

eBook

HOW TO BUILD A WINNING CONSTRUCTION PROPOSAL



As a small business owner, you know the importance of finding and keeping new customers. However, construction pros like you also know, once found, clients with repeat business and referrals grow your business faster.



Who wouldn't want to grow while avoiding higher administrative costs? Hunting new leads for your business is 5 to 6 times more expensive than retaining past clients, and that takes a bite out of your wallet.

The stellar reputation that keeps customers coming back or earns their referral must be earned on every job. You must deliver on time, as promised. So how do you keep your promises?

Writing detailed construction proposals and contracts is a big part of the answer.

In this eBook, you'll learn the basics of a rock-solid home construction proposal.

Let's make the customers you find the customers you keep.



1

So what is a construction proposal?

A construction proposal is more detailed than a customer quote and typically forms the foundation of a contract between you and the client. Working together, both the proposal and the contract: :

- Ensures clients fully understand your unique approach to their project.
- Navigates your business around financial and legal disputes.



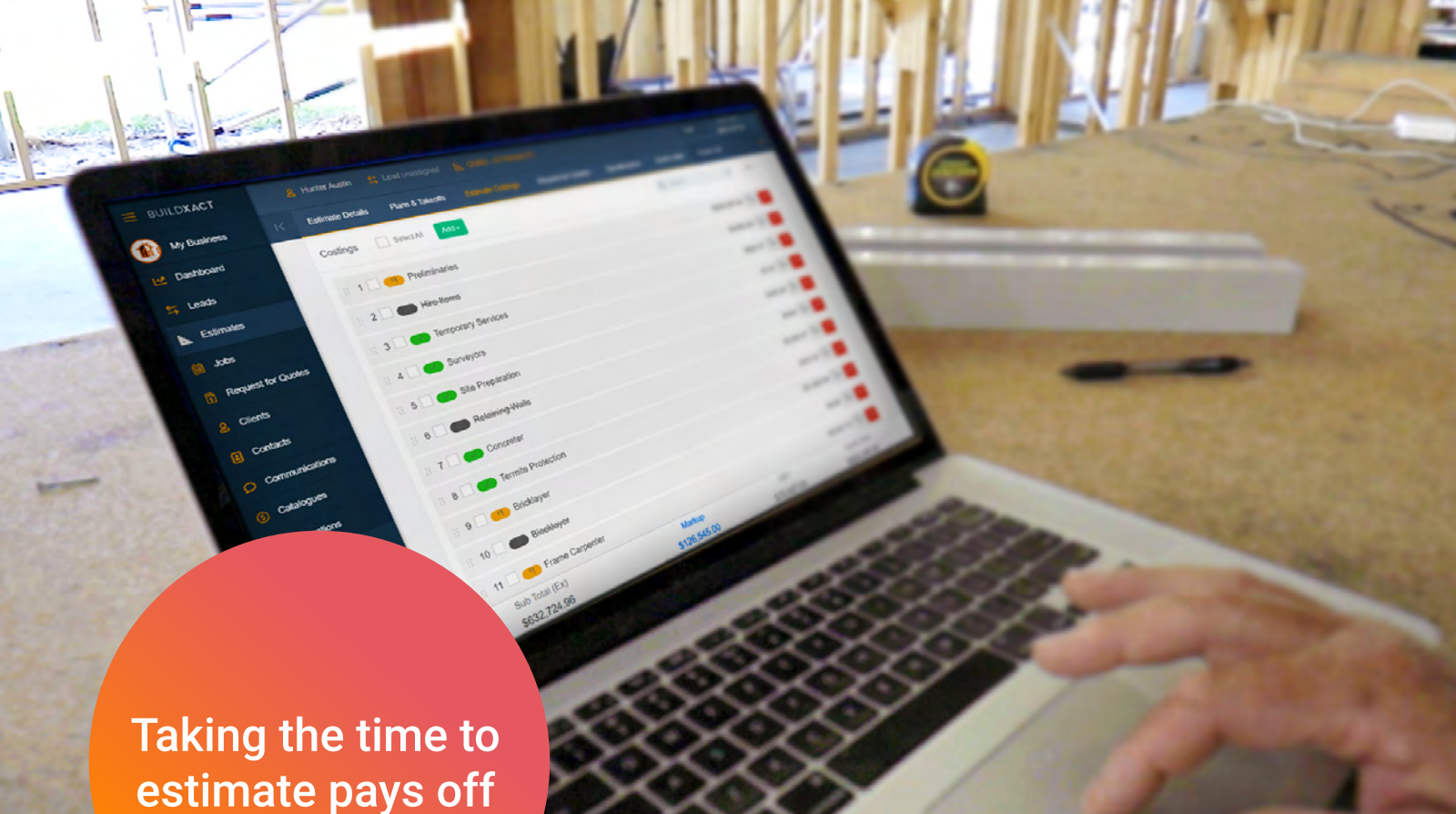
**Don't hold back
- Let them know
what to expect**

