



ALAN JESKEY BUILDERS, INC
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BEST BID

How Is It Determined?

*A Guide To The "Right Choice"
& Positive Results*



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www.ajbuilders.com

Σ EQUATION FOR SUCCESS

**[SUM Σ ((X) contractor + (Y) decision)
=
RESULT (Z) The Right/Wrong Choice?]**

As a responsible community partner Alan Jeskey Builders is providing this educational information to our prospective customers. It is our hope this booklet benefits those individuals responsible for selecting general contractors with a meaningful format to make the right choice. A few things to remember: price is very important but "it should be the last criteria used" after filtering out competitors based on experience, history, reputation and capacity. General contractors are not commodities.

All of us at AJB would very much like each prospective customer reading this booklet to choose our company and experience the customer experience developed after 22 years and many thousands of projects; however, the reality is that we will not be that lucky. Therefore, it is our wish that you are able to make an educated and informed decision. An educated approach, a good decision and the right choice create positive results. Please take a few minutes to read and understand.....make the right choice.

It is our very sincere wish this information provides value and a logical approach that can be applied and produce satisfying results. It is our hope that AJB becomes your contractor of choice; however, if not, we wish you the best and are hopeful that we may gain an opportunity to provide solutions to your future building and construction needs.

How do I Determine the Best Bid?

Experience - History - Reputation:

- Learn and know this about each prospective contractor (all contractors are not the same). Take the time to do the homework...you will be glad you did.

New and Younger Contracting Firms:

- Statistically 90% of new businesses are out of business in less than 5 years
- Most new contractors evolve from someone having very good trade expertise. Do they have the business, management and leadership skills?
- Be careful of becoming the latest experiment on their never traveled path to learning what it takes to be a successful contractor.

References from Past Customers:

- Each should be checked and compared

Current and Past Legal Issues/Lawsuits:

- Do not get caught in fallout from legal issues. Again, do the homework.

Ask for Subcontractors/Vendors References:

- Those treated well and paid on time give preferred pricing and perform better than those who are not. It makes the difference between getting a subcontractor's "A" team or "C" team on your project.

Communication is Mission Critical:

- Interview the Project Manager or Superintendent to determine compatibility. Good communication tends to simplify confusion and promote understanding giving rise to a much more enjoyable experience.
- Discuss your expectations, scheduling, job site safety, treatment of subcontractors and any other pertinent criteria. A good, old fashioned conversation can help to gauge how much experience each contractor has with building projects similar to yours, especially if your project is fairly technical or complex.



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Budgets:

- A great tool for providing "Ballpark" Numbers'. The quality and accuracy of a budget is only as good as the initial information provided.
- The greater the generalities and less specifics proportionately increases the likelihood of being "Low-Balled" on a project.
- "Low-Balled" - intentional submission of a low price to gain the contract, increase price by change order and increase the original budgeted cost to a new and higher "True Cost"(see - "True Cost" of the "Low-Bid") Be very cautious with reliance on budgeting based on vague information and generalities. The more detailed and specific the information the better the budget.

Once you've narrowed your choices, it's "NOW" time to compare costs.

- If all other criteria are fairly equal, you should feel comfortable choosing the low bidder at this point.
- It is critical to remember that a small upfront price difference does not justify selecting a less qualified contractor, so be sure to evaluate the company thoroughly before awarding a contract.

Conclusion:

The "low bid concept" tends to reward those who make the most mistakes, cut the most corners, or who take the greatest financial risk. Reliance on vague information and ballpark budgets may lead to erroneous results. None of these are recipes for collaborative success. Instead of watching out for the customer's best interests, some contractors are rewarded for producing a lowest cost interpretation of an imperfect set of documents. A "get the job first, figure out how to make money later" mentality prevails. Regrettably, for the customer, costly change orders and construction delays ensue. Under the "low bid model" the prevailing results may produce adversarial conflicts with each side having competing interests. Resolving these kinds of conflicts are often time consuming and costly; thus, creating surprising, unintended consequences and costs.

“Please spend the time and do the homework. Be informed. Make a good choice. In the end - You will know if you did.”

The "True Cost" of the "Low-Bid"

When adding up the problems which usually accompany the "Low-Bid" and arrive at the "True Cost", you may be surprised to see how much the low bid is actually costing in terms of dollars and "sense". We often hear, "My company policy requires that each job must be awarded to the lowest bidder." This may appear to be an effective selection method, it often fails to take into account the qualifications and reputation of the contractor. Low-bid strategies tend to be more costly in the long run in terms of project delays, conflicts or other issues. Sorrowfully, we have seen owner's agents and representatives cast aside and replaced, time and time again, for following this policy; yet they are held responsible for the fallout relative to such a business practice.

RESOURCES:

Contact the Better Business Bureau (BBB)

Phone: (702) 320-4500

Website: www.vegasbbb.org

Question: Are they a member in good standing? A member must maintain the BBB's highest standards of excellence.

Contact the Nevada State Contractor Board

Phone: 486-1100

Website: ww.nscb.state.nv.us

Question: What is contractor's history, length in business and license?

If you find the process to be overwhelming or undoable given time, AJB can recommend several outsourced expert and professional services to provide unbiased research, bid analysis and final recommendations to simplify the decision process.

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