

# Should you Project Manage your own Self Build

## Should You Project Manage Your Self Build?

By Jason Orme on 02 March 2017

An up to date and exceptionally comprehensive review of “Self Build” routes to managing your build by the **Homebuilding & Renovating** magazine:

<https://www.homebuilding.co.uk/project-management-guide>

There are a variety of different routes you can take to construct your dream home, says Jason Orme. But how do you decide which one is best for you?

For most individuals building their own home, the actual level of physical DIY build is next to nothing. ‘Self building’ encompasses a whole range of different approaches, but as long as you do any of the following, you can proudly wear a badge that says ‘self builder’ on it:

- finding your own building plot
- deciding on an individual house design to suit your own unique needs
- choosing the products to go into that home

The level of involvement you choose is entirely up to you, but of course there are financial benefits of taking on as much of the work as possible, and project management is an area where this is certainly true.

Our project management guide covers the pros and cons of using a main contractor, being your own project manager and using a package company. It also includes advice on cash-flow and tips for successful project management.

Definitions

**It helps to clarify exactly what it is we're talking about when we refer to individual roles in the building world:**

Subcontractors:

A subcontractor is a tradesperson who works for a main contractor. They are the electricians, brickies, carpenters and plumbers who are not paid directly by the self builder. If a self builder is project managing the site, these tradesmen actually become contractors, as they are directly employed.

Project Manager:

One of the functions of a main contractor. Project managers do not necessarily get involved physically on site but are likely to be constantly on the phone, organising trades and materials deliveries. They are responsible for bringing in the building project on schedule.

Main Contractor:

The individual who employs individual tradespeople (such as brickies and electricians) when necessary on a building project. They are likely to have a wide range of local contacts and be able to call on tradespeople at short notice. They are also likely to get involved with work on site and fill in the gaps.

Be Your Own Project Manager

How it Works

The self builder is responsible for the smooth day-to-day running of the building project. This involves:

- interpreting the building drawings on site
- finding, scheduling and directly paying tradesmen, from groundworkers to plumbers
- organising and running the site, from hiring toilet facilities and security fencing to managing health and

safety, keeping the site tidy and dealing with the grey areas between trades

- taking deliveries and working out where to store materials safely
- ordering and paying upfront for materials and ensuring they get delivered when needed
- liaising with warranty and building inspectors.

## Your Input

As above. You'll need to be able to visit the site before work starts (8am is the traditional start of a tradesman's day) and once work has finished, every day until the end of the project. In addition, you'll need to be able to get to the site at a moment's notice to deal with deliveries, meet building inspectors, service providers and so on. There is also likely to be some DIY involvement as you'll need to fill in between the trades.

## Cost and Cash-flow Implications

Project management requires early contact with trades and materials suppliers to come up with a realistic budget – critical if you need to arrange finance, and important to manage properly and keep a tight rein on cash-flow during the build.

As many lenders offer release of stage payments in arrears of work being done, you'll probably need to arrange temporary bridging finance to pay tradesmen at the end of every week. Alternatively, you could investigate specialist advanced funding through BuildStore or Advanced Flexible Selfbuild Mortgage, which will provide money up front.

You'll be able to save the builder's profit (anywhere between 20-40% on labour and materials) but bear in mind that experienced local builders are more likely to be able to negotiate better discounts/trade prices on materials and, to an extent, on labour. Ensure that you establish a relationship

with a local merchant and set up credit terms to help with cash-flow.

## Risk Implications

Risk has a cost implication, and the ownership of that risk has the same monetary value.

When you employ a main contractor on a design and build basis you are pushing all design and risk ownership on to that company. When they price your project they will be building in money and provision to deal with any potential risk they can spot, using their experience and knowledge to try to understand the level of risk, possible costs, and still remaining hopefully competitive in a tough marketplace.

If you are the project manager you are holding ownership of that risk directly. If you manage to mitigate or reduce the risk, then you have saved money and can bask in the plaudits that this brings. But if the risk does become material, and escalates, you do not have any contract or agreement to hide behind, and must pay the costs accordingly.

Typical risks can relate to ground conditions, refurbishment of existing buildings, asbestos, position and conditions of drainage systems, and so on. If you pass this risk down your supply chain, the individual who ends up responsible will make financial provision in their price for this potential cost. So if your appetite for risk is low, then look at a comprehensive contract as soon as possible to pass the risk on, and pay the costs.

If you are a project manager and can fully understand the scope of potential downsides to specific identified risks, you could retain control of these and reap the potential savings.

## Management Implications

As project manager, you need to know technical details,

resources, and stage your project is at. How is it built? How does the frame tie in to the foundation? How is the cladding held up? Do the windows sit flush with the external façade, or in reveals? When does the kitchen require ordering to make sure the end date can be met?

