

What Remodelers Know about Budgets & Schedules

The Interrelationship of budgets and schedules for a Do It Yourself Project

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If you go to our web site (TheDIYcoachUSA.com), you will find information about “Determine Needs, Objectives and Goals” for projects and “Define & Write Financial Objectives”. In a later article, I will try to give you greater insight into these related but separate topics.

Once having determined the before mentioned, you are ready to determine if the building, renovation, or remodeling project you are considering is financially viable under the conditions you have set.

I personally do not believe in estimating a project through the use of software or conventional manuals, except as guide lines. Because they use the supposedly gathered cost information of others, I could use them as an early indicator of the project’s financial feasibility. In most cases to establish a start point, I used my years of experience as well as past projects to ballpark the cost of a project for discussion purposes. If the client’s objectives seem realistic, we can then determine if it’s worth going through the time, cost, and effort to develop accurate specifications, costs (by doing take offs of materials), and obtaining bids from trades and vendors.

Methods that can cause the under estimating of costs have proven to be inaccurate enough to make some projects a financial disaster, driving professionals and Do It Yourselfer’s into desperation. Over estimating of costs have led Do It Yourselfer’s to abandon perfectly viable projects that could have added more value to their home than they spent and enriched their life. When projects are for impatient clients, who rush to begin without having most costs nailed down, the realization during the project that it will run over budget is at the very least a strong possibility. Even when they can afford the additional cost, it often results in buyers regret and dissatisfaction, no matter how well the project turned out.

For discussion purposes, I will be targeting projects that are more than a few thousand dollars in cost, somewhat complex, and require multiple trades and phases to complete. The project should be defined (in writing) to include a description and the objectives of the project. You then have to determine to what extent you will need drawings or professional plans and engineering. I would eventually break the plans or drawings down to a list of components with specifications and alternates after the next step or in conjunction with it.

My approach is to develop a list of purchasing and construction activities. I then arrange them into their start to finish order during construction. Over the years, this ordering of things becomes imbedded into a builder’s mind. But for those who this isn’t second nature to them, you will need to develop this activities list. I suggest you check out a book similar to “Bar Chart Scheduling for Residential Construction” by Thomas A. Love from the NAHB Home Builders Press. Within the book you will find charts for the on-site activities for building a residential home from the ground up. You can then apply this order of events to your project activities by eliminating those that do not apply. I then develop specifications for the project as I go through each phase. I roughly follow this order, but some times place some of the

more complex items earlier in the scheme.

You then need to determine what materials you will supply for the project and what materials shall be supplied by the subcontractors. For example: the electrician will supply all of the wire and devices as part of his contract and you will supply all of the electric lighting fixtures and appliances. The electrician, as part of his contract, shall be required to install the items that you are supplying. Another common example is lumber and windows that you will supply to the framing carpenter. Because you are supplying these items, you will need to know what they will cost. In addition, you will need to find out how much time in advance of delivery you will need to place your order so that the materials can arrive in time for their scheduled installation. We can now add ordering activities to the list. This is still a list of activities and not a schedule.

The above method accomplishes several things. It sets a priority of what needs to be priced in the order necessary to complete the project. During the time that we submit material lists with quantities for pricing to suppliers (“request for proposals”), we should inquire the amount of lead time needed to get the materials to the site. When we are talking with trade contractors, we can ask them for the amount of advance notice they need to start a phase, an estimate of how much time they need for each phase, and how many workers they will have working to meet their time estimate. I’m sure you can see how this information will help us refine and adjust our list of activities into a schedule, as well as it’s value when managing the actual project.

Upon the first round of acquiring pricing from at least one or more competitors, we have a starting point to develop a cost for the project. In addition, because we organized the book keeping to reflect the construction schedule, we also know the cash flow needs of the project. Remember to include an allowance costs for unforeseen contingencies, even when you’ve done some destructive investigations. If the project is within the cost framework for the project, we can go forward to use competitive bidding to refine our project

cost. We can also consider equal but possibly more cost effective products. Clients may even be able to financially entertain the upgrades or expansion of a project.

If the project is over budget we can continue with the bidding process to lower costs, change specifications, or possible redesign certain aspects. The point is this: we know where we are with cost because we did the work to nail them down ahead of time. This reduces the risk of cost overruns during the project.

In Summary

Both you and I know that I’m not talking about a simple upgrade project such as replacing a toilet, vanity, and sink for an existing bathroom. If we were to demo the bathroom to the framing, maybe enlarge it by taking space from another room, tile all walls to the ceiling, relocate the plumbing fixture, include a spare bath unit, and use designer faucets and fixtures, the method that I’ve given you should keep you close to your budget. The above method may sound complicated but it isn’t. It’s just detailed and requires time. It is just good project management. However there is no doubt in my mind that understanding the interrelationship of budgets, schedules, and cash flow are as extremely important for a Do It Yourselfer as they are for a professional. Projects that involve several phases and that are somewhat complex (even if the client has the skills to do some or all of the work) must have a sound and accurate financial foundation.

I realize that many Do It Yourselfers enjoy the work. After five decades, I still enjoy it as a professional when working on my own home. I enjoy the satisfaction I get after completing a well done projects that adds to my family’s enjoyment and well being. It also gives me a kick in the pants to know I’ve increased our financial net worth by spending less than the selling value I’ve added onto my house. I hope this helps you on your next project.

The next article, “May The Coach Be With You”, will be in two parts:

- Why and When Do It Yourself Remodelers Need a Coach
- How To Work With and Qualify a Building, Remodeling, or Specialty Trade Coach

