

saving costs

in recessionary times, the budget draws a hard line.

by cheryl weber, leed ap

The events of the past two years haven't changed much for the top tier of clients—the wealthiest subset who are true patrons of art and architecture. Fortunately, there always will be people for whom a stated budget is just a suggestion, a number to be cheerfully revised as the possibilities for their dream home unfold. As architects move out of that rarefied realm, however, budgets become more fixed, and in the current economic chill, that condition has spread more broadly. Only a tiny fraction of the population can now say with confidence, "Sure, let's spend an extra 30 percent on our house."

Now more than ever, architects who hope to increase their market share must respect their clients' limits. More importantly, they need a clear understanding of costs, a process flexible enough to adjust as the project evolves, and the creative know-how to do more with less. As project budgets shrink, the questions arise: In a messy venture like construction, what does it take to meet a budget dead-on? What phases are most vulnerable to cost creep, and how do you hit



Richard Borge

the sweet spot: a stellar design that doesn't break the bank? Perhaps harder still, how do you help clients untangle the strands of emotion and desire that bind them to unattainable dreams? These challenges are nothing new, but it's certainly a good time to revisit them. Architects who win the financial confidence of clients may well be the

busiest in coming years.

If anyone has answers, it's the firms who've established a reputation for award-winning design that's priced somewhere between mass market and luxe. Whether a budget is high or low, they've perfected a way of working that's attentive to both the big picture and the line item costs. Ultimately,

those skills aren't so much about being frugal as they are about smart stewardship and the peace of mind that comes with it. "Three years ago, clients would start by saying, 'I've got a budget,' and then say, 'I really did want that stone fireplace for \$45,000,'" says Dale Mulfinger, FAIA, a principal at Minneapolis-based *continued on page 21*

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SALA Architects. "Now they just can't do that."

show me the money

If clients are listening more carefully to the money discussion, architects are working harder to keep the conversation going. "The question I pose to clients is, 'How best do we spend the money you've got?'" says Canadian architect John Brown, RAIC, who heads up housebrand, in Calgary, Alberta. "The details we develop at the beginning of the project are a strategy for

how to proceed, but the design and budget are living documents that continue to be transformed over the course of the project. It becomes a process you're engaging in, not a project you're just executing."

That's easier for design/build firms like Brown's, which are a step ahead with this mind-set. Because the firm's personally collecting price information, it knows in an intimate way what things will cost, and therefore what kind of roof and windows the client can

afford. Employees at housebrand, where work typically falls in the \$250-to-\$300-per-square-foot range, guide clients through a five-page boilerplate budget to send a clear message: Here's what things cost; tell us how you want to spend your money. "When we start a project we'll take a budget from that five-page paper and say, 'This is what we'll use as a model; we anticipate spending \$12,400 on insulation in the walls,'" Brown says. "As we adjust the choices, the numbers go up and down. We're close to the budget right off the bat."

Interior finishes, which make up 50 percent of the project cost, are a minefield for overruns. Taking a page from retail, housebrand tries to limit budget-busting decisions with its "samples bar," a wide-ranging collection of handpicked materials and products that offer the right combination of price, aesthetics, and environmental performance. "I'm as proud of our cost-control process as I am the way we detail our projects," Brown says. "It doesn't matter how beautiful something is if it's unaffordable. That just marginalizes architects."

Chris Krager, AIA, principal of design/build firm KRDB, in Austin, Texas, takes a similar approach. He breaks the budget into three metaphorical pails for clients: soft or fixed costs, such as site work; the guts and bones of a house (performance

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the architecture of choice

With their dream home still a gleam in their mind's eye, it's not always easy to gently maneuver clients into making decisions that are both in their best budgetary interests and that they can live with happily ever after. When desire bumps up against financial limits, Dan Goldstein, assistant professor of marketing at the London Business School and editor of *Decision Science News*, says the issue is how you frame gain and loss. Help them "realize that everything you do to the project is both a gain and a loss," he says. "You add a feature, you gain the feature but lose money. You remove a feature, you lose the feature but gain money. What matters is whether the decision maker is focused more on the loss or the gain for any of these decisions."

