

Email 01

Subject Line: Welcome to [ENTER YOUR COMPANY NAME HERE]! Here's where to start...

Body:

Hey [NAME]

My name is [ENTER YOUR NAME HERE] and I'm the proud owner of [ENTER COMPANY NAME HERE]. I wanted to take a second to say thank you for getting in touch us.

On behalf of myself and the entire [ENTER COMPANY NAME HERE] team I want you to know that we're truly excited and grateful that you decided to reach out to us...

This is an important time for you if you are considering [INSERT NICHE] and I cannot stress enough the importance of doing your research BEFORE you get started on the design.

Here's what you can expect from us...

We'll be sharing important information covering the entire process that will enable you to [INSERT DESIRED END STATE].

We'll also send you information regarding new designs, products and other information relevant to [INSERT NICHE] enabling you to [INSERT BENEFIT] and avoid [INSERT PAIN]

Sound good?

Excellent!

Here's how you get started...

STEP 1:

Add my email address to your contact list by either right clicking my name in the from address or hovering over the name and selecting 'add'.

Doing this will ensure my emails make it through to you rather than getting filtered into a junk folder.

I'm going to be sharing some really important information with you and I really don't want you to miss out so please do this right now...

STEP 2:

Take two-seconds and join the [ENTER COMPANY NAME] Facebook page, as this will be our primary method of communication outside of email updates, and again you won't want to miss these posts:

Facebook:
[LINK TO COMPANY FACEBOOK PAGE]

Talk soon,

[Email Signature]

P.S. Over the next few days I've got something really important for you...

Because I need to bring you up to speed quickly on some tips & tricks of the construction industry, I'm going to be sending you one of the most important pieces of information I've shared with my clients from the past few years.

It's about how much of your money actually goes towards building your new home...

Stay tuned...I think it's important info that every [insert your avatar] should be aware of.

P.P.S. If you have a second, I'd love to know:

Why did you reach out to [ENTER COMPANY NAME]?

And what is the #1 question you'd like to ask an industry professional before you get started?

Just reply to this email or call me on [ENTER YOUR MOBILE PHONE NUMBER HERE]

Email 02

Subject Line: I'm keeping my promise

Body:

Hey [NAME]

I promised yesterday that I would send you some of the most important information I've written from the past few years.

...but before I do that I wanted to introduce myself.

[INSERT PIC. IT CAN BE YOU WITH YOUR TEAM...OR ON YOUR OWN, WHATEVER IS APPROPRIATE. JUST MAKE SURE IT SHOWS YOU AS A BUILDER]

That's a picture of me with [DESCRIBE PIC AND WHY IT'S SIGNIFICANT]

[Optional: Insert a paragraph that explains when and why you became a builder]

Ok, now you know that I'm a real person let me share with you [Cover off your #1 FAQ Here with useful information]

---Example---

Ok, now you know that I'm a real person let me share with you why building a new home can be so expensive.

And if builders are adding tens of thousands of dollars in profit to every contract they sign, why are so many of them failing every year?

While it may seem like home builders get paid a lot of money and do very little, the truth is a little different.

In fact, the average building company makes little or no net profit, an alarming fact if you are seriously considering building a new home.

It's for this reason you really don't want to be choosing the builder with the lowest price unless you are prepared to finish the job yourself when they go out of business!

While most building companies make less than 1% profit on each contract, the government earns a whopping 10% in Australia just from the GST!

That means, on a \$500k contract \$45,454 of your investment will go to the government in tax.

Next is the home warranty insurance. This is a compulsory insurance that has to be paid when building a new home. Your builder will take care of this for you and generally they will include it in the contract price, but it's probably costing you around 1% of the build as a rough guide so there's another \$5,000 that disappears.

Then there is the long service leave levy which is also collected by the government and that will cost you another half of a percent, which is around \$2,500.

So in reality, out of the \$500,000 that you are spending on a new home, only \$447k is actually going towards building it.

But that's not the biggest expense.

The biggest expense is the labour and materials to build the home, so how much should that be?

This is where it gets really interesting because not many people know this!

In fact, a lot of builders don't even know this which is why they end up signing cost plus contracts!

A cost plus contract is where the consumer... i.e. you... pay for everything associated with the build including materials, labour and supervision... i.e. the builder's wages... and then pays the builder an additional margin of around 15% on top.

But the problem with a cost plus contract is that you are effectively giving your builder an open cheque book...

And with standard industry discounts available to home builders of between 20%-40%, how hard do you think they going to negotiate in order to get a better price for you?

