

BY BRIAN ALTMANN

The Ideal Job Scope (and How It Could Save Your Business)

My company no longer gives “estimates” to potential customers; instead, we provide “Comprehensive Project Evaluations,” or CPEs—for a fee. A project’s CPE is composed of three parts: the design, a job scope, and a cost analysis (three components I believe every homeowner needs in order to properly conduct business with a remodeling company). The CPE is the key to our business, and the key to an effective CPE is a well-written job scope.

For us, the job scope is a precious document that clearly defines precisely what the consumer is purchasing. Leaving no stone unturned, this line-by-line summary outlines the step-by-step components of all work to be completed, as well as expressing *what is not included and what is to remain untouched*. It is my best friend in business; it is the crown jewel of all our contracts.

In this article, I’ll review how to compose a great job scope, which I hope will help you earn more, eliminate headaches, and get paid for everything.

BUILDING VALUE DURING THE SALE

In my *JLC* article, “Charging for the Estimate” (Jul/15), I outlined the importance of being paid for estimating, as well as “building value” with potential customers during the sale. I noted that having buy-in from the clients upfront has allowed us to determine the precise cost of a project. Acting more in the role of the customer’s

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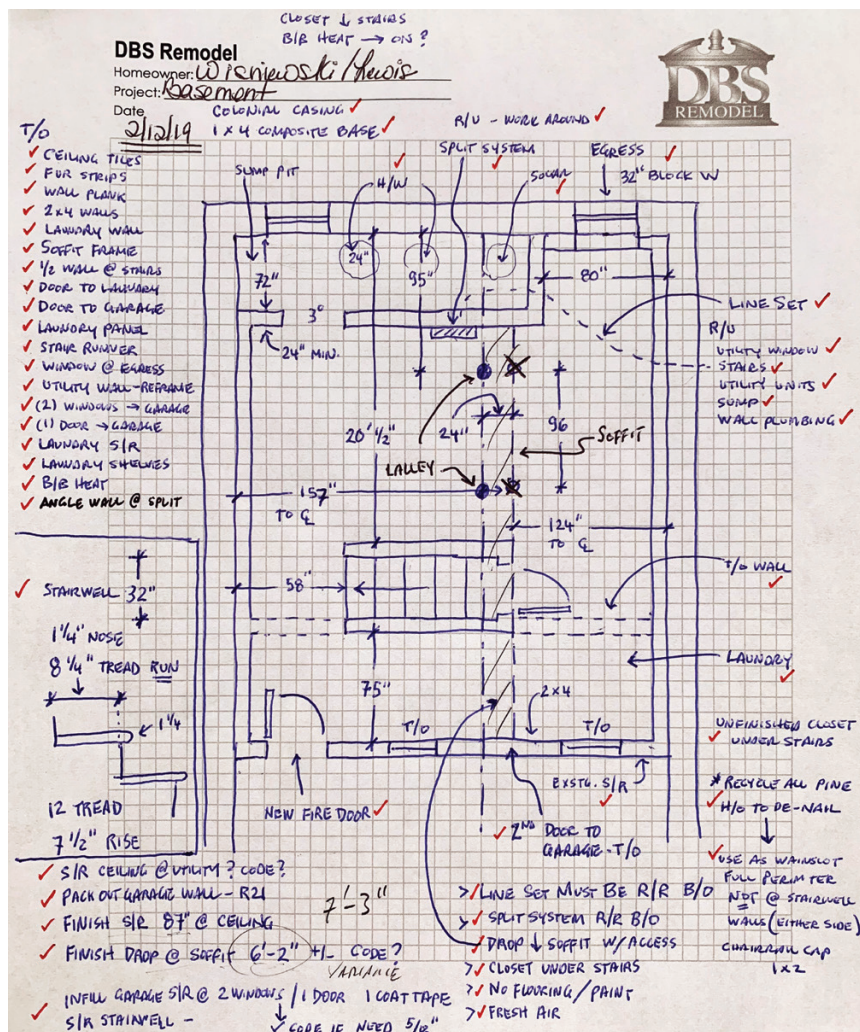
consultant, we listen to their needs and educate them about the realities of remodeling over a series of methodical interviews. We are able to walk them through the process of how we would accomplish their project, step by step and in person, illustrating to them that we are professional, communicate well, and will be a reliable ally. This builds trust, and in turn, builds value.

