

THE 3-BID MYTH



GAYLER
DESIGN BUILD

Uncover the Facts

Part One

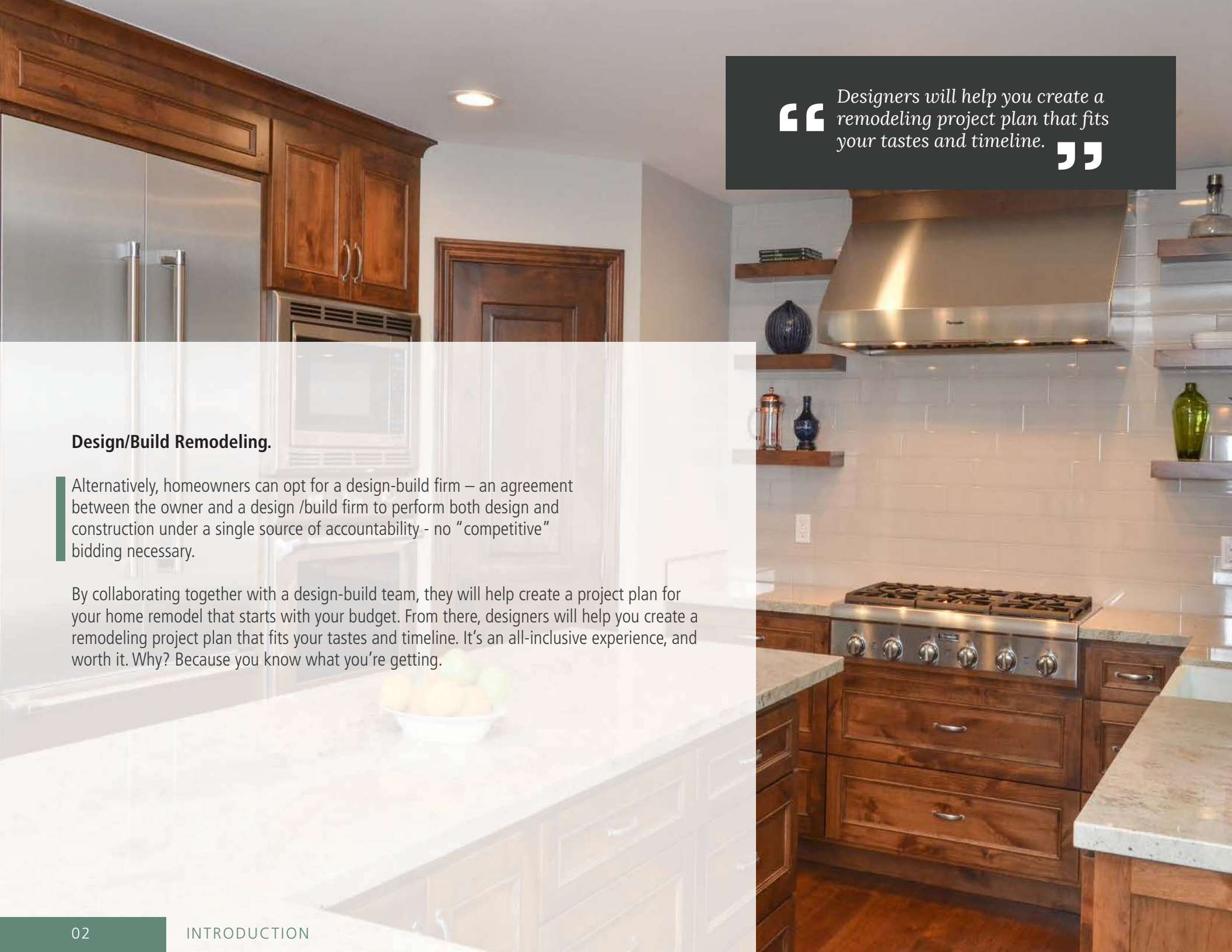
INTRODUCTION

Traditional Design-Bid-Build. When hiring a remodeling contractor for a home remodeling project, the traditional practice of seeking out “competitive” bids from at least three companies is generally considered the best way to go.

However, in this process, homeowners are expected to assume the burden of all design decisions before soliciting any bids. Once a homeowner finalizes a bid, any deviations from the original project scope are handled with change orders, and change orders can cost more in cash, delays, and frustration than you bargained for.

“Homeowners are expected to assume the burden of all design decisions before soliciting any bids.”






“Designers will help you create a remodeling project plan that fits your tastes and timeline.”

Design/Build Remodeling.

Alternatively, homeowners can opt for a design-build firm – an agreement between the owner and a design /build firm to perform both design and construction under a single source of accountability - no “competitive” bidding necessary.

By collaborating together with a design-build team, they will help create a project plan for your home remodel that starts with your budget. From there, designers will help you create a remodeling project plan that fits your tastes and timeline. It’s an all-inclusive experience, and worth it. Why? Because you know what you’re getting.



“ Price tells you next to nothing about
your chosen remodeling contractor. ”

Is it really comparing apples to apples?