Kord Brashear, senior brand strategist in the West Newton, Mass., office of the consultancy Continuum, takes that concept a step farther. "Users come first, and we're focused on what people really need," says Brashear, who specializes in the psychology of experience. "But what we've discovered is that often people have a hard time knowing or articulating what they want. It's important to help clients set priorities, aligning early and often on what you and the client are trying to accomplish together." Another way to look at it is to realize that meeting the clients' needs is ultimately more important than the specifics of what they're getting, he says. "If you deliver what's truly meaningful, they won't miss what's not there."—c.w.

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elements such as framing, insulation, windows, and HVAC); and materials and finishes. “We talk about the budget as a finite bucket of cash that they pour into these other buckets,” Krager says. “I try to convince people to focus their efforts in the middle bucket. Yes, it might cost 15 percent more to get better energy performance, but the lower operating costs will net \$50 in your pocket every month. That conversation has become easier in the last couple of years.”

Detailing makes architecture expensive, and KRDB is a connoisseur of simple moves. It aims to accomplish a lot before moving to that third pail by manipulating spatial quality through orientation, window placement, and layout. In addition, the architects don’t mind specifying basic tile for tub and shower surrounds, sealed concrete floors in slab-on-grade homes, and simple trim rather than trimless sheetrock—detailing that only designers notice. Because they build, they also consider the implications of what they’re proposing. “In most firms there’s a hand-off of intellectual property,” Krager says. “When there’s novelty you inevitably get a surcharge, because of the unknown. Our stable of subs knows how we detail things.”

Design/build or not, working with the right subs can save big bucks. John T. Holmes, AIA, a principal of Holst Architecture in

Portland, Ore., takes the time to find people who are experienced with the materials he wants to use or who are willing to experiment. The firm also draws reams of construction documents showing specific conditions and details and puzzling out the systems that run through a building, since subs don’t always talk to each other. “If something’s not drawn, it’s an opportunity for the contractor to ask for more money,” he says. “If you have a duct running through a beam, someone will be asking for more money.” (For more on Holst, see pages 32–37 in the January/February 2010 issue.)

Many architects’ alliances have shifted post-recession. In the past, Chris Pardo, principal at Seattle-based Pb Elemental Architecture, struggled with contractors to get details built to spec. Now he’s teaming up with them to find cost-savvy solutions. When a \$90,000 storefront window system was out of reach on a recent commission, Pardo spec’d a \$14,000 standard window system and had the roofing contractor extrude an aluminum frame. “We’re carrying a lot of the load to find the best prices and alternative materials,” Pardo says, “but the recession has helped us provide better service by knowing the cost threshold between different options.” The firm, whose designs range from \$130 to \$170 per square foot, also spends more time helping clients parse the differences between grades of materi-

als like drywall and hardwood and re-evaluating whether they can even tell the difference.

“These days there is a just-enough mind-set,” agrees Gary Earl Parsons, AIA, of Gary Earl Parsons, Architect in Berkeley, Calif. Parsons says he finds the most satisfaction in projects that have many constraints. He, too, gets the trio of architect, client, and builder together as early as possible. “Bright builders can recognize intent and suggest simple ways of achieving it,” he says, adding, “I recommend that clients strive for spaces with beautiful light, and that they pay particular attention to surfaces they will actually touch. In this way, modest spaces become very rich.”

crunching the numbers

Following that logic to developer-led projects, William Moore, AIA, principal of Sprocket Design-Build in Denver, says an additive approach results in less anxiety and fewer changes. To meet developer price points, he’s designing buildings with fewer structural gymnastics like cantilevers and complex roof forms, which create unknown costs, and townhomes might include roof framing for a future deck. Expensive materials are used in smaller quantities—say, a recessed entry that’s all wood. And unfussy, locally available materials such as cedar are his first choice. “Clients are more

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conservative in general now and are good partners in this exercise," he says.