The construction proposal lays out your methods and recommended materials. Writing the proposal is the time and place for you to say what you will or will not do to complete the project.

Don't cut corners simply to win the job. The proposal is your chance to showcase your skills. Don't be shy about offering alternative methods and materials and revealing potential problems

with the design. Design elements can look good on paper, but you know the real-world problems that builders solve every day.

Basically, writing a detailed proposal helps you decide if a project is feasible and can be completed at fair profit. It also provides the client with reasonable expectations.



Taking the time to estimate pays off

You need a [good estimate](#) to bid even the most basic of jobs. A good construction proposal is no different. It also includes detailed task estimating. Of course, you want to note all the materials and labour needed for the project. But there's more.

Your estimate needs to account for overhead to cover equipment rentals, any utilities your team will need and any additional indirect costs (you can't forget to pay your salary!).

You also need to include a markup that ensures a fair profit. You should consider

each project an investment in the future of your business.

There are [many ways to calculate](#) how much of your estimate should account for overhead and profit. Be consistent in how you do it and have a system for documenting past project proposals.

When you have a library of your past work at the ready, you learn from past mistakes and past successes. As you become more experienced, you refer to previous projects to guide you on setting correct percentages for overhead and profit.

TIME = MONEY



Estimate time as well as materials

A complete proposal includes realistic timing that clearly shows how long tasks will take. You'll want to include major milestones, like site preparation, foundation, framing, wallboard, etc. and the tasks needed for each.

A good schedule highlights all the dependencies in your project proposal.

A happy client knows before the first shovel of dirt how a change in one area can impact the overall timeline.

A proposal should lay out your process

for handling variations, which not only changes how much things cost but also how long the job will take. Your process for approving variations should clearly show the impact on both. The last thing you want is a series of disagreements with clients about how variations should be paid for and worked into a schedule.