In a bidding war, it's difficult to decipher whether you're actually comparing apples to apples. Worse still, it's widely known that when homeowners are presented with options, they tend to choose the middle-priced bid. After all, it *should* be the best value, right? Wrong. Homeowners, you've been duped. The lack of information present in a bid is staggering, so you end up relying on the best gauge left available to you – the price. Unfortunately, however, the price tells you next to nothing about your chosen remodeling contractor.

So, just what is all the information missing from a “competitive” bid? And how can homeowners land a stellar remodeling contractor without flying blind? Read on to find out.

Part Two

16 DISADVANTAGES OF COMPETITIVE BIDDING

1 BIDDING REFLECTS PRICE, NOT VALUE

An initial price may not be accurate, complete, or even realistic.

2 BIDS DON'T REFLECT SKILL

Competitive bids say more about the remodeling contractors' desire for the job (and their skill at crafting enticing estimates) than they do about their own ability - or that of their staff. Many remodeling contractors are not particularly skilled at factoring in overhead, budgeting for labor, or including insurance. As a result, they can go years without ever making real money, causing them to move from job to job for cash flow purposes while racking up change orders.

If a contractor starts a new job for cash flow, they may even disappear for extended periods of time – sometimes never to return. This can also happen if they have significantly underbid the job.





3 ACCURATE BIDS ARE A MYTH

Especially if the project is complex, there is little way to know whether a bid for your home remodel is accurate or complete.

4 BIDS DO NOT ENSURE PROFESSIONALISM

Bids tell you nothing about the contractor's skill, character, or level of ethics. Are they polite and well-spoken and will they stay calm during tense situations?



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BIDS ENCOURAGE CONTRACTORS TO CUT CORNERS

Competitive bids set the stage for poor quality labor and materials - sometimes leaving out essential items altogether. Omission – deliberately or otherwise - of required items can be a recipe for disaster. For instance, imagine the possible ramifications of a missing electrical subpanel for a kitchen remodel.

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BIDS DO NOT ENSURE INSURANCE

Bids do not guarantee that a contractor (or his trades) are properly insured. Ask the contractor for certificates of insurance and check to make sure the policies are current.



7

BIDDING DOES NOT BUY DEPENDABILITY

Bids do not ensure that a contractor will keep his word. Will he be act responsibly if issues arise during or after construction? Will they show up on time when they are scheduled to be there? Does the contractor have the respect of his tradesmen and crew? Will they, in turn, respect your property?

8

BIDDING DOES NOT GUARANTEE QUALITY

Bids don't ensure quality materials, finishes, selections, or allowances. They also don't ensure you will have skilled, respectful employees working on your project — employees you would feel comfortable having in your home and around your family. Ask yourself how you feel about tradesmen who smoke, for example. Will they be smoking on your property? How will they dress? What language will they use around your family members?



9 AN ACCURATE SCOPE OF WORK

An accurate Scope of Work is not required in the bidding process. Instead of working from a detailed list of selections, competitive bids are inherently vague. Even when consumers can accurately articulate what they want, they may not know exactly what they need. The scope of a home remodeling project is likely to change when the specifics have been hammered out and the remodeling contractor balances it with their budget.

10 BIDS DON'T SECURE ON-TIME COMPLETION

Can a remodeling contractor promise a delivery date and meet it? When estimating a job completion date, it is helpful to know if they coordinate their own schedules. Will they provide you with a written schedule for reference?

Be sure to ask if they factor in the estimated time of arrival for products like cabinets, for example, which can take 8 to 10 weeks to arrive. Homeowners should know that, unfortunately, many remodeling contractors will begin a job for the first cash draw. Two weeks later, they'll head to another job for cash flow purposes, letting your demolished kitchen sit for weeks without progress. They won't tell you that the project is sitting as a result of waiting for the cabinets. Instead, they may blame you for taking so long to select them. This can happen with other material selections, too. Homeowners beware.



11

BIDS DON'T ENSURE YOUR CONTRACTOR WILL BE AROUND

When you hire a contractor, you are dependent upon their knowledge, skill and expertise in complying with local building codes and in providing a quality, finished product. Thankfully, California law requires remodeling contractors to provide a "one year expressed limited warranty" under California Civil Code 900. Legally, you are protected. However, after going through a remodel, the last thing you need is to be going through an ugly litigation process. Make sure to screen each remodeling contractor to make sure they will be around and return your phone calls well after your project is finished.

12

BIDS DON'T ATTEST TO GOOD SERVICE

Will your contractor take care to install a port-a-potty during the project, or will they use your bathroom? Do they properly dispose of garbage or leave it on your property? In what state will they leave your home when they've left for the day? Will they control dust, air quality, and protect your existing floors? Competitive bids don't answer these important questions. On the contrary, competitive bids give no indication of how the contractor will treat your property.



13 BIDS ARE NOT ASSURANCE OF LONGEVITY

Do they have a good track record? Will they be in business after a year? 5 years? 10 years?

14 BIDS DON'T REFLECT BUSINESS ACUMEN

Are you working with a remodeling contractor who recently became a business owner? Do they have an office or staff, or do they operate on their own? Does your contractor use digital systems? Or, are they simply making notes on paper? Do they have a sorting or filing system, or are they notorious for losing important paper documents? Ask yourself how much you're willing to risk before you hire a contractor stuck in the dark ages – or one that conducts business out of the back of a truck.



