

eBook

# HOW TO BECOME A RESIDENTIAL BUILDER



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## So, you want to be a custom home builder?

Well, it's a great way to make an honest living, and **there's significant market demand** for residential builders and trades.

Talented labor is hard to come by, and the demand for housing also remains strong in major markets worldwide. In the U.S. and Australia, custom home building projects are valued at more than \$150 billion. However, industry experts say those projects are not enough, as housing shortages are likely to continue in both the **U.S.** and **Australia.**

Of course, to become a builder you must first learn a trade. You then learn to manage your work and, eventually, the work of others. All of this takes time, but it is well worth the effort.

For example, in the U.S., construction worker **salaries rapidly increase with skill.** In the end, construction managers' salaries are typically more than double those of entry-level laborers, with some managers earning \$100,000 or more annually.

Beyond gathering the experience and skills for the job, there are other tasks to complete if you wish to run your own home construction business. You need to apply for a contractor's license, secure startup funding, market your new business, and gather referrals as you win and complete home projects.

We know that's a lot to take in. So, let's look at some basic concepts to get you started down the right path.



# 1

## The builder's skills and knowledge toolkit: What do you need?

The experts at Indeed tell us that skill and knowledge are two different things. While knowledge is something you learn in a classical sense, say in a classroom, skill is applying knowledge in practice on the job site.

There are many in the industry who don't have a formal education or Bachelor's degree, but still have the knowledge and skill of a builder. While a college degree or training program helps, it does not mean you can't get started right away to study and learn to be a builder.

We'll get into that more later, but first, let's look at some necessary knowledge and skills:



## 1. Know the basic construction methods

You must know the proper way to frame a wall, form concrete, or perform the basic tasks of your trade, all while following code regulations and requirements. A given task may have several optional methods for getting the job done.

Early on, you must follow the methods given to you by a supervisor. Later, you need to understand how to weigh methods you've learned against efficiency and quality standards. You might change methods based on your own unique set of experiences. Your methods may prove to be a competitive advantage that no one replicates.

But don't forget - when methods go too far to cut corners, poor craftsmanship results. In the long run, poor craftsmanship costs you money and customers. Avoiding this while still working efficiently requires time-tested experience and skill.

## 2. Be familiar with materials

As a new builder, you should make it a priority to not only know the different types of construction materials used in each stage of construction, but also the advantages and disadvantages of each choice. Material science is always changing. Knowing how to price and install the latest materials is not only a competitive advantage, but a necessity, if you want to grow as a builder. As you work with a greater number and types of materials, you again gain skills that your competitors can't always replicate.

## 3. Commit to learning codes and regulations

Nearly every jurisdiction (city, county, state) has codes and regulations that apply to home construction work. Knowing what these are for each project, and knowing how they change over time, requires study to gain that knowledge. However, where does this skill come into play? Experienced builders know how code requirements affect material costs, the level of effort and the overall project schedule. Skillful builders with experience dealing with codes and regulations often spot design flaws or scheduling errors early before they become expensive change orders.

## 4. Make sure your math skills are up to speed

Customers expect to know what the construction budget is and where their builder is tracking in relation to that budget at each step of the build. Although construction management [software helps](#) significantly in this capacity, custom home builders must have good math skills. Proficiency in specific branches of math, such as geometry, algebra and trigonometry give builders the ability and foresight needed to estimate costs properly and earn profit on every job.

# 2

## Don't forget to strengthen your soft skills

Soft skills generally are understood to be skills in non-technical areas. For a builder, these would be skills critical to running your business or getting along on a job site, that don't necessarily have to do with the job itself. Let's run through some examples:



### Problem solving

One of the first things you'll learn in the construction business is that every project has problems. People problems, task problems, purchasing problems — it doesn't matter. You must know how to solve them efficiently and in ways that benefit your entire team.



### People leadership

Accomplishing tasks as a team and bringing individuals together on a common goal requires strong people leaders. As you develop as a builder and business owner, you will need to learn how to direct the work of others. Through your words, behavior, work ethic and process, you'll need to inspire others to follow your direction--so much so, that they come to trust your judgment and experience even when they have doubts that your methods are best for the customer and project.



