



The Chicken or the Egg? When to Disclose Your Budget

Discussing project budgets with some homeowners is a lot like trying to solve the age-old question of which came first, the chicken or the egg. Many homeowners will not disclose their budget until proposals and/or cost estimates are given by prospective contractors during the bid phase. Some think that by disclosing their budget, the bidding contractor will ‘use up all of the budget’ to ensure their profit margin. Other homeowners believe that some contractors may escalate their costs around the budget rather than working with them to keep their costs as low as possible.

For RLV, we have very specific reasons for requesting budget amounts during the consultation process. Knowing the budget at the very beginning of our relationship with a homeowner allows us to present a fair and realistic estimate based on conceptual design and financial expectations. As our past and current clients will tell you, we will always work with the homeowner to keep costs within their estimated budget.

Knowing the budget sooner rather than later gives us realistic parameters with which to advise the homeowner of how much their budget can afford in relation to their project list(s). Knowing the budget helps us prepare your proposal by matching each project phase to actual budget projections. Having a budget that is not aligned with realistic project costs will result in either changing the project expectations after the proposal has been submitted and/or additional cost increases after the job begins. Submitting a cost estimate before knowing the homeowner’s budget creates somewhat of a guessing game for the contractor, which can lead to the homeowner’s disappointment when they discover their wants and needs are far beyond what they can afford.

RLV wants to make the process of choosing a contractor as pleasant as possible for each homeowner. We anticipate that everyone we work with during the design process will become one of our RLV client families. By having all homeowner information including complete list of remodeling and/or custom design/build expectations and budget disclosed, prior to submitting a proposal, allows us to serve the homeowner with a more realistic and equitable proposal as the first step in a trusting and rewarding professional relationship.