15

BIDS DO NOT GUARANTEE YOU WILL LIKE THE STAFF

Many hands make light work. Just so, a practiced support staff can make quick work of any questions, concerns, and last-minute issues. Find out if you'll have a project manager on site and how often they plan to be there. It is also good to know who handles the paperwork for your project. For example, do they have an experienced interior designer placing orders (and getting you the best price) for your fixtures, or is it someone else?

16

BIDS DO NOT CONSIDER THE X FACTOR

Project delays, temporary housing, food, and rental costs... these are just a few of the many unforeseen circumstances that can result in additional costs, but are not reflected in a competitive bid. Don't forget to factor in the personal cost of stress and frustration, too, if issues arise. Ask instead what your contractor can do to prevent and minimize problems during your remodel.

“ Take charge of your choice—do your homework—and select the right remodeling company. ”

Part Three


CHOOSING THE RIGHT REMODELING COMPANY

The competitive bidding system is inherently faulty, and by nature, lulls you into the sense of security you can get with comparison-shopping, say, for a car. But ladies and gentlemen, getting (and paying for) a gorgeous home remodel could not be less like car shopping.


While you can and should snatch up the best price on a new car, remodeling is more akin to surgery – highly complex and unpredictable. Think about it. Would you trust the rookie brain surgeon coming in at a low-ball bid? We wouldn't either. Okay, so a home remodel isn't exactly brain surgery, but the analogy stands: When your home is under the knife, it needs to be done right the first time, or the smallest of inconveniences can become major, costly headaches.

So, instead of crossing your fingers and banking on the “mid bid,” take charge of your choice—do your homework—and select the right remodeling company for your next project with these insider tips.





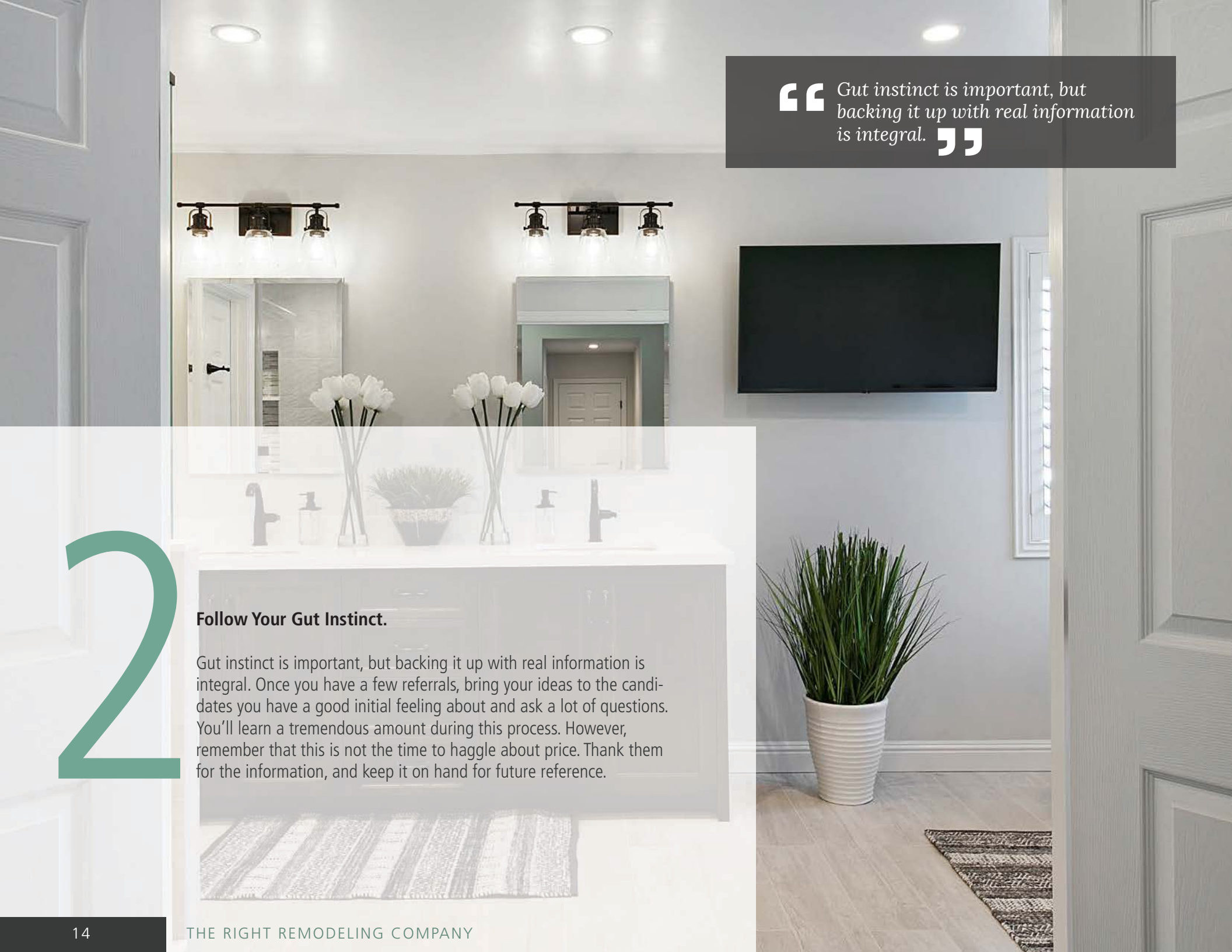
“ Start with solid referral from
a reliable source. ”



Get Started With a Referral.