To hit the magic low number, some sustainably minded firms are inching closer to design/build. Contractors possess an on-the-ground intelligence that architects don't, but even the most sophisticated tend to overprice green technology. That's why the development company Postgreen and Interface Studio Architects, which partner to produce high-performance infill homes in Philadelphia, decided to bring the mind meld in-house.

After building several small, LEED Platinum-level houses that people with average incomes could afford, the partners recently hired a construction manager to oversee the next projects. "We'll have that person pricing out different methods of building foundation walls, so that they perform better, and figuring out whether we can do the next round for the same or a lower price," says Interface Studio principal Brian Phillips, AIA, LEED AP. What's more, Postgreen president Chad Ludeman estimates the move will cut construction management costs by three-quarters, assuming they build 15 or more units a year.

Designing a high-performance stock house for \$200 to \$250 per square foot means getting gritty about the numbers. Interface Studio's houses

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—john brown, raic

feature flat façades with one cladding material—fiber cement—and there's less tinkering with how the building fits the site (although buyers are allowed to upgrade the interior finishes). These infill solutions don't appeal to everyone, but their enthusiastic response suggests a shift in values.

"None of these houses started with clients who said, 'I want a house that represents me and that will get published,'" Phillips says, "but a lot of our custom home clients appreciate the look that comes out of an economy-minded thought process. One person wants to spend \$750,000 on a house inspired by 100K [as the prototype homes were called]. Essentially, it means they're looking to get more for their money and are willing to listen to what that means."

reconciling means and dreams

Despite the simple math of what it costs to build or renovate a house, many clients cling to denial. They dream of the stone flooring they saw in a Tuscan hotel, or a sunken living room with walls of built-ins. In those situa-

tions—often against their best interests—architects also serve as pragmatists, teaching clients to embrace constraint rather than fight it. "We regularly find ourselves telling clients they can't afford something," Phillips says. "It's a weird position to be in."

"It's about balancing the left and right brain," agrees Dan Maginn, AIA, LEED AP, a principal with el dorado in Kansas City, Mo. "A lot of clients have an idealized version of how they live. My job is to ask detailed questions and help them be consistent and focused."

That idea brings to mind the bestselling 2008 book *Nudge: Improving Decisions About Health, Wealth, and Happiness* (Yale University Press). In it, authors Richard H. Thaler and Cass R. Sunstein teach us how to steer people toward sound decisions without taking away their freedom of choice. A good rule of thumb, they write, is to assume that small details have the power to focus users' attention in a particular direction.

SALA's Mulfinger has been practicing that

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approach for some time. For him it means directing budget-conscious clients to the right places for their purchases—Sears instead of France, for example. He also gives them strategies for staying on top of the budget. One is to reduce the number of vendors that have to show up at the site. Instead of tile, he might suggest sheet goods—plywood, linoleum flooring, or a fiberglass shower surround. “It directs people toward an attitude that gives them a sense of economy and can still produce quite a nice place,” he explains.

Anticipating the inevitable budget creep, Mulfinger also shoots a little lower than the stated price range,

while demonstrating that clients can have quality. An all-wood cabin interior is beautiful, he might tell clients, but you also can paint drywall a rich color and use just a little wood. By selecting a lower-grade window you’ll still have high performance, just fewer size and color options.

“Often, the best strategy is to create the least expensive house they’re willing to accept,” he says. “If that price comes in below budget, they can add costs later. But if you do it the other way around, it’s more difficult to pull costs out and still get it to look good. Or the client is so in love with the stone they can only get from the Colorado Rockies

“a lot of our custom home clients appreciate the look that comes out of an economy-minded thought process.”