It’s expensive to be in the remodeling business today. With more regulations, required employee training and certification, and the labor shortage (we’re going to have to compensate our employees more to keep them on staff), it’s certainly not going to get cheaper. We therefore have to be precise on how we approach pursuing new work in order to meet the margins we need to keep our business vital and on-going. So, when we break the news to prospective clients that their new kitchen will cost \$75K rather than the \$50K figure they had in mind, we have to use every opportunity we can to build value with that client. We need to be able to sell the job at the higher figure, whether we like it or not.

Our first appointment with potential clients is free and we use it to prequalify them to make sure their project is a good fit for our company. If we like them and they us, we enter into an alliance to act as their consultant to develop a CPE for a fee (a CPE can range from \$200 for a deck or half bath to \$4,000 for an addition). It may take multiple meetings and rough drafts to hone a well-defined job scope, depending on the complexity of a job. In follow-up meetings, we get to know the clients, learning their concerns, fears, and wants. As we progress through the interview phase and have a better handle on their project, we explain how we plan to accomplish the job. We speak—and write—in detail, using layman’s terms and reviewing the scope with them at a comfortable pace.

For instance, if we are remodeling a bathroom, we don’t just say that we’re going to drywall and paint. We write in the job scope that we are installing moisture-resistant drywall; fastening all drywall with screws; taping all seams and applying three coats of compound; feathering new drywall into existing as required; wiping down all drywall prior to painting; and applying two coats of Benjamin Moore Regal Select with an eggshell finish. Being specific builds value. Or, if the client has a particular pain point, such as a child with asthma, we write in the scope’s home-protection-and-care section that we will run a BuildClean air scrubber with a HEPA filter ducted to the outside that will remove the bulk of the dust particulates during the remodel. Clients will often note that “the other guys didn’t tell us this.” The idea is to set ourselves apart from our competition. Being cognizant of the clients’ pain points and having a plan to deal with them helps us to build value and sell the job at the number we need.

Being courteous, polite, and thoughtful—for example, by showing up when we say we will, by thanking clients for inviting us into their home, and by confirming appointments 24 hours ahead—also builds value. If we’re not doing those things, we cannot sell the more profitable \$75K number.



The author takes quality jobsite notes, jotting down what is not included, what to tear out, any perceived difficulties, and general site conditions. Here, for a recent finish basement remodel, he checked off the items with red check marks as he brought them into his job scope and estimating program (applying hours and quantities to do each task).

SEVEN STEPS FOR CREATING A FLAWLESS JOB SCOPE

The first “step” is not a step per se, but a nod towards creating a mindset of believing in the impact this will have on your business.

Step 1. Drink the Kool-Aid. You need to pride yourself on exceptional job scoping; “drink the Kool-Aid,” as they say.

I’ve given a number talks at JLC Live and the Remodeling Show on how to build value during the sale. In them, I’ve tried to show how creating laser-sharp job scopes could be the most valuable weapon you

own in business. Being thorough and writing with clarity eliminates disputes and allows you to get paid (I think of myself as a lawyer for the client as well as for my company when I’m building a job scope). And, if we follow the scope’s “script” and fulfill every obligation with an acceptable level of craftsmanship while executing a job, there is no excuse for somebody not to pay you. Many homeowners want things for free, but an iron-clad job scope will help prevent clients from pushing you around and assuming things were included that weren’t.