Joshua Bradley  
BradWay Construction & Restoration



## Project management

Managing a construction project involves keeping track of a lot of moving parts, companies and people. In some ways, this is a technical skill, but it's mainly a soft skill because it requires you to lead several different teams. You must manage several subcontractor crews and keep everyone on schedule. You must learn not only people leadership skills but also the **tools of construction management**. This is a must when you are leading a job crew that needs construction equipment and materials on site at a specific time and in a specific order.



## Sales

Volume after volume has been written on the topic of successful sales motions. The art of closing the deal is just that, an art. However, there are skills involved that are taught. A basic study of this soft skill is needed to grow your own business.



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# 3

## Gaining the experience that brings skill

**Apprentice or intern** – You can gain field experience in an apprenticeship program or through an internship with a custom home building company or contractor’s office. Both will give you a chance to experience what it’s like in the real world and gain the necessary skills to transfer into your business.

**Home projects** – Practice your tool and project management skills on your own projects. If you can organize and execute a bathroom remodel in your home, you’ll be setting a solid foundation to become a builder.

### What a residential builder does –

Here’s a list of some things a residential builder might do:

- Hire contractors
- Read plans
- Perform material takeoffs and project estimates
- Order materials and equipment
- Collaborate with designers, contractors and field crews
- Bookkeeping and job reporting
- Inspections
- Payroll and time approval
- Equipment and tool operation and maintenance
- Employee training
- Lead client and prospect meetings



# 4

## 5 steps to becoming a residential builder in North America



### 1. Gain experience or education

There are many ways to gain experience in construction and education in the skills you'll need to be a builder. You can get a degree in construction, engineering or management, enroll in an apprenticeship program, or register with a trade union. If you prefer to learn through hands-on work, you can get on-the-job training in most trades and skills and work your way up through the ranks until you're supervising your own projects and crews.

### 2. Apply for a license

Most states will require that you apply for a license before becoming a contractor. The rules for each state are different, **so be sure to check the law first**. Some trades, like electricians and HVAC technicians, also need individual licenses, in addition to a contractor's license for the company.

Before applying for a license, most states require that you buy general liability insurance. This protects you if someone is injured on-site or causes damage to your facility. If you plan to hire employees, you'll also need workers' compensation insurance and to register with your state's labor board.

In some countries outside of the U.S., like Canada, builders must pass tests to gain certification in addition to gaining a license or a higher degree in building, construction or housing.

### 3. Get funding and access to tools and equipment

Unless you have a stash of cash in your savings account, you may need to look for a bank loan or credit card to fund your new venture. If you don't have good credit, you may have to try alternative funding sources, like a [U.S. Small Business Administration-backed loan](#), material financing, or invoice factoring.

Once you have some funds, you'll need to acquire the tools and equipment you'll need to perform your work. Consider renting tools and equipment before buying. It gives you a chance to test the equipment out, and it's less expensive than purchasing it.

### 4. Marketing

Once you have your license and funding to begin work, you'll need to let people know you are in business by advertising online, in local newspapers, websites and community events. You can [start building your company's brand](#) via social media and use various advertising avenues to target homeowners looking for remodeling ideas in your area.

### 5. Gather referrals

As you complete projects, talk to other builders you trust about [successful tactics for growth](#). Ask customers for referrals. Friends and family are a good place to start. Follow-up on each referral when you receive them because warm leads are hard to come by. In fact, nearly half of all builders rely on referrals for more than half of their total sales, according to survey data from the [Association of Professional Builders](#). But this can be a risky strategy. To truly grow your business, you will need to beef up your marketing knowledge and skills.



# 5

## Conclusion

Getting started as a residential builder is a simple process, but it takes time. Get the experience and skills you need, apply for a license, get funding, market your business and follow up on referrals. If you follow this process, you should be on your way to building a successful residential construction business.



# Need software to help you achieve success as a residential builder?

**Residential construction management software**, like Buildxact, helps you be a more efficient and successful residential builder.

Interested in learning more about construction management software and how it can help you in your career as a builder? Begin the journey today.

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