So although paying a builder 15% on top of cost might seem like a good idea at the time, you'll probably end up spending a lot more in the long run.

But when you deal with a professional builder, one that knows their numbers you don't have that problem. You agree a fixed price for a fixed outcome on a fixed date.

If prices go up, the builder pays. If there are delays, the builder covers the costs (and may even have to pay you for each day the home is late).

To cover this risk, and extract a profit the builder that offers a fixed price contract has to negotiate discounts of around 30% across all labour and materials in order to operate the business at a profit.

Typically, a building company will be offered significant trade discounts by their suppliers in return for ongoing business, sometimes as high as 40-45%.

It's the same with their subcontractors, in return for continued ongoing business, some trades will discount their labour by over 25% in order to receive regular work.

If you compare that to a cost plus contract where the builder has no incentive to negotiate any discounts at all because the more you pay the more they earn, you could end up paying tens of thousands of dollars more for the same home.

It may seem like a minefield you're stepping into, but with the right builder building a new home is an exciting experience that you will want to repeat.

The trick is, to make sure you choose the right builder...

Talk soon,

[Email Signature]

P.S. Did that help?

Since I like to always under-promise and over-deliver, I'm going to go ahead and share another couple of nuggets with you if that's OK?

2 Questions I get asked all the time are [insert FAQ #2 & FAQ #3 Here]

----Example----

2 Questions I get asked all the time are about the difference between estimates and quotes and the difference between a Prime Cost item and a Provisional Sum.

Would you be interested in receiving some info on these questions along with an explanation on some other 'Builders Jargon'?

Email 03

Subject Line: [Question relating to FAQ #2]

Example: Is it a quote or an estimate?

Body:

Hey [Name]

Yesterday I explained why [FAQ #1 Example: building a new home is so expensive.] Did the explanation surprise you?

A lot of clients I speak to are shocked when they realise where their money is really going!

I also shared with you how I got started in the construction industry and why I chose to specialise in [INSERT NICHE].

So if you missed those, you might want to do a quick search in your inbox for this subject line: "I'm keeping my promise"

Go ahead and do it now. I'll hang on... :)

Now that we're on the same page, I need to bring you up to speed on [FAQ #2] the difference between a quote and an estimate:

Even among builders themselves, this term gets used pretty loosely!

Step one is always to start with the estimate.

You have probably been thinking and planning out your dream home for some time. You know you want 4 bedrooms, 3 bathrooms, a 2 car garage and a swimming pool for the kids would be nice too. Maybe you even have a budget in mind which is extremely helpful for a builder to know, so they can plan the home you want.

Armed with all of that, getting the estimate is really just confirming that what you want is roughly within your budget. It's the starting point in your building process.

Estimates are ballpark figures based on your criteria. They don't require the builder to go away and calculate every material and fitting. Estimates don't usually cost you anything and are generally worthless as no detailed work or planning has begun.

It's when a free quote is being thrown around out there and offered to you that you need to be cautious. In most cases, free almost always ends up costing you more.

Creating a detailed (and correct!) quote is a time-consuming process for a builder, often taking more than 50 hours to put together.

A quote for your new home involves professional estimators, contacting subcontractors for quotes and creating a lengthy and detailed job schedule. This easily runs up a cost to the builder of several thousand dollars.

It's for this reason that a full quote from a professional builder should never be free.

A nominal fee is charged for their time to provide you with a detailed quote for your project. Builders offering free quotes often rush their process and miss out incredibly important details for your home.

Remember that step 1 is to work with a builder and ask for an initial estimate to see if your project can be built within your budget.

The Problem With a 1 Page Quote

One way you can tell if you are getting an estimate instead of a quote, is by how long the actual document you receive is. A one-page estimate is fairly standard, and can easily include all of the necessary information to let you know if your new home is within reach.

A detailed quote however, should be between 25-40 pages and specify every inclusion and can even reference working drawings of your project. A quote details for you and the builder, the amount of materials and labour for the duration of your project.

Some builders will cut corners and leave out specifics and instead include Provisional Sums (PS's) and Prime Cost Items (PC's). If you see either these on your document it should raise a flag.

These are just estimated allowances and so down the road, they can end up costing you significantly more once the real values are known. This is a dead giveaway the builder saved time and gave you an estimate rather than a detailed quote.

If you are working with a preferred builder on a quote for your new home, make sure you ask for a copy of the job schedule. This will show you if the builder has quoted the job or guesstimated it.