2

How to successfully write proposals

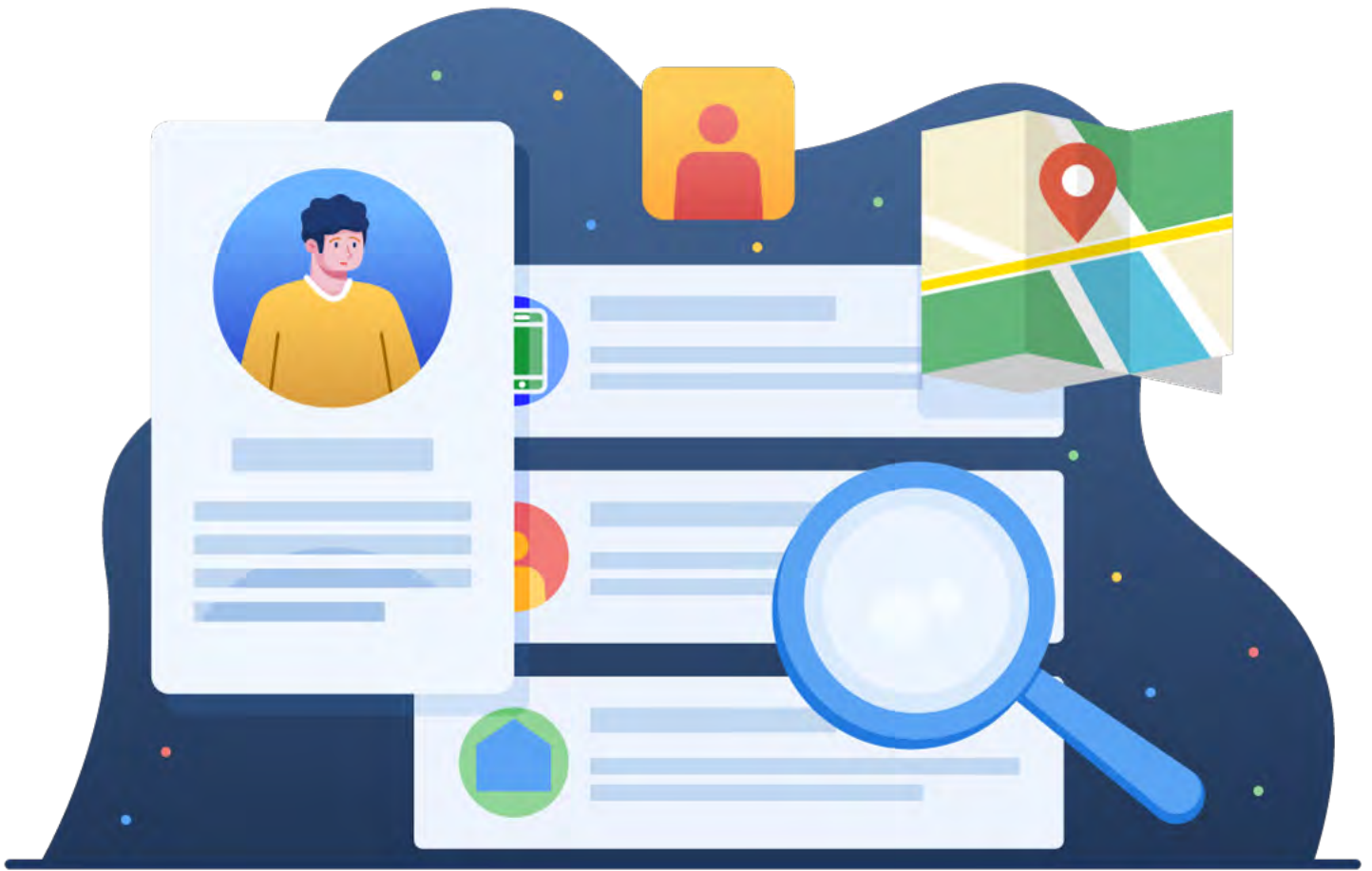


Now that we've outlined the importance and purpose of a construction proposal, let's briefly outline what a thorough construction proposal should include.

A complete tender package should include:

- Client details
- Proposed payment schedule
- Scope of work
- Material, labour and overhead estimate with proper markup
- Complete schedule with agreed starting date and estimated completion date
- Variations process
- Warranty

Client details



Get the basics right and make sure they are in a place where you can easily find them. To have a legal contract, your client's name, address and other details must be recorded and documented on all project documents.

The proposal is also the place for you to document whatever obligations the client is required to provide, such as up-to-date blueprints and other design and engineering documents.

Payment schedule



The first question to answer when setting up a payment schedule is ‘what’s the total cost of the home project?’ That price, negotiated and agreed upon with your client, must be based on your accurate estimate and includes all factors discussed previously.

While your proposal will clearly state your quote, clients often don’t understand how that overall price is paid. The proposal makes this clear.