Also, effective job scoping doesn’t allow homeowners to play dumb or use ambiguously written language against us. For example, I once wrote in one of my scopes that “the owner was going to do all the painting in the bathroom.” When it came time to paint the bathroom, the client asked, “When are you painting the bathroom?” “I’m not painting the bathroom,” I replied. “But I thought the owner is painting the bathroom. You’re the owner of the company, right?” he asked. “Really?” I responded. “That’s what you thought? Honestly?!” When he said, “Yeah ... it says ‘owner,’” I was stuck. “Well, OK ... I guess I’m painting tomorrow,” I said, but thought to myself, I have to remember this one!

We are all going to have our battle wounds, but a mistake is only a mistake if you don’t learn from it. Say to yourself, “OK, I get it. The next scope will be a little bit better.” We now write “homeowner” rather than “owner” in the job scope.

Another benefit of our approach is that it creates independence in the field for our team. We give our lead carpenters a bound book that contains the contract, the job scope, all the drawings, and any special-order items—it’s their jobsite “Bible.” We’ve found that if we give our leads well-thought-out job scopes, it reduces the number of calls into the office

with questions (my phone hardly rings anymore with questions from the field) and thwarts clients from trying to influence our crew members with cross communication.

Step 2. Take detailed job notes. The second step is to take quality notes while walking through the entire work area. During the interview process with the clients, note what is not included and what is to remain untouched, what to tear out, any perceived difficulties, and site conditions (see image of job notes, above left). These notes are

Example of DBS Job Scope

Protect all finished floors during construction
 Access home through side door as per homeowners request
 Remove and reset the following existing items
 Existing water closet- Install new wax seal @ re-install
 Bath vanity and top- Unhook and reconnect plumbing
 All door jambs and casing to remain untouched
 Tear out the following existing items
 Floor tile / grout including thinset below
 All bath base trim
 Install *Ditra* premium uncoupling waterproof membrane over sub floor
 Fasten to existing sub floor w/ modified thinset
 Ceramic tile floor (min. 8" x 8") over *Ditra*
 \$325.00 tile purchase allowance (includes tax)
 Adhere tile w/ premium *Superflex* unmodified thinset
 Grout all joints w/ *Mapei Opticolor* epoxy grout
 Install tile on diagonal- Borders or accent tiles cut in *not* included
 Remove/ reset existing vanity to tile underneath
 Install marble saddle under bath door- \$40.00 saddle purchase allowance
 Install new primed pine 3 1/2" colonial base trim @ bath perimeter
 Paint new trim w/ 2 coats *California Elements* premium latex- semi gloss
 Caulk new base trim to walls W/ GE white silicone- wipe clean
 The following items are **not included** in this project
 Sub floor repairs
 Wall painting or repairs to existing sheetrock
 New shutoff valves @ vanity sink
 Remove all DBS generated debris from site on daily basis
 Provide client w/ workers comp and liability certificates

A precise job scope is written clearly and in layman's terms. Here, a portion of a job scope for a bath remodel shows the author's simple but effective layout, or "the art of indentation." Noting what is not included is as important as noting what is included.

the head start of our job scope, and we use them to build it and the cost analysis later on. We are going to review the notes again with clients, and they may change their minds on certain items, but that's OK.

Step 3. Take photos. It may sound overly simplistic, but take lots of pictures of the existing conditions when you're there. A large portion of our work is kitchen and bathroom remodels and we do 40 to 60 projects a year. We also have anywhere from 20 to 25 active CPEs any given month that we are trying to move to the next level (with the hope of closing on six to eight contracts per month). So, given this volume of work, we know that we're more than likely going to miss some details during our walk-through meetings. Having lots of photographs, taken from multiple angles, goes a long way toward filling in gaps in information.

Step 4. Interview with scope development sheet. To prompt productive conversation, we also bring along a scope development sheet when we interview the clients. It contains a broad list of talking points, everything from site protection and portable toilets to painting and lighting fixtures. Having the bullet-pointed list at our fingertips helps tease out what we need to know from the client and prevents us from forgetting something. These "cheat" sheets are specific to each project type, so if we are discussing a tile job

for a bathroom, we ask questions like: What is the purchase cost of the tile? Are we setting the tile over Ditra? Are we using Grout Once sealer?

