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Introduction



The aim of this stage is to choose a procurement option that will achieve your vision.

This stage establishes a process for achieving the aims and objectives defined in your Outline Brief (see Section 1 of this guide, 'Prepare'). In order to do this, you will need to:

- understand the different options for designing and building your house (procurement)
- select the option that suits the level of involvement you want in the design process. This will be based on factors such as the degree of customised design you want in the house, and your budget.

How good planning helps your project objectives

The aim of this stage is to choose a procurement option that will achieve your vision and suit your individual needs throughout the project. It is important to note different procurement options require engaging professionals at different stages of the process, and will require different levels of client interaction and commitment. Taking time to understand the pros and cons means you can make an informed decision and establish a process for the rest of the project that best suits your needs.

Key Activities

Understand procurement options

Procurement options define a project's overall process, the members of the project team, and the interactions between them. In New Zealand there are three main approaches to the design and construction of a house. Understanding the differences between them will help you select the best one for you.

1. **Custom Design:** You commission an architect or architectural designer to translate your specific needs into a house design. You will be responsible for choosing a builder and agreeing with them the process to manage construction.
2. **Design & Build:** This process is led by a builder who will choose an architect or architectural designer to design a house specifically for you and your site. It typically involves a fixed price for the design and construction of the house.
3. **Housing Developers/Group Housing:** This is typically a package including a standard design, project management and construction. Land and house packages may also be offered by these companies.

The option you choose will impact how much input you will have in the design process. A Custom Design project allows the most input as you will work closely with your selected architect or architectural designer on all details of the project. Group Housing has the least input as you will select a pre-designed package, and Design & Build lies somewhere in the middle.

Although these are the three main options, it is important to remember that there are many possibilities within each of them. The main difference to you will be how much input you have into the design, and how much responsibility and risk you have for the overall process.

Understand project management options

In addition to selecting a procurement option, you will need to decide who will manage project costs, contracts and quality control throughout the process. There are different people that can be engaged to perform these tasks, although their roles may vary:































- **Project managers:** They are trained to understand and coordinate the whole construction process. They may also be able to manage costs, manage contracts and keep an eye on quality control from a construction perspective. It is important to remember project managers are not design professionals and are less able to make informed and integrated decisions balancing design quality with time and cost.
- **Architects/Architectural Designers:** Their expertise allows them to administer contracts and they can be engaged to lead the contracting process as well as providing site supervision. As skilled design professionals they are best placed to provide advice across budget, quality and time issues.
- **Builders:** As well as constructing the house, builders can take on the role of hiring subcontractors, getting materials and organising inspections. Ultimately, they are responsible for quality.

Engaging one of these professionals to manage the project will incur a cost, but their expertise could save money and time as the project progresses, and improve the quality of the end result. If this is not an option, you should consider your capability to undertake these responsibilities.

Define your roles

At this stage you should define the role you will take in the project based on your knowledge, budget and time. Your workload for the project will be influenced by the decisions made regarding procurement and project management, so weighing up the time and commitment involved in each task against the cost of engaging someone else to do it is essential. What might seem a cheaper option at the beginning of the project could result in extra expenditure if you fail to fulfil your roles later on.

Your role in the project can be as simple as making payments when you are told to, or as complex as managing the whole construction process (you should be well versed in the subject to take this option). There are many options between the two extremes and you should select the one best suited to you. Although each company will do things a little differently, the general involvement of clients and other parties across the three procurement options is shown below.

	Group Housing	Design & Build	Custom Design
Prepare			
Engage build team			
Plan			
Design Brief			
Buy Land			
Engage design team			
Concept and Preliminary Design			
Developed and Detailed Design			
Build			
Post-build			

Level of input from team member's across the three main procurement options



Level of input from team members across the three main procurement options.

Consider impacts

The selected procurement option will impact the quality, time and cost involved in the project so it is important to select the right one to match your objectives. In general:

- ◆
- ◆ **Custom Design** offers the highest degree of client design input but also a higher risk of costs increasing as the design evolves. However, if you use a qualified and professional designer they should be able to minimise the risk of increased costs.
- ◆ **Design & Build** offers a level of client input into the design process and a risk of cost increases somewhere between Group Housing and Custom Design.
- ◆ **Group Housing** offers the least amount of client input into design but also the lowest risk of costs increasing throughout the project

For example, a custom-designed home from a registered architect or architectural designer is likely to cost more than buying a pre-designed one from a group housing company, and the design process will take longer as the house is designed from scratch. However, the end result will be unique and more specifically tailored to the needs of the people who will live in the house. It could also deliver more of the outcomes required in your Outline Brief and work better with the site conditions, resulting in a higher value property.