Cash flow is king. You don’t want to work with money from your own pocket. By making a series of partial payments, your client is fueling their project with the proper amount of money.

Your proposal must set out the terms and conditions for how partial payment is to be made.

It can be based on dates on the calendar or whenever your team hits milestones on the construction schedule. You and the client must decide and agree on this before the project starts, and your proposal sets the stage for this conversation to take place.

Estimate



As we discussed, your project estimate must be detailed, including all direct costs (labour, materials) and indirect costs (admin, overhead and profit). The **best estimates** clearly lay out the tasks and subtasks needed to complete the home project along with their associated costs.

Scope of work

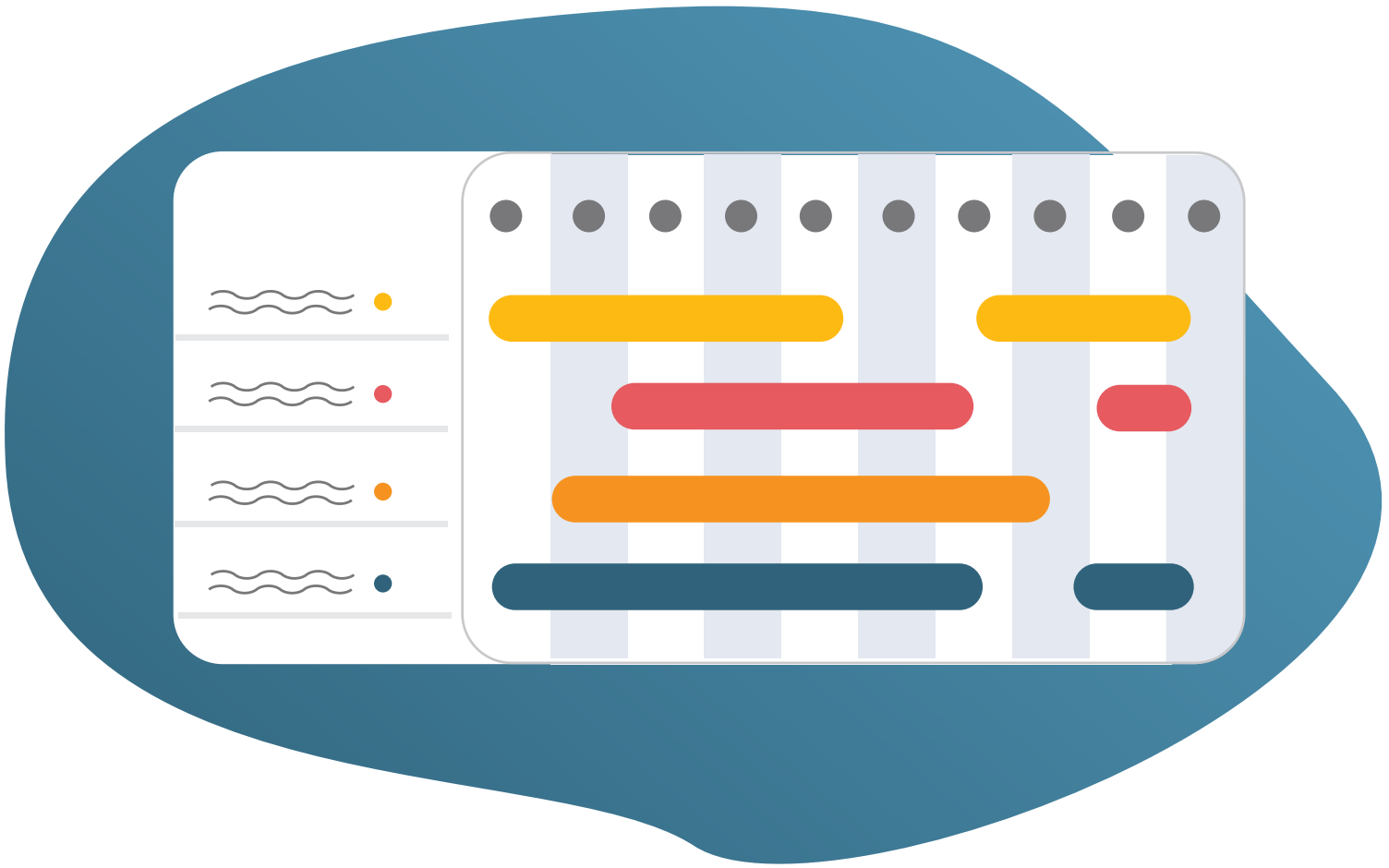


The Scope of Work (SOW) is the core of the proposal. It is where you discuss, in detail, the services and tasks you will provide or not provide. The SOW is supported by a detailed specifications list.

For example, if a specific type of flooring requested is not feasible for your team, don't gloss over this just to win the job. Now is the time to call this issue to the attention of the client and suggest an alternative approach that better suits your business and the needs of the client. The agreed upon flooring material must be listed in the specifications so there is no question as to what's being installed.