Know a friend, neighbor, relative, or co-worker with a great home remodel? Ask them who did the work. Ideally, pick the brain of someone who had a similar project done. If you're fresh out of friends, you can also try a local real estate agent, The National Association of the Remodeling Industry (NARI) or Remodelers Advantage, a group whose members exhibit the highest ethical principles in their business. But whatever you do, don't just thumb through the phonebook. Your remodeling project is part of your home. It's personal. So start with a solid referral from a reliable source. They'll be able to speak to a contractor's experience and integrity from firsthand experience.



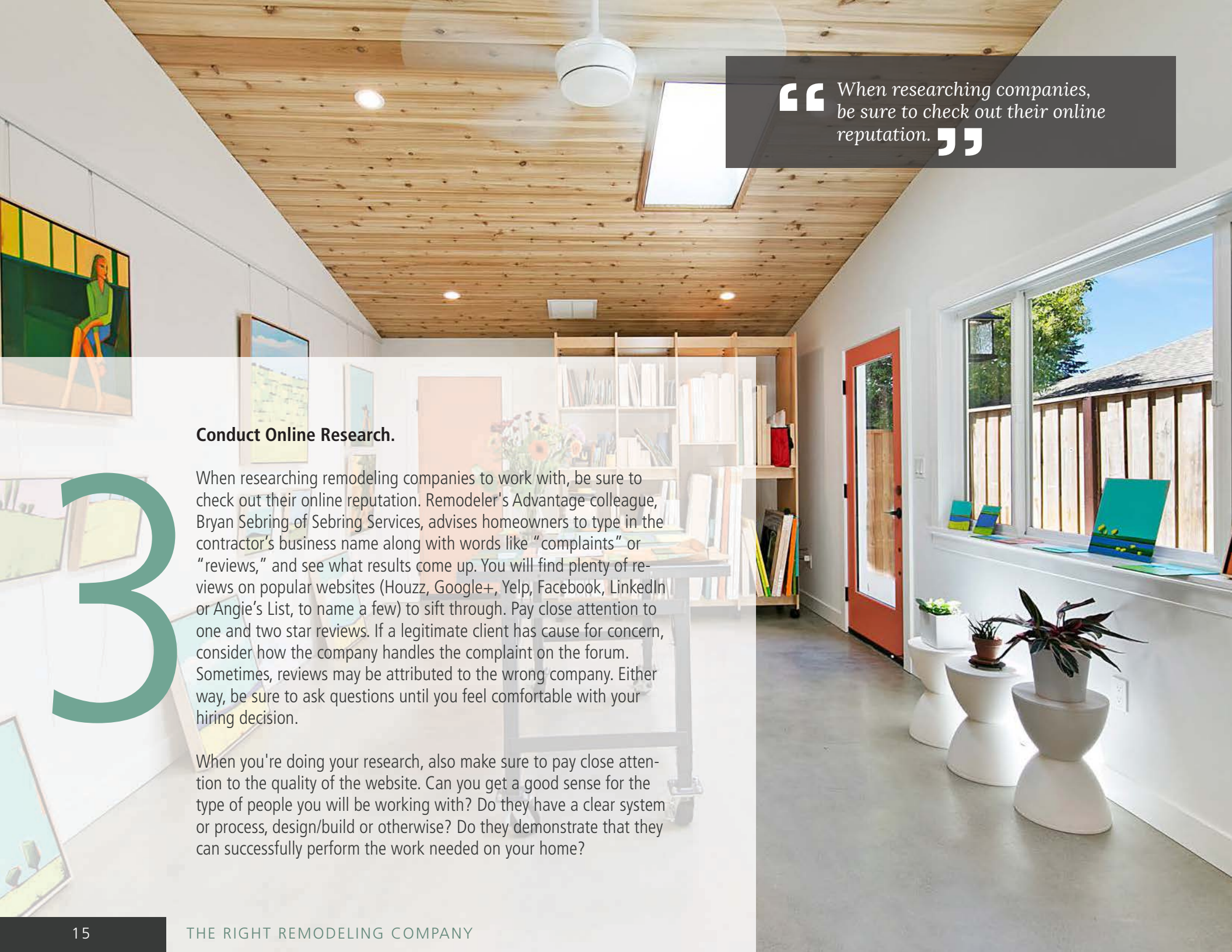


“ Gut instinct is important, but backing it up with real information is integral. ”

2

Follow Your Gut Instinct.

