

SOURCING MATERIALS AND PRODUCTS

SLIDE 01

Step #27, is "Sourcing materials and products".

SLIDE 02

And so in this step, I'll be sharing how to navigate sourcing materials and products with sanity.

SLIDE 03

When you get to the pointy end of your project, and you're nearing construction, budget management becomes very nuanced and nitty gritty. At this point, you can be figuring out whether it's worthwhile making specific choices to save a few hundred dollars, or even a few thousand.

Whereas earlier decision-making in your project can often relate to tens of thousands of dollars and be more impactful and significant.

As part of that nitty gritty budget management, many review whether they want to source their own products, fixtures and finishes, to try and reduce the builder's margin, or potentially secure items for cheaper prices.

And so, it's important to be aware of what to consider in making these decisions, and how to manage your risk in your contract with your builder, and in your project overall, so you can protect yourself and the long-term performance of your home.

Whoever is sourcing them, ensuring your selections, fixtures and finishes are all accurately documented is an important part of your project documentation overall. That's why I shared my Selections Schedules in Step #18, so remember to refer to those in this Step as well.

If you are planning on sourcing your own products, materials, fixtures and finishes and keeping them out of the building contract, this can come with problems. So, let's talk about the things to be aware of, especially if it's something your builder is suggesting to you.

This is something that can also sneak up on you if you're working with a builder who is putting a lot of your contract costs into Provisional Sums and PC Items. As I've mentioned earlier, you want to avoid putting too much into those areas of your contract, because they're directly subject to variation costs if they end up being more than the amount allowed.

However, if you haven't made decisions ahead of time, or there's lots of variability in the potential cost of your decisions, because, say, prices are moving quite rapidly in construction, or there's industry issues with supplying specific things, or there's a big area of unknown because a builder hasn't been able to do effective exploration, which can sometimes happen in renovations and repair or refurbishment of the existing home, then they'll end up in Provisional Sums and PC Items.

Pay attention to this area of your contract, and see what you can do to firm up those prices or remove items from this area of your contract prior to signing it.

SLIDE 04

So what happens if you stuff this step up or you skip it?

SOURCING MATERIALS AND PRODUCTS

When you source your own products and materials separate to the builder and their contract, you can run into issues about who is ultimately responsible. And that can bring drama and hidden costs.

You can also experience issues with warranties, delays on site and theft coverage. Ensuring that you can have the products you're responsible for delivered in a timely fashion, arrive undamaged, and then not get damaged during construction, can be challenging.

And if you're working with a builder who doesn't give you a lot of warning about when things are needed (which hopefully you're not!), then you can find yourself having to drop everything at a moment's notice, and paying for increased shipping and courier costs to get things to site on time. This can cause headaches for all involved, especially if you're juggling your time with other demands and can't necessarily handle things like this at short notice.

SLIDE 05

When you get this step right, this is about ensuring everyone is across what you're doing, and your expectations are all established with your builder.

Some builders will not work with clients who want to source their own products and materials separate to the building contract. Some builders are happy to do it. Some builders will suggest it, largely so they can outsource the responsibility around timelines, particularly when there's big delays being experienced on specific products and materials in the industry. If you're sourcing these things, those delays become your issue.

However, sometimes savings can be possible. You'll most likely still be paying for the builder to handle and install these items. And sometimes you might be able to pay the supplier directly, but the builder is still responsible for ordering the item (and so they may charge an administrative fee to do that work).

However, if you're navigating your project this way, the best way to keep sane is to have flexibility in the products and materials you're choosing.

Working with an overall palette, or holistic look in the finishes and colours you're working with, can give you some scope to switch things in and out should supply issues, or price changes, require it. And that will help you juggle things overall, and prevent your project from being held up just because those particular tiles aren't going to be in the country for another 3 months.

SLIDE 06

So, when it comes to sourcing your own products and materials, my suggestion is to source local where possible. Over recent years, the cost of importing has dramatically increased, and the delays being experienced in delivery times are quite significant and often unpredictable.

Sourcing local will also lower your carbon footprint, which can be helpful for the sustainability of your home, and there's loads of great local suppliers who aren't necessarily more expensive.

I've found homeowners can order things directly and online from China because they seem so much less expensive. But then they're having huge issues with things arriving damaged or not as they expected, and there are follow-up or warranty issues. When things are built into your home, and the

SOURCING MATERIALS AND PRODUCTS

removal and replacement of them can impact the construction and finish of other things, it can be a nightmare to deal with. There's also been issues around fraudulent Australian Standards certification in imported products, which is problematic to deal with in the long-term durability and safety of your home.

Do you remember all that exploding glass on high rise buildings a decade or so ago? It was due to glass being imported from China with fraudulent Australian Standards certification. The glass wasn't properly toughened, and when it contracted and expanded with changing temperatures, it weakened it, and caused fractures that then meant the facades of these buildings were exploding and dropping glass on the footpaths below.

Pool fencing has had similar issues, because you can source it very cheaply from China, however for some, the metal has corroded quickly, and glass panels have not been suitable.

So, anything you're sourcing from any location overseas, check its compliance with your local regulations and how that's been confirmed.

Also be aware of the risks associated with pulling it out of the builder's contract and being directly responsible for it. Here's a few things to be aware of:

- Who pays for it
- Who is responsible if it turns up and there's a mistake with the order or parts missing or damaged?
- Who warrants it?
- Who is responsible for providing information on how it is to be installed (because warranties can be voided if it's not installed as per manufacturer's specifications)
- What are the lead times?
- Where will things be stored?
- What happens if it breaks down or gets damaged after it's installed - who replaces it, and who pays for the replacement or fixing of anything else that needs to be replaced as part of fixing it?

This is a BIG topic to work through, so I've actually got two podcast episodes that I recorded in early 2021 that deal with the range of issues associated with sourcing your own products and materials. I've put these in the resources, along with their transcripts, so you can refer to them and learn about this in more detail if you are planning to run your project this way.

As I said earlier, a key way to make this work for you is to create an overall look or direction for your home. An interior designer can definitely help you do this as a starting point, and enable you to have some flexibility in the choices you make. The more attached you are to really specific products, items, fixtures and finishes, the more fixed you'll need to be about your budget, their availability, delivery timelines and even ordering things ahead of time to ensure there's no issues. That's not to say you can't have the things you want, but just be aware that, in challenging times in the industry, that may mean some different procurement strategies.

Some builders have storage facilities purely so they can order a client's materials and products at the beginning of their contract, and lock in the cost of those items early, and as close to contract preparation as possible. And then that may mean you having to pay early for those items in your progress claims, or directly, but not seeing them installed on site for some time. This can ensure you

SOURCING MATERIALS AND PRODUCTS

have the items when you need them, but can totally change your cash flow in your project.

SLIDE 07

Check the Cost, Time, Team, Design, and You icons below this video for some extra notes on considerations to keep in mind for Step #27.

SLIDE 08

In the Resources section, under Step #27's resources, I've included some helpful links for you plus I've also added some links to relevant blog posts and podcasts you may find useful for this Step.

SLIDE 09

Check below this video for more information on the specific bonuses included for Step #26.

SLIDE 10

Be sure to check those out, and mark this Step #27 complete, so you can move onto Step #28.

END OF TRANSCRIPT