You may not know the answers, but you need to know to ask the questions. As project manager, you are there to make sure that the people and resources you require are working together and fitting into your overall plan. Remember that if you let everyone guess or assume things, you will never ever get the result you had planned.

What resources do you need? For example, who will prepare the Energy Performance Certificate (EPC) for your finished house? The two aspects you need to manage here are: what is an EPC and who can do it? Once these have been addressed, the principle is established and the resourcing to get the EPC can then be put in place.

Similarly, not asking the warranty provider to let you know what stages they want to inspect the works can be costly when you call them at the end and want them to issue the warranty – the more ‘covered up’ the scheme is, the more expensive the policy.

The status of the design is a vital part of your project management thoughts. The more loose and uncertain the design, the less robust and predictable the costs, the timings and the ability to place pre-orders, book manufacturing slots, etc. Hold regular and frequent design team meetings (and minute them with action points!) and make sure you always keep track of what is left to do or is as yet unknown – every unknown aspect will reduce the ability to procure effectively.

Nothing should be left until later, until it has been analysed for critical path impact, cost certainty and availability. Once you understand the process and the programme/flow then

you can decide its importance or urgency, but not before you have done this analysis.

### Project Manager Pros

- You are the boss. Everything that happens comes **under your control** and you should get exactly what you want.
- **You control the programme**, which can be tailored to match your design development – the need to know the tile colour is less critical when the foundations are being dug.
- Direct management of the work can give you **greater flexibility**. You can accelerate or slow down the works to suit your individual requirements – if cash flow is putting pressure on, slowing slightly or delaying the work for a month may well ease this.
- You know you are getting **best value** when you procure, because the process is open and transparent.
- You will **save levels of profit** and overheads by eliminating the main contractor – anywhere between five and 15 per cent is possible
- The final fit and finish and specification is as detailed as you want it to be – as the project manager, you can look at the design, the drawings and the specification, and **add as much additional detail**, samples, mood boards and technical support as you feel is necessary to avoid any miscommunication/‘want of knowledge’ issues with the trades contractors doing the work.

### Project Manager Cons

- **Are you ready for the level of input it requires?** The time required to manage the scheme is always more than anyone planned – your build will require you to be on site each day (or at least a fair part of each day), and your evenings will be spent scheduling, procuring and planning.

- The **emotional investment** required is immense – for every happy, fulfilled day on site, you will have a dark, depressing and debilitating day to match. The nature of co-ordinating trades, supplies, deliveries and site logistics is challenging, and is demanding even to those who have done it for years.
- **Do you have the right temperament for the role?** If you can't bear the thought of conflict with sometimes irate tradespeople, maybe you need to think again. If you know your admin and paperwork skills are poor, you may need additional resources to help you. Do you have a **good head and patience for managing** and predicting the interface between trades, materials and subcontractors – firefighting is not only exhausting but seldom successful.
- You need to be sure of your **contacts and links to the industry** – how will you find bricklayers? Do you know a reliable electrician? Recommendation is useful, but research and more research is vital.
- You are funding the scheme, and are responsible for each payment to each subcontractor and supplier individually – you will need to **set up a payment ledger to manage this**, along with the hassle of individual valuation and measurement of works done every month/week.
- The lack of credit line facility may require **greater cash flow consideration** when self managing. You will need to make upfront payments for goods and fittings, and in many cases the availability of trade discounts will be less than for an established contractor, subsequently negating some of the savings achieved by self managing the works.
- **You will need to carry insurance for the site** – individual trades will hold their own insurances, but these will normally be limited to the value of the works they are carrying out.
- Self-management **requires a level of technical knowledge** to ensure you understand the implications of

the information you are dealing with. You also need to be confident that you can appreciate the subcontractors' requirements, information and demands, and balance this with the legislative and practical demands of the wider scheme.

- You need to be confident with scheduling, programming and preparation of short-term works programmes.
- **Health and safety on site will become your responsibility** overall – the site is in your control.
- **Logistics will require planning** – toilets, craneage, phone line, water, electricity, etc.

The self-managed route is ideally suited to:

People with plenty of time – or a lot of flexibility in their full-time jobs – who can handle stress and uncertainty; those living close to site and able to understand the building process.

#### Tips for Successful Project Management

- Find and contact local tradesmen during the planning process and get them organised ready to start when you need them.
- Run a site office with copies of plans, standard site equipment, a phone and shelter.
- Keep a diary of each day's events and organise your quotations, certificates, plans, receipts and contacts meticulously.
- Draw up a project schedule which will help you organise when labour and materials are required.
- Organise materials deliveries so that you don't have expensive materials lying around in unlocked places.
- Keep the site tidy each day – it will speed up work the day after and minimise accidents.
- Find time to plan. Don't get caught up in the detail of each day's progress – you'll need to be constantly thinking ahead.