Gut instinct is important, but backing it up with real information is integral. Once you have a few referrals, bring your ideas to the candidates you have a good initial feeling about and ask a lot of questions. You'll learn a tremendous amount during this process. However, remember that this is not the time to haggle about price. Thank them for the information, and keep it on hand for future reference.

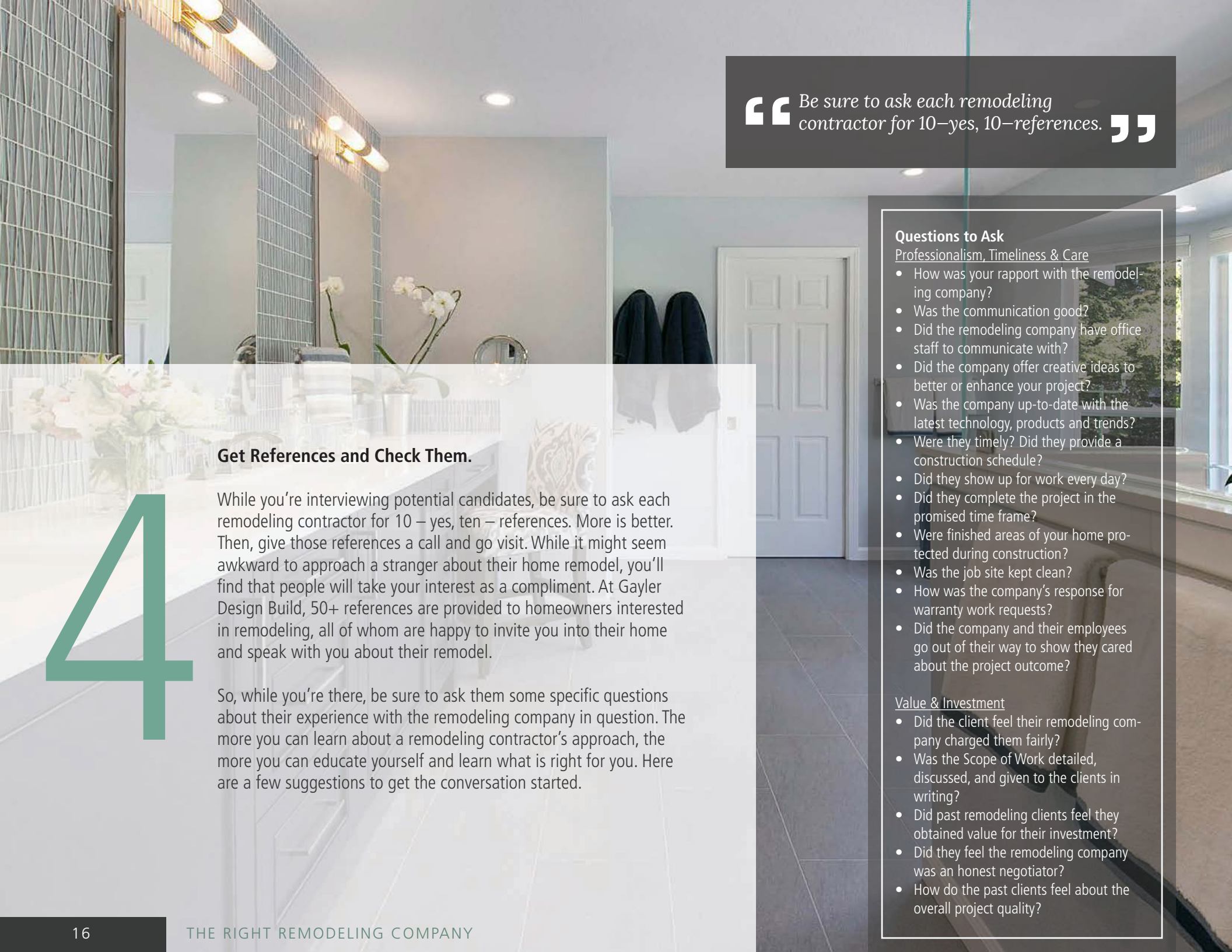


“ When researching companies,
be sure to check out their online
reputation. ”

Conduct Online Research.

3 When researching remodeling companies to work with, be sure to check out their online reputation. Remodeler's Advantage colleague, Bryan Sebring of Sebring Services, advises homeowners to type in the contractor's business name along with words like "complaints" or "reviews," and see what results come up. You will find plenty of reviews on popular websites (Houzz, Google+, Yelp, Facebook, LinkedIn or Angie's List, to name a few) to sift through. Pay close attention to one and two star reviews. If a legitimate client has cause for concern, consider how the company handles the complaint on the forum. Sometimes, reviews may be attributed to the wrong company. Either way, be sure to ask questions until you feel comfortable with your hiring decision.

When you're doing your research, also make sure to pay close attention to the quality of the website. Can you get a good sense for the type of people you will be working with? Do they have a clear system or process, design/build or otherwise? Do they demonstrate that they can successfully perform the work needed on your home?



“ Be sure to ask each remodeling contractor for 10—yes, 10—references. ”

Get References and Check Them.

