RECONCILING CLIENT GOALS AND BUDGETS

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THE 3 MOST IMPORTANT THINGS THAT A CLIENT REALLY WANTS TO KNOW:

1. What will it look like?
2. When will it be finished?
3. What is it going to cost?
WHY IS THE BUDGET SO IMPORTANT ANYWAY???

1. It’s just money, the look is priceless isn’t it???
2. Budgets are the one thing that can take a great design and turn it ugly without ever changing the plans.
3. Budgets are 2\textsuperscript{nd} only to personal vacation time as an item that we all want to receive .....and spend the least on.
4. Budgets are what most of us are judged and live and die by in our jobs.
5. Budgets are many times the least understood but the most challenging item on a project.
6. Projects are committed to based on budgets, not usually how it looks.
THE IMPORTANCE OF A BUDGET TO A CLIENT

THE EXAMPLE
THE BUDGET........

First, ask the client “what is the budget”? 

1. Client may respond by telling you their budget

2. Client may respond by saying “there is no budget!!” 

3. Client may tell you that YOU need to determine the budget.
THE BUDGET

WHEN THERE IS NO BUDGET

WHEN THE CLIENT RESPONDS “YOU SET THE BUDGET”

WHEN THE CLIENT RESPONDS WITH A FIGURE FOR THE BUDGET
THE BUDGET……..

BUT………..
MAKE SURE YOU KNOW WHAT IT IS YOU HAVE WHEN YOU GET YOUR ANSWER

IS IT THE PROJECT BUDGET OR THE CONSTRUCTION BUDGET????
THE BUDGET .......

THE CLIENT SAYS "...THE BUDGET IS $5,000,000"

WHAT EXACTLY HAS THE OWNER TOLD YOU???

IS THIS THE PROJECT BUDGET OR THE CONSTRUCTION BUDGET?
THE BUDGET......

• Project Budgets will include a lot more items besides just the construction....which will be one of the line items

• Construction Budget generally is just the work to be done

• Each owner may treat these two differently

• Critical to know what the construction budget is...making an error here can trigger some costly re-design when you find out that what you thought was a construction budget now has to accommodate design fees, environmental costs, testing, soil borings, final move in costs etc.

• The consultant fees are often based on the construction budget
DANGER ZONE AREAS IN KEEPING THE CLIENT GOALS AND THE BUDGET ALIGNED

Contingencies:  
- Bid contingency  
- Design contingency  
- Construction contingency  
- Owner contingency  

Cost Estimates:  
- Program Estimate  
- Conceptual Estimate  
- Design Development Estimate  
- 100% Bid Document Review  

Square Foot Costs:
CONTINGENCY

1. Unless you are very good at guessing use contingency with caution

2. Consider using defined allowances instead

3. Make sure you're using the correct contingency
COST ESTIMATES

SEEK HELP WHEN YOUR NOT SURE

TOOLS TO USE VERY CAREFULLY (or not!):
RS MEANS FAVORSS

YOUR COST ESTIMATE SHOULD BE SIMULTANEOUS NOT LINEAR!!

PROVIDE DESIGN DIRECTION IN DETAIL
THE BOTTOM LINE FOR BUDGETS........

USE AS MUCH CARE FOR YOUR BUDGETS AS YOU WOULD FOR YOUR DESIGN

THINK ABOUT THE BIG PICTURE WHEN DEVELOPING A BUDGET OR PROVIDING YOUR BUDGET

GOOD BUDGETING = HAPPIER CLIENT
QUESTIONS?