



# Budget and Scope are Key in Building Design Projects

by James A. Kerns, P.E.

When contracting for a building design project, one of the primary concerns for a Design Professional and potential Client should be the professional services budget.

The key to an accurate budget is a well-defined scope of services. How should one address the formation of an accurate budget?

### Design Proposal

First, look at potential problem areas. For instance, it is not uncommon that a design proposal is written in narrative form that seemingly contains impressive detail about the proposed project scope and related services. However, when carefully read, all of the seemingly detailed narrative can be interpreted by various readers to have completely dissimilar intentions.

**Solution:** Every word has meaning – keep it succinct.

### Milestones of a Project

A second problem area is the readers' understanding of the flow of a design project. What are the milestones that can be measured by the Design Professional and the Client?

**Solution:** Separate the proposal by phase.

Historically, in the building construction industry, there are five phases necessary to complete a building design project.

1. Schematic
2. Design Development
3. Contract Documents
4. Bid
5. Construction phases

Separating the proposed scope by phase clarifies milestones that can be measured qualitatively and quantitatively. When a milestone is reviewed and approved, payment can be made in accordance with the contract terms.

### Proposal Details

Now that you have written a succinct narrative with appropriate phase descriptions, is it detailed enough for the client to appreciate the extent of services provided by the Design Professional?

**Solution:** Use a spreadsheet to provide descriptive line items with related labor hours and costs.

By using a spreadsheet, line item scope descriptions can be summarized vertically and horizontally resulting in a spreadsheet that provides labor hour and costs subtotals for each phase and totals for the entire project.

Even for a relatively simple project, there are a considerable amount of detailed services provided by the Design Professional to complete a project. Put it in writing. Review it in person with your Client. If both parties agree to the scope of services, initial the document, then file it in the project administrative folder.

### Scope of Project

Okay, both parties have met and thoroughly discussed the scope of services and budget. Both parties have a clear understanding of their respective responsibilities. Where's the next land mine?

Perhaps the most common contributor to design projects exceeding the budget is "Scope Creep." Sounds scary, doesn't it?

Scope Creep is a term used to describe changes or additions to the project scope after work has begun. How can Scope Creep be avoided without adversely affecting the relationship between Design Professional and Client?

**Solution:** Share the scope of services and related spreadsheet with key project members. If a new member is brought into the project, review the scope with them. Refer to the scope of services at project meetings and at project milestones.

If the scope of services needs to be adjusted, both parties will be prepared to discuss adjusted services and costs based upon a clear understanding of the contractual obligations of each party.

Taking the extra time to monitor a well defined scope of services can save significant amounts of time and money, and put your project on the fast track to success while keeping costs within the project budget.

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