4 While you're interviewing potential candidates, be sure to ask each remodeling contractor for 10 — yes, ten — references. More is better. Then, give those references a call and go visit. While it might seem awkward to approach a stranger about their home remodel, you'll find that people will take your interest as a compliment. At Gayler Design Build, 50+ references are provided to homeowners interested in remodeling, all of whom are happy to invite you into their home and speak with you about their remodel.

So, while you're there, be sure to ask them some specific questions about their experience with the remodeling company in question. The more you can learn about a remodeling contractor's approach, the more you can educate yourself and learn what is right for you. Here are a few suggestions to get the conversation started.

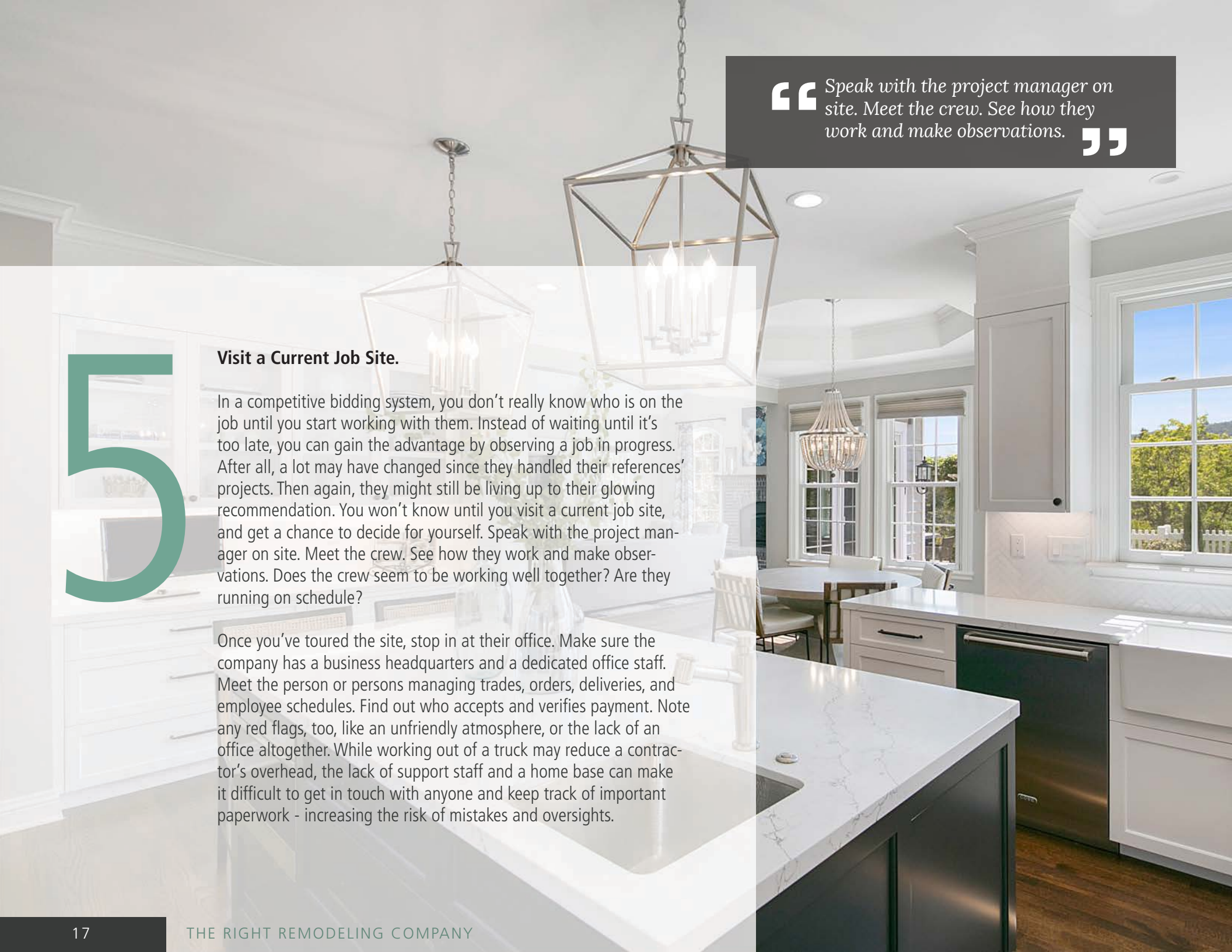
Questions to Ask

Professionalism, Timeliness & Care

- How was your rapport with the remodeling company?
- Was the communication good?
- Did the remodeling company have office staff to communicate with?
- Did the company offer creative ideas to better or enhance your project?
- Was the company up-to-date with the latest technology, products and trends?
- Were they timely? Did they provide a construction schedule?
- Did they show up for work every day?
- Did they complete the project in the promised time frame?
- Were finished areas of your home protected during construction?
- Was the job site kept clean?
- How was the company's response for warranty work requests?
- Did the company and their employees go out of their way to show they cared about the project outcome?

Value & Investment

- Did the client feel their remodeling company charged them fairly?
- Was the Scope of Work detailed, discussed, and given to the clients in writing?
- Did past remodeling clients feel they obtained value for their investment?
- Did they feel the remodeling company was an honest negotiator?
- How do the past clients feel about the overall project quality?