To select the best option for you, assess the impact of each option against the following:

Project aims: Which option best enables you to fulfil the Vision Statement and Outline Brief?

Sustainability impacts: Your project will inevitably affect its surroundings and the natural environment. Does the selected option reflect your priorities regarding the type, scope and time of impacts that matter to you? See 'Approaches to Sustainability' in the Sustainability hub for more information.

The balance between quality, time and cost: What level of design is required, and how much value rests on the design? While best value is achieved by balancing these three objectives without sacrificing any of them, trade-offs might need to be made according to your priorities.

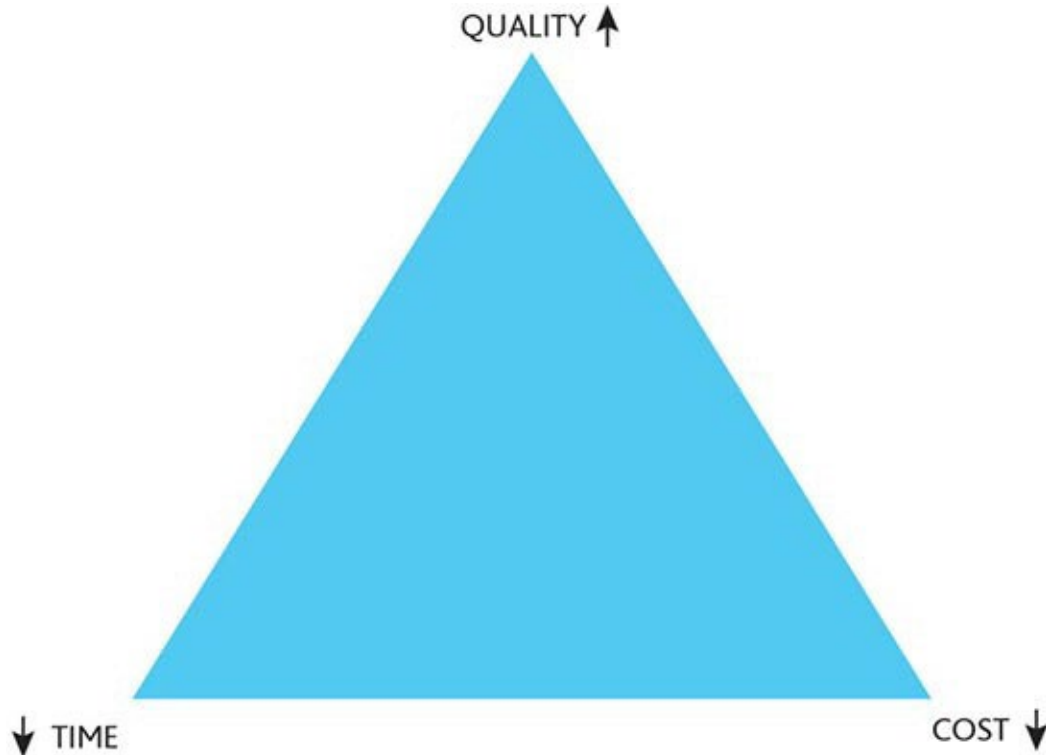
Potential risks: Each responsibility undertaken in the process carries with it potential risk and your level of input will determine how many risks and responsibilities you will have to manage. Are you willing to assume these, or delegate

them to someone else?

Flexibility: Do you want a customised design with the flexibility to change as the design process goes on? Options that have less certainty usually allow for increased flexibility and customisation, but may result in additional cost.

Responsiveness to the site: Auckland's topography and geology means that sites for houses are rarely square or flat. Custom designed homes are tailored to the unique conditions of a site, whereas standard house designs may require significant and costly modification of the site (e.g. earthworks or retaining walls) for the house to be constructed.

The design and build process: The order and priority of stages in the building process is different for each option. For example, for the Group Housing and Design & Build options contracts with a builder are signed at the beginning of the process, before design has begun. In the Custom Design option, a builder can be selected after design, in the Engage Build Team stage.



