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WHAT HAPPENS IF MY CONSTRUCTION PROJECT IS OVER BUDGET?

It's important to know that construction projects adhere to the *project management triangle model*, which states that a project cannot be simultaneously completed fast, of good quality, and at low cost. If any two of the three goals (schedule, quality and cost) are prioritized, the third will suffer. If early estimates reveal that construction cost exceeds your budget, there are a variety of strategies to reduce the cost. At this point, we establish that cost is a priority so we must choose to wrestle down schedule and/or quality (or *scope*). This process is known as *value engineering* (VE) and we methodically guide you through it, working with the builder/general contractor (GC).

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Note: industry jargon that you are likely to hear often is included in italics. Throw around these terms to impress your friends!

Schedule. There may be some cost savings by lengthening the construction schedule, which could allow certain work to be performed in a season where it is in low demand or lessen the amount of labor required on the jobsite at one time period. This VE strategy may also reduce shipping costs for some materials that cannot be obtained from local sources.

Quality. If materials of lesser quality are substituted, the cost of purchasing those materials is likely to decrease. Synthetic materials (such as vinyl tile in lieu of ceramic tile) are a common source of cost savings. Reducing quality is the most common VE strategy.

Scope. The construction cost can be reduced by decreasing the size (scope) of the project. Depending on what fat can be trimmed from the *building program*, this could be a very effective strategy or may not yield substantial savings. Although a cost estimate determines the cost per square foot, not every square foot of the building is equal in cost. For example, shrinking the area of a kitchen is much more valuable than reducing the size of a patio.

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