

# LIGHTS... CAMERA... MANAGE!

Project managers are the executive producers of property development – and they're creating star-power ventures for their clients. **KIERAN CLAIR** [[@kieranclair](#)]

In a world full of conflict, indecision and chaos, isn't it nice to have a professional on your side? Project managers (PMs) nurse a novice through their first deal, or become the right hand of the experienced investor, identifying the nook-and-cranny solutions that bring success, savings and profit.

Philip Thomas is both an author and the development director at Montek Property, where he tackles a broad range of projects. He says most people think project management will be a breeze but end up in a tempest.

"The biggest challenge is many mums and dads and would-be developers watch TV programs like *Grand Designs* and decide, 'if they can do it, then I can do it too!' While the designs may be grand, the only thing is that with these TV programs, few of the developments shown ever come in on budget or on time.

"Why build a home that once finished you can't afford to live in? Why embark on a development that once done doesn't make a profit?"





### Historic Renovation

If you like the photos throughout this article and want to read more about Philip Thomas's project, use your smartphone or tablet and your favourite QR scanner to read his account of this striking renovation



Living room before



Kitchen before



Living room after



Kitchen after

Jacon Parry and Adrian Stagg of Subdivision & Construction Management, a specialist property project management firm, say most owners already have their hands full with a project, and the skills to see it through successfully can require leaning on an experienced soul.

"Imagine me as being the conductor of the orchestra," Parry says. "I've got my engineers, I've got my builders, I've got my civil contractors, I've got my Energex, and I've got my Telstra. I'm out there coordinating all these people to come in at the right time on behalf of my clients."

### ■ THE OBJECTIVE

First and foremost PMs are employed to make sure your project runs smoothly. Specialist PMs will help from concept to conclusion, although they can also be an early sounding board to determine the viability of a deal. It's not a feasibility analysis so much as a practicality one, Parry says.

"You can come to us with a property you want to put, say, four townhouses on. We do an overview of the property development potential with options about what we can do. We draw plans up

for our options. Then we give an estimate of what we think it would cost to do the building."

Parry says in his experience, this early work with the PM starts paying benefits immediately through competitive builder's quotes and reduced civil costs.

### ■ WHAT'S THE COST?

PMs' fees may vary from a few thousand to tens of thousands, but Stagg says their approach is to set out the cost early so the client avoids nasty surprises.

"We give them a price upfront for the whole project and then we show them the stages of the project and give them our terms of payment so they can pay throughout the project. It's not like the envelope arrives with the engineer's bill or the designer's bill and you don't know what the hell it's going to be until you open it."

The big sell, however, is that great managers endeavour to save you their fee in costs – plus a bit more. Parry and Stagg describe a client who came to them with a project and a builder's quote for \$1.1 million. They looked at the specification and used their professional nous to alter and tweak. The result was

a reduction in the dollars to \$995,000, a saving of \$105,000 straight away. It was some relief, although if they'd been brought in earlier, the savings could have been greater. The first 'project manager' had a self-interest.

"They signed the building contract, paid their five per cent deposit, and they got nothing from there. It was just before the builder went down the gurgler. He took a further \$40,000 off them to clear and level the site... It was already a near-level site. He charged them \$15,000 to demolish the old house and then \$40,000 to level the site. That should've been in the building contract anyway... but in that case, the project manager was the builder!"

### ■ BECOMING A PM

Thomas says project management is an overarching term.

"For high-end project managers, the typical qualification is an engineering degree or some sort of tertiary qualification with regards to building and construction."

While a lot of 'book learning' might improve your skills, there are innate traits that will help you along your way.

## TOP TIPS

## Jo's top five

Jo Chivers, CEO of property development and project management company Property Bloom, gives her top five reasons to use a project manager:

1. **Cost savings** – Money and time. Jo says project managers have relationships with contractors that help keep quotes down and ensure ventures run smoothly.
2. **Risk minimisation** – Drawing on a PMs experience means less pitfalls for inexperienced property developers.
3. **Documentation** – Keeping track of projects and costings can be a complex task if you haven't got systems in place. This is also an overlooked part of property development that's highly important – particularly when it comes to tax implications.
4. **Development mentoring** – You learn a lot about development simply by going through the process whilst working with a PM.
5. **Ongoing financial security** – Letting an expert handle the management leaves time for you to continue earning a living in your own field of expertise. It's critical to keep your day-to-day finances secure during any venture.

“Things like being very organised, strong interpersonal leadership abilities, negotiation skills – and then you need to be very action-orientated because if you sit back and watch it, the project will just implode,” Thomas says.

There are courses in project management that mostly provide participants with a basic grounding in areas such as time lining, costing and negotiation. If your area of interest is property and small projects, then you need to gain experience in that field to be effective, Parry says.