—brian phillips, aia, leed ap

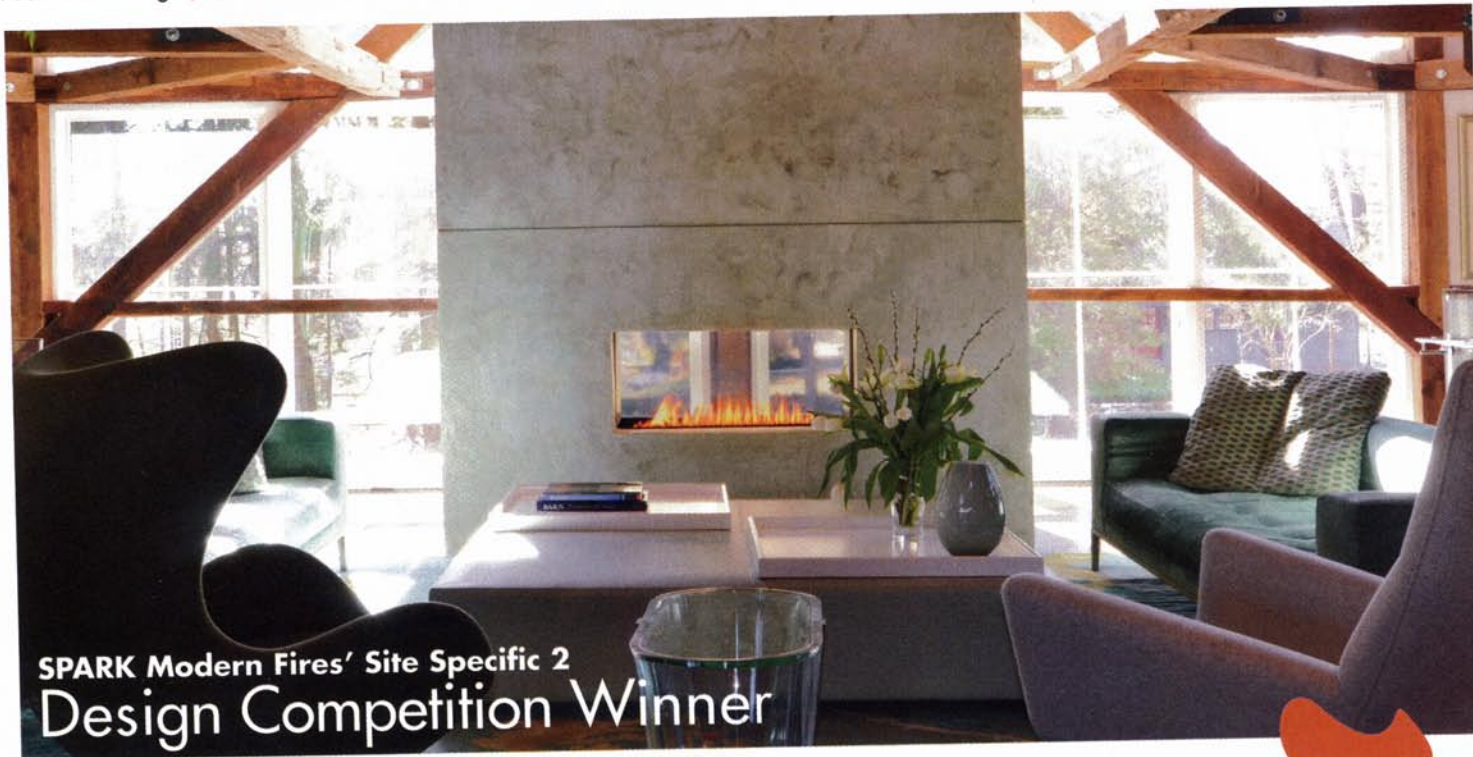
that they feel they’re getting less if they can’t have it.”

In short, it’s a better experience to upgrade—and that’s true in the builder relationship, too. “If you bid it out and at the last minute the client wants to upgrade to better stone, the builder just sees the price of the stone and doesn’t put in extra costs,” Mulfinger points out. “If you’re doing that in reverse, the added costs are already built in, and when

you downgrade those costs don’t get taken out.”

Everyone dreams of the extravagant commission, and few are handed that gift, even in the best of times. But being budget-conscious on behalf of clients is satisfying in its own right. “I think of it as a great learning opportunity,” Pardo says. “The more opportunity we have to focus on costs, the better we are as architects.” ra

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