

WBS 3 Deliverable: Tolstoy Project

- A. What is the estimated cost for the Tolstoy's house if they use contractors to complete all of the house?

Simply multiply the square footage (2,900 sq. ft.) by the average cost per square foot (\$120). This gives an estimated cost of \$348,000.

- B. This is not an easy one to answer as there are many variables not provided in the exercise.

These variables are:

- The 6% plumbing rough in and 4% plumbing fixtures installation bank payouts do not give us the cost of materials or the cost of labor. While Mr. Tolstoy may have the knowledge to do the labor, we don't know how much of the cost he would save.
- Even if we did know the labor cost, the price of materials could be different as contractors usually get a better price than individuals due to wholesale and bulk buying agreements and/or special relationships with suppliers. Any savings in labor could be eaten away by increases in materials.
- We don't know if Mr. Tolstoy is licensed in the state to install plumbing in new construction.
- Even if he is licensed, part of the cost of the plumbing work would be the permits and inspection requirements.
- Since the rough in work would have to be completed and inspected before the drywall go up, if Mr. Tolstoy could not keep up with the contractor's schedule, the project could be delayed which could create some costly overruns.
- If this is a union contractor with union workers, they may not be willing to work with Mr. Tolstoy if he is not part of the union.
- The bank financing information is based on paying direct to contractors. The cost of materials may not be financed and paid through this agreement if Mr. Tolstoy is doing the work. The bank will more than likely want one payee to work with.
- Doing the work themselves may not be covered under any kind of construction insurances or home warranties.

Now to Mrs. Tolstoy and interior decorating. There is no clear definition in this exercise of everything included in the term, "interior decorating." For the purpose of this examination, I am postulating that "interior decorating" is defined to include 1) interior paint, 2) window treatments, and 3) room furnishings. As with the Mr. Tolstoy and the plumbing, there are some variables (similar in nature) not provided which I believe are necessary:

- The 4% interior decorating cost does not give us the cost of materials or the cost of labor.
- By taking care of the interior decorating, does this mean Mrs. Tolstoy is doing all of the interior painting? I say this because interior painting is not included anywhere else in the list of specific tasks.

- If Mrs. Tolstoy is going to do the painting herself, she will more than likely put other items such as finish trim, carpet, and flooring behind. Usually a contractor will sub-contract out painting to a paint company which will send in several painters to quickly complete the work.
- As with the plumbing, Mrs. Tolstoy may not get pricing breaks available to professional interior decorators due to special relationships with vendors or through bulk buying discounts. This could erase any labor savings.
- As with the plumbing, the bank financing is based on paying a single contractor. The financing may not be available if Mrs. Tolstoy took on the interior decorating herself.

My recommendation would be for Mr. Tolstoy to take an active part in observing the installation of the plumbing to make sure, to his satisfaction, it was done correctly. Mrs. Tolstoy should work closely with the interior decorators to make sure the house met her tastes.