and doors,



buying land, finish carpentry and built-ins, building a new house, and doing repairs.

A builder's perspective is always based on an assessment of value returned. For my clients, this not only includes the dollar value added against

how much is spent, but also the benefits added to their life style. The web site was developed be a learning site. It explains the different approaches offered to people to accomplish home improvement projects. It explains how to logically go about planning a project and explains the cost structure. It helps them evaluate their choices by being truthful. Finally, it explains our business model. This was my first phase of the web sites development.

The second phase is the development of the blog, which has the purpose of making it possible for the reader to become the Developer and CEO of their own project. The blog's objectives are to help the reader determine what it is they want to do and then how they want to do it. It addresses all of the subjects mentioned above on an individual basis. It will also tackle real estate investment issues and have expert guest authors on many subjects, as well as comments by readers. In it I will answer questions that are submitted and publish articles that are submitted from readers that meet the web site's standards. In the near future, it will allow visitors to easily copy or download any article on the blog.

The web site has been a cooperative effort between Eric Silverstein of Network Tek's ([www.networkteks.com](http://www.networkteks.com)) and myself. I develop the written content. He advises on any additional content or elements that should be developed. Eric has been responsible for the look and navigation of the site. Together we are working on the new elements that are needed to make The DIY Coach, LLC effective. Already the site is helping to teach our new and prospective clients about our methods, thus multiplying my efforts as a coach. The web site's goal is to become a source of good reliable information about building, home improvement and real estate investment to everyone. As the reputation of the web site grows, a byproduct will be the growth of "The Do It Yourself Coach, LLC".

**5. 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. We are very often involved in projects from the conception stage thru final completion. We guide (coach) our clients through all aspects.

**6. 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.

**7. Do you screen the customer's sub-contractors 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 his 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 are their suppliers. Either the client or I make the calls before the client signs the agreement.

**8. How much skill/knowledge does the homeowner need to take advantage of your services? Can you help someone who has zero skill/knowledge in home repair/construction?**

The only requirements that are important are a willingness to learn, the time required for us to teach them, and for them to participate. The rest we know and want to share with our clients.

**9. Do you work with people who want to flip houses?**

Yes! However, I would rather not limit these people to just flipping a house (buying, fixing it up, then selling). Flipping usually results in paying straight income tax, where the government takes a substantial bite out of the profits. There are many ways to redevelop properties that can substantially increase you net profits by paying less taxes and also can develop income. Properties when developed, after considering the tax implications, can be qualified for a capital gains or real estate (exchange) 1031 situation. We can work with people in many areas of real estate investment and do.

**10. Can you tell us a bit about the power team you bring together to**

**invest in real estate?**

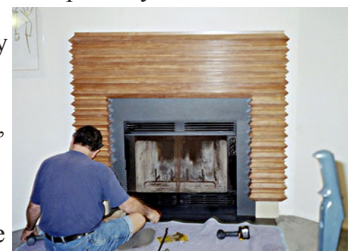
First there is the investor or investors, who we teach to think of themselves as real estate developers, that use reverse price engineering in purchasing a property. In order to do this they need a honest, productive, and experienced realtor who knows the market. The investor(s) also needs an experienced lender who will take the time to understand their goals and provide cost-effective financing that minimizes risk and maximizes return on investment while providing for the unexpected. Then finally a project manager such as The DIY Coach, LLC is needed to coordinate the project because they cannot afford to pay a general contractor's markup and profits and be financially successful in most cases. By knowing what the market is willing to pay to buy or lease, the investors can then put together all the numbers to determine what can be paid for the property and still make an acceptable profit.

**11. What kind of projects does Coach Jerry Spumberg like working on?**

This is both an easy and a hard question to answer. I enjoy working with people, especially our clients. There is a tremendous amount of satisfaction upon seeing the joy that my clients get throughout the building process from design through completion. However what most affects me is seeing the positive effect their new living environment makes on their life. It is everything that I hoped building would mean to me.

I enjoy everything under the category of carpentry and fine woodworking, but there is not very much I don't enjoy under the overall category of building. Besides being a licensed plumber, I've operated heavy equipment and practiced and taught most trades. You can find more about me on the web site [www.thediyoachusa.com](http://www.thediyoachusa.com) (under Founder and More About the Founder). I most enjoy teaching and working with clients that have decided to do a portion of the work themselves. They develop a terrific amount of self-satisfaction and a sense of accomplishment from the skills they develop. The confidence gained when completing a home improvement project very often ends with our clients planning their next challenge. This is my favorite part of DIY Coaching.

In many cases specialty trades contractors, because they do what they do every day, are more cost effective at their trade



than myself. I often only oversee the bidding, contracting, and then coordinate and supervise their work with the other trades. We have certain trades craftsman that also coach clients in their specialty.

## 12. 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 web site. Because it is so simple, people keep looking for a catch, but there is none. The web site 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 web site 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. It's 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 transparent and the possible significant cost savings is self explanatory. I make sure the clients 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 clients willingness to spend the required time commitment that they themselves set.

## 13. What can be done if a client is not very good or doesn't have time for bookkeeping and spread sheets for budgets?

A simple and very viable solution is to hire someone they know or even a bookkeeping service that we will work with that they will oversee. The savings that clients have on larger projects could easily justify the cost. Since The Do It Yourself Coach, LLC.'s objective is for each client to be their own project developer, hiring a part time book keeper on an as needed basis makes perfect sense.

## 14. What is your process for remodel-

## ing 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 clients 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 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, plumbing and determine what trades will be needed.

The coach then works with the clients 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.

## 15. How do you find employees and 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. Experienced and capable 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. 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 are 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 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 craftsperson'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 our personal and our clients. As coaches, 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 fills out a application form with references and I personally interview each applicant. In the not too distant future, we will be using the web site to attract applicants.

## 16. What home improvements are the best investment 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 prospective. 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 which 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](http://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.

**17. Do you invest in residential and commercial properties?**

Yes! I'm always looking for the right situation where the market and the numbers make sense. Real estate is a great way for many people to diversify their investments and develop additional income. It is also not that difficult to learn about and you can partner with an experienced investor to shorten the learning curve. It even makes more sense for individuals who are involved in the marketing, financing, designing, or legal side of the business as well as builders and contractors. Very often, they are exposed to great deals earlier than others. A down market, like the one we are in now, usually provides some of the best opportunities for people with foresight to invest in real estate. Think about this: If the numbers of an investment make sense now, what will that investment be worth when things turn around?

**18. Do you become involved in real estate investment partnerships and if you do, what do you expect from partners?**

I look for partners that have a reputation for integrity, directness, and can add to the partnership. It goes without saying that credit worthiness and the ability to invest in the project are important. Even though they may not be involved in the day to day activities, I look for them to participate during investor meetings, have a desire to volunteer for assignments and sometimes take on the administrative role. Every partnership is different, so I don't have a cookie cutter design. It's determined with the partner(s).

**19. In regards to your article about finishing a basement, is there a simple way to test for moisture coming through a foundation wall?**

I'm assuming that you are asking about water vapor which can be invisible but can develop a high humidity problem, rather than the type that is easily seen. One of the simplest methods I've used for years and that I've seen Tom Silver from "This Old House" use is to duct tape a two by two or larger piece of six mil clear plastic tightly to the foundation wall and see if it traps water vapor behind it. I also use a humidistat to compare the basement to the rest of the house. There are also testing meters that can determine the moisture in concrete and wood.

**20. 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 effective 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 have 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.

