

STEP

9

UPDATING THE BUDGET FOR YOUR SHOP – TENDER STAGE



WE ARE
OPEN
FOR BRUNCH
LUNCH

Now you have a full set of plans – including any engineering plans – and pricing back from your shopfitters, it's time to update your budget again.

Sometimes this is the time when you'll get a nasty shock, but don't worry – all is not lost!

It is critical to review the tender pricing very carefully. In a good tender submission, the shopfitter will have provided all the information you asked for in a very clear way, filled out any forms or spreadsheets you have sent, and been specific about what is and is not included.

But you don't always get a good submission, and some shopfitters are deliberately vague because they think you won't read the documentation carefully or understand what they are saying. But if all looks good with the tender and the pricing is still too high, it's time to run through the *9.1 Tender Stage Where To Save Guide* on the following pages.

TOP TIPS FOR REVIEWING YOUR TENDER

#1: DON'T BELIEVE THE LOWEST PRICE

Especially if it's a lot lower than the others! Ask several shopfitters to quote so that you get a feel for the "right" price for a project. In a tender with three shopfitters, I would expect two to be quite close and one to be an outlier – either a lot higher or a lot lower.

#2: LEVEL THE PLAYING FIELD

The most important thing to do is get all of the prices to a level playing field. The way to do that is highlight any areas where one shopfitter has excluded something that the others have included, and then add an amount back in for that.

#3: MAKE SURE THE SHOPFITTER ISN'T SHIRKING RESPONSIBILITY

Be careful as well of wording around things like "delays caused by the client". For example, if you have ordered something directly and it doesn't turn up on time, this would mean the shopfitter will not take responsibility for re-arranging their program for the later delivery – if the whole project ends up delayed because of that item, then you will have to wear the costs. Talk to the shopfitter about how to avoid this situation.

? GET HELP

If you're feeling overwhelmed by the details or need help with any aspect of setting up your shop, give us a call on 0424 113 116.

We can help you review your tenders from only \$800 + GST.

TENDER STAGE WHERE TO SAVE – GUIDE

What if you have your tenders back and all of the pricing is too high for you to proceed?

This guide can help you identify several places to save \$\$\$ or stretch what you have.

This process is often called value engineering, value management, or VMin. Basically, value engineering involves

identifying anywhere you can save some money without ruining your design.

INSTRUCTIONS



Run through the guide below and try to identify as many places as you can where you can save money.

Be as flexible as you can in your thinking: you may have a dream fitout in mind, but getting to opening day in reality may take some compromises. And remember, every little bit adds up.

Once you've found a few places to save money, enter your costs into an updated budget sheet (at the end of this section).

Some places you may not have thought of to save or find more \$\$\$:

1: FIND MORE MONEY

This might include asking your landlord (even if you have signed the lease, it is fairly easy to add an amendment that increases your incentive, perhaps in return for adding an extra year or two on the lease). It may seem odd, but it's always worth a try.

If the landlord says no, who else can you ask? A bank? A supplier for lease terms on furniture or equipment? Get creative!

2: WHAT CAN YOU DELETE?

It's never fun to consider removing items from your fitout when you have spent so much time creating these designs. But could you delete any items – perhaps a big piece of signage, or a very expensive fixture or fitting? This might leave a hole in the design, but you can always purchase and install the item later when you have built up sufficient trade.

But remember, any changes at this stage may need approval from the landlord if your Retail Design Manager has signed off on the item you are now changing.

Also look for the expensive items in the shopfitter's pricing and see if you can work out any changes with them to bring the price down.



3: CHANGE THE FINISHES

Again, this may need approval if you have Final Design Approval already. But smart choices like painting a wall instead of tiling it, using a vinyl instead of an expensive epoxy, or switching the furniture from something expensive to an Ikea special can all whittle down the cost of the fitout. Your shopfitter can help with coming up with ideas here as well.

4: SWAP OUT EQUIPMENT

Do you really need that combi oven from day one, or can you make do without it? Can you reduce your menu initially so you use less equipment and then add more cooking equipment in as time goes on?

Again, what about looking at financing for your big purchases – most kitchen equipment suppliers have lease arrangements they can set you up with.

5: TALK TO YOUR DESIGNER

If you have given your designer a budget to work towards and the shopfitters' pricing is all much higher, find out why from your designer and then push them to amend the design so it fits your budget.

This is why it's so important to let your designer know the budget you're working to at the very beginning and keep reminding them throughout the process so your budget is front of mind. It's going to be hard to fix this issue, so make your designer help you! Your designer may be able to suggest changes, such as choosing a cheaper finish that still has a quality look, to keep your budget on track.

6: TALK TO YOUR ENGINEERS

If your plan has a lot of engineering in it – especially mechanical or hydraulics – find out if your engineer can see a cheaper way forward.

Also ask your shopfitters – many will have strong relationships with tradespeople (and tradies love correcting engineers!). They may have some ideas about how to save you some money on the engineering as well.

PROJECT BUDGET UPDATE 2 – WORKSHEET

INSTRUCTIONS:



Now that you have chosen your shopfitter, you should have solid estimates for the majority of your fitout costs and other costs (such as Long-service leave).

Hopefully, by running through the 9.1 Tender Stage Where To Save Guide, you have reduced some of your costs and can update these in your project budget as well.

Item	Budgeted Amount	Actual
LEGAL & LEASE FEES		
1: Solicitors Fees		
2: Landlord Fees		
DESIGN COSTS		
3: Drawings / Interior Designer		
4: Building Certifier / Surveyor		
5: Engineers		
5A: Fire		
5B: Mechanical		
5C: Electrical		
5D: Structural		
5E: Hydraulic		
5F: Plumbing		
5G: HVAC & Mechanical		
OTHER FEES		
6: Project Management		
7: Regulatory Fees		
SUBTOTAL		

Item	Budgeted Amount	Actual
SUBTOTAL FROM PREVIOUS PAGE		
FITOUT COSTS		
8: Preliminaries		
9: Electrical & Communications		
10: Fire Services		
11: HVAC & Mechanical		
12: Hydraulics		
13: Building Control Systems		
14: Kitchen Exhaust		
15: Walls & Ceilings		
16: Painting		
17: Tiling		
18: Flooring		
19: Glazing		
20: Shopfront		
21: Joinery / Cabinetry / Stainless		
(POSSIBLE) DIRECT COSTS		
22: Signage		
23: Security System		
24: Displays & Racking		
25: Equipment		
26: Furniture		
OTHER COSTS		
27: Contingency		
28: Long service leave		
29:		
30:		
31:		
32:		
33:		
34:		
35:		
TOTAL		