“Project management of construction in dwellings and in the small-scale developments is only a new type of career.

“If you go to a project management course, that doesn't make you a licensed project manager. The only way you can be a licensed project manager in this field is by having a builder's licence or as an architect or an engineer.”

#### ■ FINDING YOUR PERSON

The governing body for PMs is the Australian Institute of Project Management (AIPM), however it may not be specific enough as a property source. The lack of formal regulation in the industry means you need to do your own digging to unearth talent.

“A lot of people will stick their hand up and say, ‘Hey, look, I'm a project manager.’ Then when you delve down into it, they've been a builder or they've been a carpenter or they've got some sort of trade, but their project management ability isn't that strong,” Parry says.

While an internet search engine will bring up potential PMs, there's no guarantee of talent or experience. Certainly start with your Google list, but be prepared to jump on the phone and find references. Better still if you have a network of property folk to ask. Reputation is a great currency, Thomas says.

“It's about trying to find the right person for the project that you're doing.”

#### ■ THE CREAM OF THE CROP

Thomas believes a PM should be looking over both the owner's and the builder's requirements to make sure what's being done is fair and within the agreed scope of works.

“The builder's objective may be to maximise his profit and to get onto his next project as quickly as possible. The

owner wants the most ‘bang for their buck’ and their expectation and vision may be different to the builder's or what's on paper. Then you've got local authorities, neighbours and other groups that may have different objectives. You've got all these groups negotiating to try and get their needs met and sometimes that can be quite dysfunctional.”

Parry says effective PMs need to be independent of other contractors. In housing construction, for example, many people rely on their architect to manage the build.

“The reality is that good design costs money and bad design can often cost more. Clients often can't afford or don't want to pay for the former, and we steer them away from the latter.

“The architect as a project manager is all very well and good but there may be a point at which the architect is going to have an interest in seeing the architectural features incorporated with the building and that may sometimes end up seeing the project exceed the budget, potentially threatening its viability.

That's certainly not always the case and we applaud some of the creative design solutions that we regularly see designers come up with in solving site-specific threats, usually as a result of a team approach to a problem.”

Thomas says the ability to communicate is also paramount. There are plenty of tech geniuses that can whizz-kid the calculations – but if you can't have a coherent conversation about concerns, then the process stops dead.

“You need someone you can work with because when it gets bumpy, a strong relationship counts,” Thomas says.

Stagg says it's not just how well they communicate with the client either. PMs need to be able to speak across a broad range of subjects with a lot of different development stakeholders.

“They need to talk to people – such as staff, engineers, town planners and designers – on the client's side of the project but also on the other side of the fence.”

#### ■ MANAGERIAL RELATIONS

Good managers already know what they're doing. Thomas says clients need to trust their PM.

“The best thing that you can do from the client's side is to let the project managers do their job. Some owners like to micromanage and if they're



going to micromanage then all that does is create a lot more additional work and pressure on the PM that's completely unnecessary."

Parry agrees that micromanagement is inefficient, but he also wants his clients to have a definite stake in the process, too.

"I always say to them, 'We're working together on this. It's your project'. You don't want people to think that when they come to us, we're taking it over. We're not taking it over, but we can do and we will if that's what they want. We're working with them to get the best outcome we can for them."

### ■ RELATING TO OTHER CONTRACTORS

With all this negotiation, planning and decision, you'd think tensions would run high. If you've ever watched reality TV renovations, it's a wonder those involved don't just jump into a boxing ring each afternoon to decide what to do next! I asked Parry to give examples of adversarial moments and, with a wry grin he said good managers don't get into those situations. Once contractors realise the PM has common goals and plays a role in relaying information efficiently to the owner, head butting disappears.

"Once the builder understands the process and that we're all working together, they love it because they've got someone they can talk to independently saying, 'Well, what are we going to do here?' We come up with a method of how to resolve it. Then we go to our clients saying, 'Look there's a change in the plan, we can do it within the budget. It's not going to cost you more money'.



The backyard and deck before



The bathroom before



The backyard and deck after



The bathroom after

"Same from my clients' point of view, an independent person like myself, if they're worried about the builder or have issues and they don't want to talk to the builder, they'll talk to me about it and we'll resolve it. We're finding the consultants are now sending their clients that can't handle the project themselves to us for them to hold their hands for the project."

### ■ CLOSING TIME

Parry says the rewards come at the end of the project, when all involved can stand back and admire their handiwork.

"We finish our projects, everyone shakes hands and it has been a great experience for the owner."

Property projects don't have to raise the stress level. Smart planning and bright people can make a lot of difference to the outcome.

"Starting off with the right project is critical, and then surrounding yourself with the best possible professional team that you can find is absolutely paramount," Thomas says.

Having a skilled professional on your side and in the producer's chair isn't a bad idea either. **API**

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