Of course, most home builders use subcontractors for various types of work. Be sure the work of all subcontractors is covered in your proposal. Along the way, you'll need to issue and document [Request for Quotes \(RFQs\)](#) to your subcontractor network to ensure the best prices and to ensure estimated prices for labour and materials are accurately included in your overall project estimate.

Project schedule



There are two primary questions to answer when building out the project schedule – when does the project start and when does it finish? There are a lot of details to answer in the time between those dates. As we mentioned, your proposal must set milestones along the way based on a detailed schedule of tasks.

That schedule also dictates when you bring subcontractor crews on site and when to order and deliver materials. Timing your crew and materials effectively is critical to keeping your project on time and on budget.

Variations



Don't forget! Your payment plan must consider how variations are proposed, agreed on and paid for. You need a system for clearly documenting variations so there is no confusion about what is taking place.

Variations crop up in a few ways. In renovations, they can come from unforeseen circumstances, say, mold behind a wall. With new construction, site prep could require complicated grading or moving of unexpected rock.

Whatever the case, make sure your proposal details how variations address these issues.

Commonly, as a project progresses, the client will want to make changes – maybe an upgrade to appliances or paint. The process for covering these types of changes also needs to be in your proposal.

Warranty



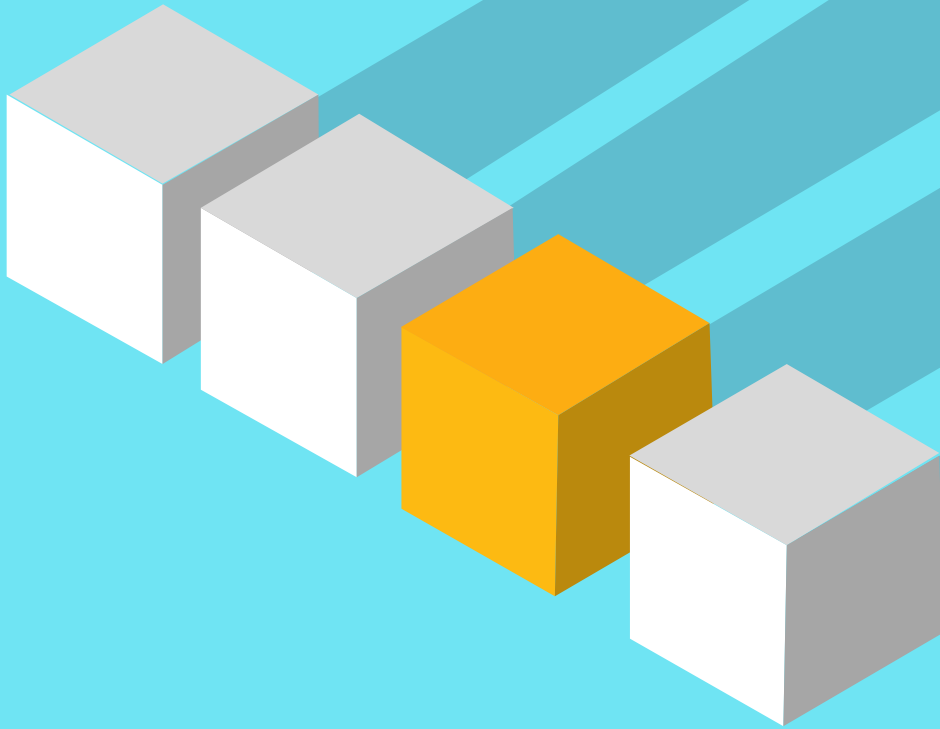
Your final protection to include in the proposal is the warranty. Here you detail what you are willing to rework and under what conditions and payment.