Talk soon,

[Email Signature]

P.S. I know, I did promise to explain some builders jargon as well but the truth is, this email is getting a little too long.

So, out of respect your time I'll type up another email that explains the difference between a PS and PC and get it to you next week if that's OK?

While I'm at it, are there any other terms that that you need explaining?

Let me know by replying to this email and I'll make sure I include them as well...

Email 04

Subject Line: [4/4] Part 4 – [FAQ #3] Builders Jargon Explained

Body:

Hey [Name]

So this is the last email in sequence...

I said I'd share the most important pieces of information I've written in the past few years, so here's the final piece in the puzzle.

Provisional Sum (PS)

A Provisional Sum, more commonly known as a PS, is an allowance that the builder has made to complete a task. It covers labour only or labour and materials. They are useful when the final selections have not been completed or it is simply not possible to include a quote due to factors that are unknown at the time of the contract signing.

The thing about PS's is that they are estimates which mean they often change when the final cost of the tasks are calculated. Be wary if your builder has filled your building contract with PS's as you could find your contract price increasing dramatically throughout the build.

If your builder is experienced and has reviewed your drawings, there shouldn't be any need for provisional sums. Your builder will generally know exactly what's required.

Builders who rely on using provisional sums in their quotes are typically disorganised and are not prepared to put in the time to quote your job properly. It's a big red flag and the chances are you'll be taken advantage of. Typically they include unrealistically low provisional sum allowances in their quote so that their price appears much lower than their competitors – in the hope you'll make a decision purely based on the price.

These builders know that if there was any error in the final costs, they will be passed directly onto you, the client, which means they have no risk or responsibility.

Prime Cost Item (PC)

Much like a Provisional Sum, a prime cost item is a dollar figure allowance used in building quotes and contracts. It's an allowance for materials such as appliances, sinks, taps etc. Essentially a dollar budget where the final selection of those items is still to be confirmed.

Note that the allowance for a Prime Cost item only covers the supply of that item. Any labour associated with the installation of that item should either be included in the contract or listed separately as a provisional sum.

Just like provisional sums, prime cost items do change depending on your final selection and therefore can incur additional costs, so in order to minimise your exposure to budget overruns, make your selection choices prior to signing a contract where possible.

Preliminary Building Agreement/Contract (PBA)

A Preliminary Building Agreement or Preliminary Building Contract are also referred to as 'prelims' by builders. They are a pre-contract document that include all of the tasks that need to be organised prior to signing a building contract.

Engineering, soil tests and working drawings are all need to be completed in order to produce a fixed price contract. A Professional Builder will always start with a Preliminary Building Agreement before committing to a full building contract.

For a detailed preliminary building agreement, you can expect to pay a custom home builder between \$5k-25k depending on the size of your project.

Extension Of Time (EOT)

An Extension of Time is simply the amount of days that are added to your building contract. These usually appear once you add a variation to your contract that will delay the completion or it can be due to inclement weather or any other reason outside of the builder's control. EOT's simply extend the contracted completion date of your new home that was recorded in your building contract.

Variations

Variations can get introduced for many different reasons. The most popular reason for a variation being raised is when you change your mind on something after the contract has been signed.

Variations document what has been changed along with any additional costs that relate to labour, materials and administration fees.

You could also incur variations when any unforeseen work arises. This is typical of projects doing renovations and/or extensions. If there was no way of knowing about the issues at the time of quoting your project, it's simply an unforeseen variation that needs to be raised so the builder can do the necessary work.

Each time a variation is raised, these typically come with an extension of time attached to them. Make sure you are happy with everything in your contract before signing it to avoid changing your mind and causing serious delays on your project.

Builders Margin

Simply put, builder's margin is the amount of profit added by the builder to cover their expenses. Typically you'll see a 'builder's margin' on any variations raised so that the builder can complete the work.

Rock Clause

Finally, a rock clause is something you'll find in most building contracts. It is there to protect your builder from unfortunate unforeseen circumstances like hitting rock during the excavation. The rock clause applies to fixed price contracts so be aware. You can't avoid it but you can certainly be prepared for it.

[Email Signature]

P.S. Now that you've read this you're ready to have a conversation with a builder (which you really must do BEFORE you speak to an architect or a Building Designer if you want to avoid paying for a design that blows your budget!)

So let me know, what is the #1 Priority for you when start designing [INSERT NICHE]?

1 – Do you need to be in by a certain date?

2 – Are you concerned about going over budget?

3 – Does this home have to be the absolute best it can be?

Or maybe something else?

Let me know, and I'll send you a 'hot tip'.