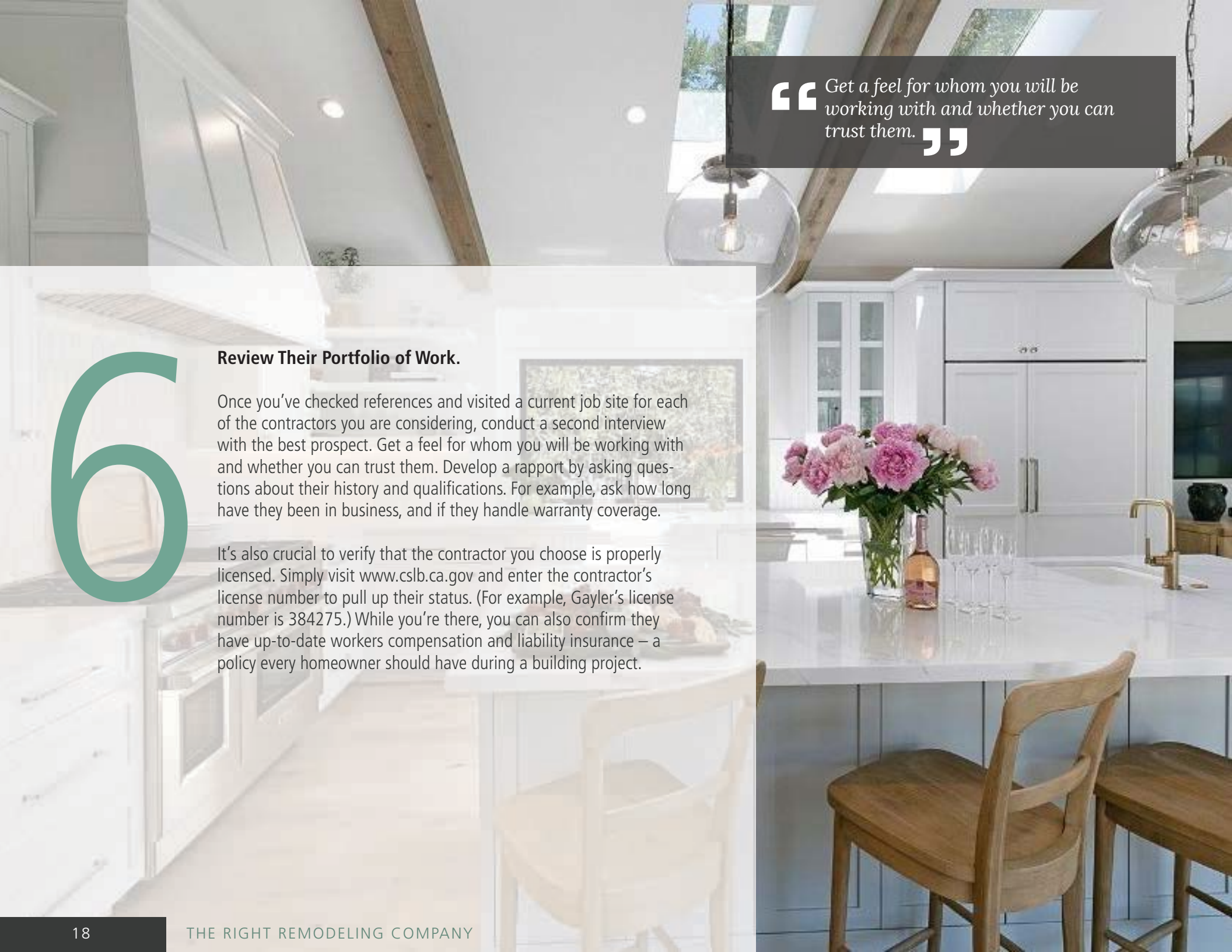


“ Speak with the project manager on site. Meet the crew. See how they work and make observations. ”

5 Visit a Current Job Site.

In a competitive bidding system, you don't really know who is on the job until you start working with them. Instead of waiting until it's too late, you can gain the advantage by observing a job in progress. After all, a lot may have changed since they handled their references' projects. Then again, they might still be living up to their glowing recommendation. You won't know until you visit a current job site, and get a chance to decide for yourself. Speak with the project manager on site. Meet the crew. See how they work and make observations. Does the crew seem to be working well together? Are they running on schedule?

Once you've toured the site, stop in at their office. Make sure the company has a business headquarters and a dedicated office staff. Meet the person or persons managing trades, orders, deliveries, and employee schedules. Find out who accepts and verifies payment. Note any red flags, too, like an unfriendly atmosphere, or the lack of an office altogether. While working out of a truck may reduce a contractor's overhead, the lack of support staff and a home base can make it difficult to get in touch with anyone and keep track of important paperwork - increasing the risk of mistakes and oversights.




“ Get a feel for whom you will be working with and whether you can trust them. ”

6

Review Their Portfolio of Work.