Remember, you may not be responsible for all circumstances that cause rework. Errors and omissions in design, for example, can be the engineer or architect's responsibility. Make it clear what is and what is not your responsibility when it comes to verifying the accuracy of the plans.

Defining these requirements is also the right time to make sure you and your sub-contractors are properly licensed, bonded and insured.

3

Make your proposal stand out



Now that we know what goes into a good construction proposal, let's discuss [how to create a memorable proposal](#) without spending days or even weeks putting it together.

After all, your proposal can't win if it's too late to the game.

First, don't write proposals from scratch. [Create a template](#) based on your most successful projects so you can quickly start on the details of the job at hand.

Templates need to have professional design elements. Your work must stand out to your clients. Adding your logo, photos of past work, and using text fonts that reflect your personal style are all good moves.

The key is to have your proposal scream out loud that you are different and above the competition.

4

The numbers need to add up



When it comes to reviewing estimated costs, be sure your numbers all add up and are supported with good data. For example, make sure material counts are accurate using a consistent, [easy-to-follow process for quantity takeoffs](#).

Your takeoffs need to be supported by descriptions, graphs and photos that source blueprints, material specifications and photographs. [By working closely with your trusted network of suppliers](#), you give your clients a clear understanding of what materials will go into their home project.

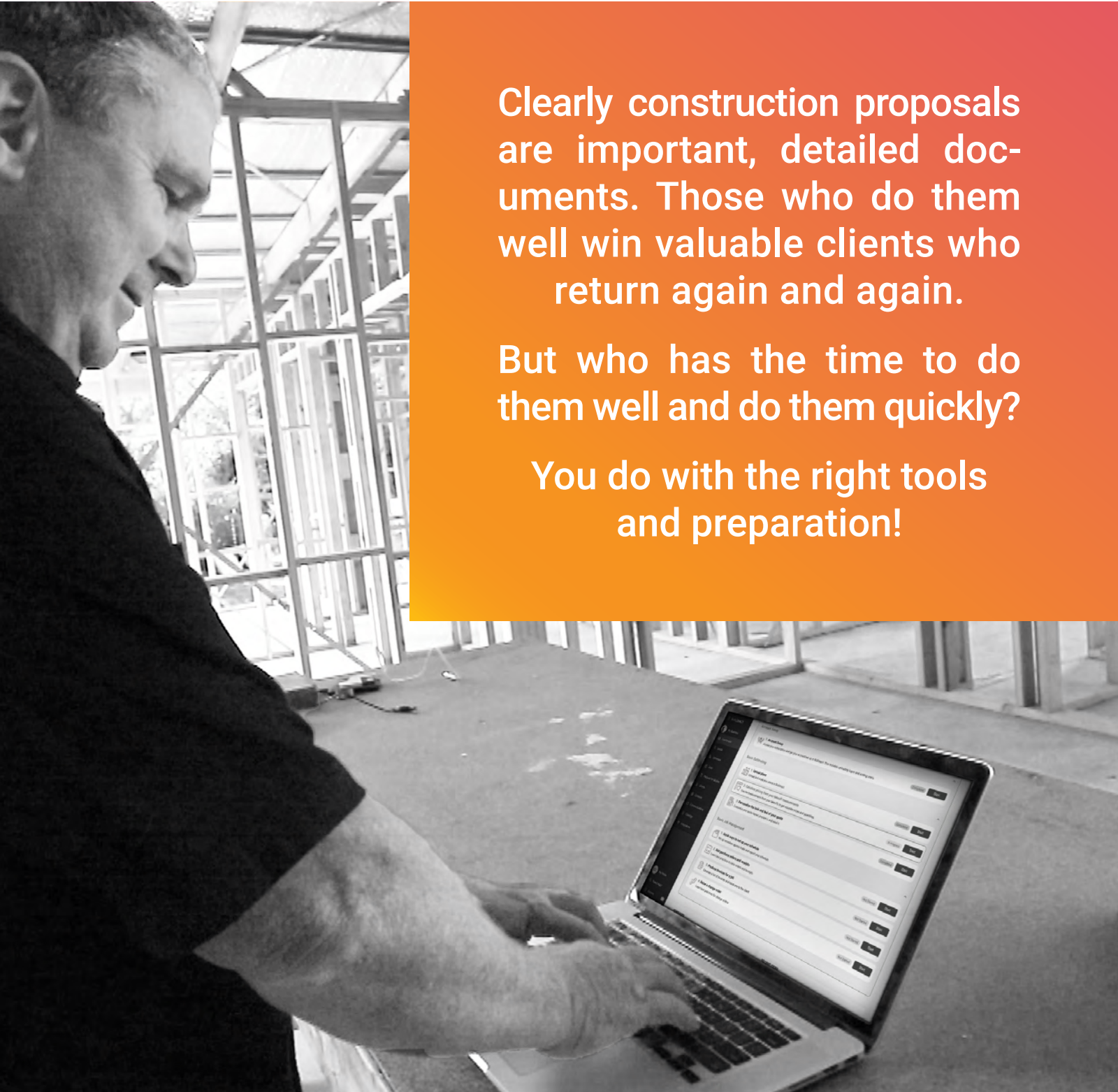
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Use construction estimating software to write proposals

Clearly construction proposals are important, detailed documents. Those who do them well win valuable clients who return again and again.

But who has the time to do them well and do them quickly?

You do with the right tools and preparation!