- Make decisions early and stick to them – the hubbub of a busy building site is no time to be making snap decisions about kitchens, flooring and design issues.
- Plan ahead and use the slow months before work commences to research materials and ideas thoroughly.
- Account for the VAT reclaim in your upfront cash-flow plans. You will get much of the VAT you spend back in the months after the build has finished, but you'll still need to find the cash to pay for it upfront.

## Build It Yourself: The DIY Route

### How it Works

You physically build the house from scratch yourself. While there are some tasks that you can't carry out without the help of qualified professionals (unless you intend to take training), it is in theory possible to construct a whole house using your own labour. You'll also be responsible for interpreting design drawings, ordering materials (and, therefore, having a good grasp of quantities), liaising with warranty and building inspectors, taking deliveries and organising the day-to-day running of the site.

### Your Input

See above. You'll need to combine the physically demanding tasks of groundwork, bricklaying and roofing with skilled tasks such as plumbing and plastering. There is nothing to stop you mixing your own labour with bought-in labour where required. Bear in mind that your own lack of experience might mean that you are likely to be slower than those around you and you'll need to ensure that you're not holding up the build process.

### Cost and Cash-flow Implications

DIY is the only way to build individual houses for incredibly tiny sums of money. Cash-flow implications are much easier to

manage than with the other routes, as the only outgoings are for materials, for which you should arrange credit terms. You'll need to factor in the lost earnings you'll miss out on – particularly if you're giving up work for a couple of years to take on this role.

### Build It Yourself Pros

- **Massive cost savings.**
- **Complete control** over the project and no worries about finding labour.
- Huge **sense of achievement** and knowledge of every detail of your finished house.

### Build It Yourself Cons

- Factor in the **lost earnings** you're sacrificing.
- **Progress will be a lot slower** than with professionals.
- The **quality of work** produced might not be to professional standard.
- **Warranty and building inspectors are very likely to be a lot more stringent** in their checks.

The DIY route is ideally suited to:

Either people who have been around the building industry and are willing to give up their time, or retirees who have a practical mind and can view the project as a hobby.

### Mix and Match

Many self builders decide to mix and match several approaches. Projects can be split into different sections – commonly up to, and after, weathertight stage is reached – and different approaches taken for each section.

For instance, some package companies might let you take their design services and materials supply up to weathertight stage only. You might feel that you can handle the decorating and landscaping yourself but need a builder to manage the rest of

the project for you. You might want a project manager for the critical first half of the build but feel you can handle organising the internal trades yourself.

It is up to you to work out an arrangement that works best.

## TOP TIPS

**Compromise:** You can save money, save time or ensure top quality, but you can't have all three. Decide on your approach and accept that you will have to invest something.

**Be Realistic:** If you're both running fulltime jobs, managing a building site is not for you. Assess your own situation.

**Put Something In:** Regardless of your route, you'll need to manage your project.

## Using A Main Contractor

### How it Works

The self builder employs a main contractor to run the building site on a day-to-day basis. This will usually involve the main contractor being responsible for:

- organising a smooth flow of labour onto the site when necessary (and paying them directly),
- dealing with the unloading of deliveries,
- organising warranty and Building Regulations inspections,
- running the site itself (e.g. health and safety, toilet facilities and so on),
- working from the design plans.
- The main contractor might also be responsible for ordering materials and ensuring they are on site when necessary.

## Your Input

You will be responsible for hiring the main contractor in the first instance – so choose well. In addition, you'll need to ensure that the main contractor has detailed building drawings to work from and, crucially, a detailed specification of materials – whether he is ordering them himself or not – as early as possible.

You should be prepared to visit the site at least once a week to check on progress, and to ensure that the drawings are being followed, and that the main contractor has everything he needs. It's also important psychologically for the main contractor to see that his work is being appreciated and encouraged.

You will still need to be able to maintain telephone contact at any time for emergencies or questions as they arise – communication is critical to the success of this route.

### Cost and Cash-flow Implications

Although the main contractor will be responsible for paying the subcontractors, you will need to ensure a regular payment to the main contractor. Many main contractors will give a fixed price quote at the tendering stage and will present you with a monthly invoice (showing the balance still owing along with any 'extras') that you should be prepared to pay promptly.

If you are leaving materials purchasing up to your main contractor, be aware that while many contractors have trade accounts (and, therefore, long credit terms) with many key suppliers, you might be required to pay upfront for some items. If this is the case, ensure that you get them ordered in your name.

A main contractor will rely on a percentage uplift or 'add-on' to the quotes he gets from his subcontractors to pay him for his own time. This varies according to the market, but is likely to be around 20-40% on top of labour and materials

prices. However, many self builders who go down this route view the main contractor's margin as money well spent to avoid the stresses and strains of running a building site day to day.