Once you've checked references and visited a current job site for each of the contractors you are considering, conduct a second interview with the best prospect. Get a feel for whom you will be working with and whether you can trust them. Develop a rapport by asking questions about their history and qualifications. For example, ask how long have they been in business, and if they handle warranty coverage.

It's also crucial to verify that the contractor you choose is properly licensed. Simply visit www.cslb.ca.gov and enter the contractor's license number to pull up their status. (For example, Gayler's license number is 384275.) While you're there, you can also confirm they have up-to-date workers compensation and liability insurance – a policy every homeowner should have during a building project.




“ Once you make a choice, ask them to prepare a budget and written, detailed scope of work. ”

7 Know How Much You Can Afford.

Once you've confirmed that your first choice in contractors is the right choice, ask them to prepare a budget and written, detailed scope of work. For example, Gayler Design Build bases their figures on trade construction quotes, unit pricing, years of experience, and remodeling expertise.

Be prepared to pay a fee for these detailed professional documents. They are highly complicated and time-consuming to create and rely heavily on a contractor's expertise in design, codes, construction, engineering, craftsmanship, safety, and security. The fact that a remodeling contractor understands the value of these services — and charges accordingly — is a sign of experience and integrity, not a rip-off. That said, if you decide to work with a remodeling company like Gayler Design Build, they will often credit your estimate fee back to you when you book them for your next home remodeling project.

When it comes to knowing how much you can afford, you should also consider the advantages of using a design build firm like Gayler Design Build, that works cohesively with designers, architects, and contractors right from the beginning to develop a comprehensive project plan with your timeline and budget in mind.



“ Stick to the original choices you made with the help of your designer. **”**

8

Review Documents & Speak Up.

Once you have all the numbers, meet with your chosen contractor to review contracts, agreements, and scopes of work. Have you been considering any additional work? If so, now is the time to speak up! You will get a better deal if your contractor can plan ahead for the work. If you wait until the project has started to request new products, selections designs, or materials, the contractor may need to make costly adjustments to the schedule, work force, or deliveries. Though it can be very tempting to make changes when you're browsing through all of the bells and whistles on the showroom floor, the best way to keep your remodeling project running on time and on budget is to stick to the original choices you made with the help of your designer.



“ Pay close attention to these warning signs. ”

9 Pay Attention to Warning Signs.

No one sets out to hire a bad remodeling contractor. Yet, it happens every day. Pay close attention to these warning signs. They will go a long way to helping you hire the right company.

- The main phone number goes straight to voice mail and is never answered by a receptionist
- The main phone number rings directly to a cell phone
- The contractor requires full payment for your project up front
- Company vehicles are not branded with a company logo
- The construction crew does not wear uniforms or branded shirts
- No business card; or a business card that looks hand-made (no logo)
- The contractor's website is poorly designed, out of date, or doesn't exist at all
- The contractor cannot verify insurance coverage
- The contractor is unable to provide references, or very few of them
- The contractor won't allow you to arrange a meeting with past clients or visit an existing work site
- The contractor provides a very low price estimate (may indicate an inaccurate scope of work, inexperience, desperation or a combination of all of the above)
- The contractor has no backlog and can start your job immediately
- The contractor expects you to apply for and obtain permits on your own
- Any unwillingness to answer questions or provide additional information
- The contractor brings a lit cigarette into your home or walks in with muddy shoes

“ Take charge of your choice—do your homework—and select the right remodeling company. ”

Conclusion

DEBUNKING THE 3-BID MYTH

Simply put, bids leave too much room for varying scopes of work, unrealistic allowances, change orders, and the uncertain quality of labor forces, tradesmen, and materials. In the end, competitive bidding makes you wonder if you're really comparing apples to apples and getting what you paid for.

Contrary to what the popular 3-bid system would have you believe, consumers do not need to be anxious about remodeling when they choose a contractor based on value rather than price. Even if you pay more than you first expected, you will be working with a remodeling company who will leverage their expertise in your favor, meet deadlines, and respect your property. However, if you underpay, you may set yourself up for costly mistakes, delays, change orders and a lot of stress.

Ultimately, taking the time to thoroughly vet contractor referrals will ensure your next home remodeling project is in the hands of a company with experience, integrity, and industry know-how – intangibles that are, in practice, priceless. Alternatively, consider seeking out a design-build firm for the ultimate in personalized home remodeling services. Design-build is where design meets construction in a singular collaboration between designer, contractor and homeowner. From the very beginning, this teamwork shapes design ideas into a cohesive project plan – perfectly fitting it into the owner's budget and timeline before a single brick is laid.





About Gayler Design Build

- A multi-generation, family owned, award-winning residential remodeling company.
- We are known for our consistent track record of being 100% on time and on budget since 1999, amassing over 20 national and regional design awards to prove it.
- We use several high-tech management tools (in the office and out in the field) to ensure remodeling projects run smoothly.
- Co-founded the organization "Sustainable Danville Area" and is a Danville sustainable business.
- We use sustainable construction materials in all our projects, recycle our construction waste, and educate clients about energy efficient and environmentally friendly products that are available to them.
- All of our remodeling projects are backed by 5-year warranty guarantee, five times the one-year industry standard.



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