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SPECTRUM SPEAKS

THE COMPANY NEWSLETTER OF
SPECTRUM COACH & SPECTRUM LAWYERS

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FRED ABU-ELIAS

Fred's extensive industry experience in the new homes market coupled with his passion for sales and for building strong relationships with his clients has been the secret of his success.

Spectrum Coach was established to provide expert training and mentoring to independent builders looking to take their business to the next level, with a service offering that includes sales and operations coaching, construction law, home designs, suppliers and marketing.

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Understanding your new homes business

WRITTEN BY FRED ABU-ELIAS

Whether you're a metro or a regional builder, understanding your product is a major factor when selling new homes. Your product is not just your homes or product library; it is also your

land bank. It is imperative that you understand some key areas when it comes to land, as this helps build credibility with your clients and also gives you an understanding of what you can and can't build on.

When understanding your land bank, you should be thinking about:

- How much land is available,
- average block size and price,
- the average house and land price.

Being able to talk about these areas to a prospect is key to building trust and rapport with them. Other areas to understand include knowing what the soil classification in the area is, and how much fall is on the block. This would come from documentation that the developer gives you, and could also partly be an educated guess based upon the knowledge gained on previous builds.

Owning a residential building company that sells homes means you should always be reviewing your product, asking yourself key questions like whether your product suits the current state of play with block sizes and developer/council requirements.



"Recording things like the changes most commonly asked for on a plan are imperative to the success of your business"

When assessing your product, look at your rate of sales of the last 12 / 24 months - what is your best seller versus your worst seller, and why (always ask why!) are homes performing the way they do.

Understanding your sales data is key to developing a new product line, however, understanding how many changes a client typically makes and what changes are most commonly asked for can provide some fantastic insights. If your business is not recording this data to review regularly, I would suggest that you start doing this immediately, especially if most of your sales are from a standard plan.

When running a business which is heavily reliant on a product such as homes, we need to make sure that we have key people that can perform these duties, assess the data and make recommendations as to areas for improvement. Usually a sales consultant or Sales Manager can give you this information, which you could then pass on to your designer or draftie.

To understand your business make sure you have key people to always assess what product you are selling and to put the data together.

Disclaimers

WRITTEN BY DONNA ABU-ELIAS

What you see is what you get - that is what consumers believe when they see a promotion with the word "Free", or if they see a photo of a beautiful home with a swimming pool. But is it always the case?

Sometimes advertising can cross into some 'grey' areas... that is, businesses will advertise a massive promotion and try to rely on a little tiny disclaimer on the back cover of their advertising material. But is this sufficient? The answer is generally no!

A disclaimer cannot **contradict** your main message. That is, if you say "FREE", then it should be free. The disclaimer cannot say that a consumer has to pay money to receive the item for free (unless that is clearly stated in the main message). If there are exclusions then it must be clear on the marketing collateral and not buried in a disclaimer.

Likewise, the most accurate picture should be used. If the promotion is advertising a 'fixed price', then the photograph or illustration should demonstrate what the consumer will receive for that fixed price and not show an upgraded, top of the range home which is not offered for the fixed price.

Sometimes the illustration may show a front garden (which would need to be disclaimed) but this would not necessarily be misleading on its own. If, however, the 'fixed price' was for a standard single storey home with a basic façade, then the illustration should not show a double storey with a rendered façade.

Thinking about the way your disclaimers are worded is also important. You shouldn't just rehash the same disclaimer for each promotion.

They should be specific to the advertisement. Whilst there may be a component of the disclaimer that is generic, the main elements of the disclaimer should be specific.

COVID-19

Whilst we say we are still open and it is 'business as usual' there are obviously some changes we have made:

Working Remotely

We are fortunate that our businesses (both SPECTRUM COACH and SPECTRUM LAWYERS & CONSULTANTS) were established to operate remotely to give clients greatly flexibility. In that respect, it really is 'business as usual'. We are set up to conduct meetings and conferences via videoconferencing using technologies such as ZOOM, SKYPE, and FaceTime, depending on our clients' needs.

Courts / VCAT

At the moment there is some uncertainty with whether the Courts and/or Tribunals are open or, if they are already closed, when they will offer full services remotely. We are in constant communication with these bodies to keep our clients up to date (as much as possible).

Wills / Powers of Attorney

Where possible, all client instruction appointments are being carried out remotely via email and/or videoconferencing. At the Will signing appointment, we will again observe strict hygiene policies and we will request all clients and Spectrum Lawyer representative to sanitise their hands and wear disposable gloves provided by us before touching the Will and/or pen.

Extensions of Time

WRITTEN BY DONNA ABU-ELIAS

It has probably never been more important to have a good look at the extension of time provisions before you entered into a contract.

At the outset of a building contract, most parties often say things like 'we've worked on projects together for years', or 'we just have a handshake and work it out onsite'.

However, something we have all learnt from COVID-19 recently is just how uncertain the world is, and even with the best intentions, some aspects will be beyond your control. It is important to ensure you have the correct contract protections should the need arise.

"it is important for you to renew your contractual provisions and amend them as required"

So, for example, does your contract allow you to claim an extension for a pandemic? Does your extension of time regime have strict time requirements by when you must serve notice? What about if your preferred suppliers/manufacturers cannot obtain the materials or carry out the works, are you entitled to an extension of time even if the reason for the delay is strictly speaking not the pandemic but rather the flow on effect?



What about the right of suspension and termination? Most of the clauses in standard form building contracts only permit a right of suspension and/or termination upon a substantial breach of contract, but what about a pandemic event like COVID-19? Would you be able to suspend or terminate the contract if need be?

Therefore, before entering the contract it is important for you to review your contractual provisions and amend them as required. Secondly, once you are carrying works, it is also important to be mindful of your contractual obligations to provide timely notice, and the requirements to be included in that notice.