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## Job-Costing

From: [Remodeling magazine October 2009](#) | Posted on: October 14, 2009

# Your New Competitors

How to bid against new-home builders who have entered the remodeling market.

By: [Les Cunningham](#)

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The main issue is price. Homeowners don't know that builders don't think like remodelers. They don't know that subs used to working in unoccupied space may not be tolerated in an occupied home. If you can't convince clients that your methods and services are better, then you need to bid like a builder. Here's what that means:

- **Bid the client's job, not your job.** If your standards are higher, show the lower price and explain the difference. But let the client decide.
- **Bid material and trade contractors based purely on price.** This means getting out of your comfort cocoon and doing some true comparison shopping.
- **Eliminate contingency money.** Builders build their bid, and subcontractors take the risk.
- **Eliminate all fudge from the labor estimate.** If in-house labor costs exceed the lowest subcontractor bid, use the sub.
- **Include supervision time as a line item, not in overhead.** This will lower your price.

You won't like this approach, and I don't blame you. It's a long way from how you did business a year ago, but it's the reality of today's business environment.

—Les Cunningham is president of Business Networks, a peer-review organization for the remodeling and insurance restoration industries. [les@businessnetworks.com](mailto:les@businessnetworks.com).

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