### Main Contractor Pros

- A good contractor will have **experience and insight into the build** and pre-empt many issues before they arise.
- They're experienced in programming and procurement scheduling.
- They are responsible for **health and safety** on site.
- They'll carry **insurances** for the works.
- **Payments and cash flow** of the trades are the contractor's responsibility.
- The **contractor's credit lines** ensure efficient cash flow.
- The range of **contacts and sources of materials** is extensive and generally very reliable.
- The use of a fixed-price contract gives an **element of cost certainty**, which helps both your planning, and the lender's level of comfort.
- **Logistics and day-to-day running should be efficient and timely**, and the site left clean and safe each day as part of the contractor's working practices.
- You **make one payment each agreed period** (usually monthly) to the contractor, which cuts down the complexity considerably.

### Main Contractor Cons

- **Added cost:** the contractor will have built in a level of profit into your contract price.
- The scheduling and programming is out of your control.
- The additional level of communication between you and the trades on site is held by the main contractor, which can give rise to cost increases to cover the **contractor's overheads and management** of any

changes.

- The **solvency of the contractor** is essential to the smooth running of the site.
- The contractor may make assumptions in the event that you are not around constantly – your **specification documentation must be as comprehensive as possible** to avoid unexpected issues.
- Your **control over the supply chain stops with the main contractor**, which is less hassle for you, but more reliance is then placed on your documentation and specification to ensure you get what you think you are getting.
- If you delay or stop the work for whatever reason, the contract may well contain provision for **payment of loss of profit to the contractor** – generally once the contract starts, it is financially vital that it finishes!
- The feeling of empowerment you get from managing the process is lost when a main contractor is engaged – equally, the feeling of despair when it is stressful is lost too!

The main contractor route is ideally suited to:

Busy full-time workers and those who live a long way from their building site; people who have never built their own home before and might not be confident of the process. While you'll still need to be able to get to site at short notice and field telephone calls, it takes the daily stresses away.

Package Company

How it Works

Package companies – also called 'turnkey' suppliers or 'design and build' companies – provide a one-stop-shop solution to the housebuilding process. They usually offer design, labour/construction and material supply as part of a fixed

price contract. While most package companies operate in the timber frame sector, where they offer manufacture of the frame and erection, a few package suppliers offer traditional masonry construction.

The good news is that the traditional view of these companies – that they offer a limited range of standard house designs and tie the self builder into a complete and expensive onestop solution with a modest choice of finishing materials – no longer applies. Most now offer an effective bespoke approach that can be individually tailored to a self builder's requirements and circumstances. For instance:

- offering bespoke designs from an in-house designer
- having a list of approved contractors to choose from rather than a staff team
- the ability for you in some cases to opt out of parts of the package and choose your own finishing materials.

The reality is that the self builder can find a package company that will assist their project in any way they require.

The usual route is for the package supplier to:

- carry out an initial site assessment
- come up with a design and deal with planning issues
- either manufacture the frame or arrange for materials to be delivered (or both)
- arrange labour or assist in finding it (and liaise directly with the labour)
- provide finishing materials.

Some may be willing to carry out project management services.

Your Input

Limited – which is the key reason why people choose this route. In theory the self builder can get as involved as they

would like to, both on a project management or physical basis.

### Cost and Cash-flow Implications:

Most package companies in the timber frame sector require payment upfront before the manufacture and supply of the frame (this was one of the initial reasons behind the conception of the advanced funding mortgages described earlier). Generally package companies, while offering free design services, will require regular payments (as a percentage of the total fixed price contract) throughout the process.

The package company route is likely to cost more than supplying materials yourself and is comparable to getting your builder to supply materials for you. You will save the significant early payments that an architect would require and benefit from the knowledge that the package company's designers are well versed in relating their designs to your build budget – something independent architects are not necessarily renowned for. This alone makes the extra costs worthwhile for many self builders.

### Package Company Pros

- Saves dealing with architects and **ensures build costs are realistically tied in with the house design.**
- The most **hassle-free** way to build.
- Many package companies have lists of approved contractors, **bypassing the difficult issues of finding labour.**
- Package companies provide **reassurance and moral support** during the process.
- Their **buying power enables them to negotiate discounts** with key materials suppliers that individuals might not be able to enjoy.
- Some package companies provide assistance with initial issues, like **finding and assessing land, planning permission and Building Regulations**, that would



otherwise be left to the self builder.

### Package Company Cons

- Limiting your own input invariably means paying for someone else's – this is **not a cheap alternative**, although it might be cost-effective.
- The quality of the design depends on the skills of a **limited choice of in-house designers** – some are great, some are moderate.
- Some package companies offer a **limited choice of finishing materials**.
- Many require **significant upfront payments**.

The package company route is ideally suited to:

Self builders who require a helping hand with their project, because they are busy or inexperienced in the building industry. Package companies provide solutions to the numerous problems that self builders face: from finding and assessing land to finding labour.