When reviewing site conditions, we ask if our workers have bathroom privileges during the project. It's OK if clients say "no"; we just need to know because it costs \$168 per month to rent a portable toilet. If it's a four-month job and they say "yes," but renege on the verbal commitment, that's going to cost us about \$675 we haven't planned for. So, there's some profit slip-page right out of the gate. We note whether we can or cannot use the homeowner's bathroom in the job scope.

Step 5. Compose rough draft. We typically start composing a rough draft by copying and pasting a similar job into our file, though we won't copy a job or information from a job older than six months (to me, anything prior to that is a relic). If we do copy and paste, we are careful not to forget to change the client's name or delete items unique to that project, such as a pet door flap in a kitchen door, especially if the clients do not have a pet. We review all photos during scope building, inserting pertinent project photos into the rough draft and listing project objectives and any pain points the homeowners have brought up that we plan to address. We check off all our job notes as we bring them into the scope (see image of job notes, page 19). And, remembering that the clients do not do this every day (and we do), we organize the job scope chronologically in

a method that they can understand, using what we refer to in-house as "the art of indentation" (see example, left).

Step 6. Review rough draft with client, final edits. We review all job scopes with clients, in person, line by line, telling them that we can still change whatever needs to be changed. For example, when a client says, "Well, I was talking to my friend, and we decided we want a 24x24 double niche in the shower rather than a 12x12 niche," we can say, "OK, no problem," and mean it. The process of reviewing the job scope builds trust. We are sharing things with the homeowner that no other remodeling firm is and we are getting paid to do so. We can afford to be focused and patient, which is not easy to do when you are not being compensated, especially when you are not sure that the people you are talking to will ever even call you back.

We mark all changes in green text so the next time we look at the text, we review just the things that were changed and don't cover old ground.

Step 7: Prep for final presentation. Our final presentation includes the design drawings, job scope, and cost evaluation placed in a DBS Remodel presentation folder. If we are working with a husband and wife team, they each get a copy. The presentation is clean and easy to follow, not dense like an architectural plan. It should



The final presentation includes the design drawings, job scope, and cost evaluation placed in a DBS Remodel presentation folder. The front page of the job scope lists the project objectives, home care/protection requirements, and “before” photos, which here contrast with printed outputs of rendered “finish” illustrations. VR (virtual reality) is also an option for the presentation, if requested.

be relatable to them with nothing scary and no fine print. As I am closing the deal, we review the amended job scope one last time. Any changes after this will be executed through a change order.

I never include the investment figure on the scope document. Ultimately, everyone goes to the last page looking for it. I tell clients it’s not there because I want them to focus on understanding what they are purchasing first. When all questions have been answered, and they understand precisely what they’re buying, I unveil the projected cost and ask them for their business.

Price conditioning. Throughout the scope-building process, we present a project cost range to the clients, which becomes more refined as we delve deeper into the

job. In general, prospective customers do not have a good grasp of remodeling costs, and we need to price condition them. We have to tell prospective customers the cost range over and over again throughout the process because it’s such a shock to them. For instance, initially I may tell a client that the cost of their kitchen remodel may range from \$100K on the high side to \$60K on the low side, but that I won’t know the exact cost until we work through the project details (it’s sometimes helpful to provide a Cost Vs. Value report (remodeling.hw.net) for a similar project to act as a third-party source for verifying this range). If we haven’t tiptoed into the cost investment of this project with them, we’ve done a disservice to our clients and to ourselves. So, I’m estimating in tandem with

building the scope, but presenting the costs in an ever-narrowing range until the end when I present a lump-sum projected cost amount to them.

The job scope is where the money is. It’s going to protect you from a client being naïve or playing dumb (potentially money out of your pocket). It allows you to charge more because you’ve built a more premium picture of their project in their heads. And it creates independence in the field for your team, which adds up to real savings.

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