

# FOCUS

Renier Construction

## 4 PITFALLS TO AVOID WHEN BUILDING A FACILITY

Building a new facility can be an exciting prospect. Then, the apprehension can set in. How long will it take? What might go wrong? And of course, how much will it cost?

**B**y taking all the factors into consideration before the project begins, organizations can minimize potential pitfalls along the journey to get exactly what's needed from a new facility.

### Here are some pitfalls to watch out for:

**Not setting objectives before you start:** One of the first considerations is being crystal clear why a new facility is needed. Is the organization looking for room to grow? Or is it simply time to add another location? Maybe it's an investment opportunity that's driving the project. Or, perhaps the current facility needs to be customized for the business' needs. Skipping this step can lead to issues later, so be sure to think it through before moving forward.

**Selecting the wrong design process:** Rather than go straight to bid, one option growing in popularity is a design-build approach. At the center of the design-build process is

pre-construction planning. This means that before final plans are drawn or pricing is calculated, the owner, architect and builder collaborate and synchronize goals, budget and timeline. This allows for a smoother project by increasing accountability and reducing the chance for an adversarial relationship to develop among those involved.

Design-build ensures critical details are addressed

during the pre-construction planning phase, resulting in fewer construction changes, a reduced construction timeline, and ultimately, cost savings for the owner.

### Choosing the wrong site:

Site issues can lead to unforeseen financial issues. Before committing to a site, consider the facility's size and scope. It's also important to consider what isn't working in the current space to determine what's needed in the new one. Maybe there are opportunities for redevelopment of existing land. Can an existing building be torn down? Will some clients be lost due to the move? Or is there an opportunity to gain new customers? Are there property or income tax advantages to moving? Be sure to also consult your city's officials to understand what zoning laws and requirements could affect your purchase or expansion. Take into consideration environmental and soil conditions that could disturb your business or make for less-than-ideal building conditions. Finally, and perhaps the most important piece

of the site selection puzzle, make sure that the deed is squared away. Contact the county clerk to secure a new deed or transfer the title, if necessary.

### Considering only conventional financing options:

There are various ways to finance a new facility, ranging from conventional financing from a bank to seeking private investment to fund the project. Setting up an LLC or getting an SBA loan are viable options, as well. At the owner's discretion, an accountant, a banker or a broker may be included on the core design-build team.

**Summing up:** What's the best way to approach a new facility?

Make sure to set clear objectives, get key players at the table at the start of the project, perform due diligence on the site and be creative about financing options. Given these considerations, be sure to choose a builder that can work through all phases of the project and deliver a quality facility on time and on budget.

