



## WHAT'S A BUDGET TO DO...

"We can deliver the greatest value to a client when we are involved at the inception of the design development process"...and this is true for several good reasons. The project budget has the power to direct and control a custom homebuilding experience. The budget contains both a view of the big picture cost of your project as well as a line item breakdown to show detail...the component parts of the whole. The budget is both a road map and a tracking device for all of the costs centers and every improvement within a project. Like a home, a budget is developed over time. Here is how the process unfolds:

1. At our first meeting with potential clients the cost of building is discussed.
2. Based upon the client's vision of the home size and architectural style we develop a specific project budget prior to the hire of any design consultants.
3. We use this preliminary phase to educate, refine and optimize the best home for the client's budget.
4. We then use the approved budget to guide and inform the design professionals so the design can meet the goals outlined by the client.
5. The budget is updated as the design unfolds to make sure we understand deviations and stay within the client's financial goals.
6. At completion of the permitted plans we develop a comprehensive budget that forms the basis of a guaranteed maximum price agreement.

Knowledge of the cost of a custom building project is an essential component of a successful building experience. One of our roles in every project is therefore, to assemble and maintain the budget document, develop tools to track budget revisions over the course of the project and to perform project cost accounting/reconciliation to the approved budget. We believe that managing the budget, bringing order, control and discipline to project costs is fundamental to building homes and relationships for life!

Completing a custom home is a big undertaking...one that involves several consultants, design professionals, dozens of material suppliers, manufacturers, trade professionals, craftsman and hundreds of component parts. Structure's role is to orchestrate and facilitate the work of the entire project team, to conduct thorough research and communicate the information of the project to all and to manage the thoughtful assembly/construction of the home and site improvements.

A frequent misunderstanding with construction cost quotes is due to a "partial" view of "project cost" as opposed to a "comprehensive" view...the whole picture. To evaluate the total cost of any custom home project all of the following costs centers must be considered:

**General Requirements** - the costs of the field operations like temporary power, fencing, site clean-up and project supervision.

**Site Work** - the costs of the site improvements from grading and site preparation through finished landscape, pools, etc.



BUILDING HOMES. BUILDING RELATIONSHIPS.

**Residential Construction Cost** - the costs of all the products, materials and labor to assemble the home itself. Sometimes these are referred to as "hard costs" or "the sticks and bricks costs".

**Permits and Fees** - the costs associated with agency and governmental approvals and clearances for permits to develop the home and site improvements.

**Insurance** - special insurances required for a building project including general liability, risk of loss and workman's compensation.

**Indirect Construction Costs** - the consultants and design professionals engaged for the project design and documentation requirements.

At Structure, when construction of the project is underway, the budget is reviewed monthly and all revisions are approved. This monitoring activity is a control function in every project to ensure the project and its costs are tracked and understood. While this is an important function of project management during construction, the value of developing a budget, coincident with the design development phase of a project, is all too often overlooked.