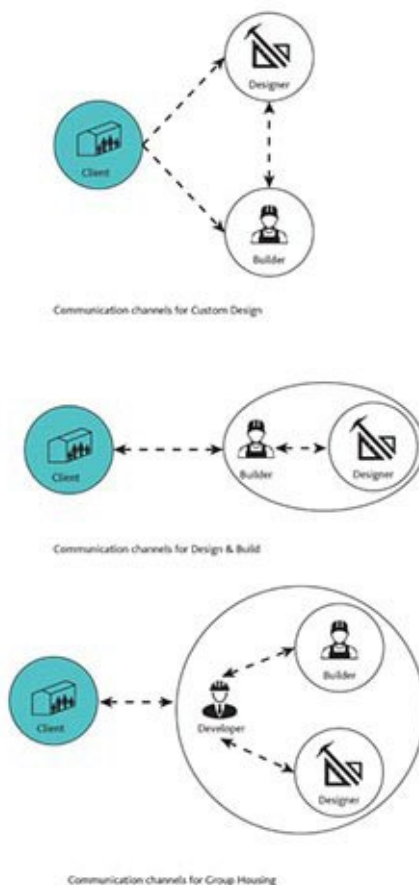
Balancing quality, time and cost

- **Contracts:** It is very important to have the contractual relationship between all parties defined in a written contract.

Understand differences in communication channels

Communication and feedback channels will change depending on the procurement option chosen.

- In the **Custom Design** option you will be in charge of making most of the important decisions and ensuring feedback is given to the design team at key stages. At later stages you will also communicate directly with the builder. While this involves more time commitment it provides you with more control over the design and build, helping to ensure the end result aligns with your requirements.
- With the **Design & Build** option, your first contact will be with the builder, and you might not end up communicating directly with the design team at all. This can save time but reduces the level of influence you have over the end result. If you do want some influence over the design, you can work this into your arrangement with the builder, however this will increase your time commitment and costs.
- When the **Group Housing** option is used, your design input is minimal and communication with the developer might only be needed to check progress and discuss payments. Your contact might be through a salesperson rather than with the design or build teams. This is the least time-intensive option but results in a house that is less tailored to your requirements than one resulting from a Custom Design project.



Communications channels for various project types

Understand differences in liabilities

Deliverables

Procurement Plan

The Procurement Plan summarises key decisions with regard to how the project will be delivered and by who. While the level of detail may vary, it is important that the document defines:

- your responsibilities and roles
- procurement decisions
- members of the project delivery team, their responsibilities and when will they be appointed
- external help that may be needed at different stages
- who will manage the project
- a timetable including key stages and critical moments (including interaction with the council).

Putting these decisions on paper creates a reference point for the whole process and the document can be shared with different people as they become involved in the project, to help them understand the decisions that were taken earlier on and the reasons behind them.

Like the Outline Brief, this document will likely evolve as the project advances and services are procured.

Who should you be talking to?



Seek legal advice before deciding on procurement options

Architects/Architectural Designers

Architects and designers can assist you with deciding on the right procurement option for your project. They often have a preferred procurement option. If you already have someone in mind, understanding his or her preference will help to shape the procurement plan.

Lawyer

Before deciding on a procurement option, seek legal advice concerning the contractual risks of each alternative. A lawyer can summarise the rights and responsibilities you have under the Building Act and highlight key legal issues to take into account throughout the process. You will also need a lawyer when outlining contracts to prevent future conflicts with other team members and to ensure there is clear and relevant information about responsibilities, pricing, times and risks.

Acquaintances

Talking to friends or family members that have gone through a similar process may be helpful in understanding the procurement options that worked for them and the ones that didn't.

What to look out for?

Not understanding the types of procurement

Selecting a procurement route without understanding its implications on quality, time and cost, and the way it differs from other options may result in a project that does not fulfil your aspirations. Take time to evaluate the options and

avoid decisions based solely on cost.

Not understanding the time and knowledge required

Carefully assess your own knowledge, skills and strengths and make a realistic assessment of what you can take on. While self-managing some parts of the project might seem like an easy task, it is easy to underestimate the time, effort and stress this can cause. Engaging people to help throughout the process may result in overall savings and improved outcomes. On the other hand, assuming responsibilities for which you do not have the necessary skills can adversely affect the project.