Using cloud-based estimating software helps you estimate and write proposals up to 80% faster than manual methods.

The best software combines estimating with customised proposal building, specification lists and customer communication features. Software also makes scheduling easy by combining task lists built during the estimating process with graphical scheduling tools that clearly show the sequence and status of work.

Learning how to use estimating software is a huge investment that will save a lot of time in your future.

Imagine taking hours instead of weeks to write a construction proposal. It's very possible.



You can then watch as that proposal becomes an asset for your business that no one else can claim. A successful project proposal fuels your future growth because with estimating software you can quickly recall and reference it from anywhere you have an internet connection. They are online, ready to access from anywhere.

Imagine being able to show potential clients the details of past work in your first conversation with them or even before you meet; being able to easily establish that you have the experience and talent to fit their home building needs.

You'll have past client details easily on-hand, ready to offer references when needed. As your network of references grows, so does your reputation; the kind of reputation that beats out the competition again and again.

As you win more jobs, complete more projects on time and on budget, your profits increase, and your business grows.

It's all possible with a little investment in time and money with construction management software.

Interested in learning more about how construction software fits your proposal building needs? Begin the journey today. Book a demo with one of our Buildxact experts. They have the know-how to get you started.

BOOK A DEMO

Want to start writing that winning proposal right now? No problem. Try Buildxact free for 14 days with our risk-free trial.

START MY FREE TRIAL



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1800 965 597 | Australia

1800 359 817 | New Zealand

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