



Dickson Development Corporation
A Tradition of Innovative Quality Construction

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Building Success 101

Q: What is the difference between markup and profit margin?

A: Markup is what a builder adds to the price of a given item, such as an appliance or lumber order, to cover his overhead costs and achieve a reasonable profit margin on the project. The profit margin is what he actually makes on that item after he pays his overhead, such as office space, cell phone bill, vehicles and labor.

When Cheap is Expensive

Choosing a builder based on the lowest cost per square foot or the lowest sales price is likely not getting the best value. It's buying the cheapest home. No doubt about it, there is some cheap housing out there right now, but is "cheap" the best way to go?

Common sense tells us that there is a premium to be paid for a superior home. By that we mean a home that has more exacting standards, performs well over time, maintains its value as an investment and is built by a builder who stands by his work. Let's take a closer look at these higher initial costs and why we believe it is worth paying a reasonable premium for such a home.

Better Materials. Professional builders who build to a high level of quality have higher standards for the materials that go into their homes. They cull lumber piles for the straightest studs and send the warped and knotted ones back to the lumberyard. They inspect and confirm deliveries, protect materials from weather, seek out the best warranties and track problems to weed out poor-performing materials.

When a company insists on that level of quality and provides that level of attention and care, one would expect to pay a bit more. Like cheap houses, cheap materials can deliver substandard results that often cost more to repair or replace than the premium you might pay upfront for a higher-quality option.

Better Construction. Builders who specify and only accept better-quality products do so to achieve a higher level of overall construction quality and long-term durability. They make sure products and materials are installed properly by the most competent subcontractors and adhere to performance standards that are far beyond what the local building code requires.

Why? Because professional builders know that their reputation is on the line with every home they deliver. When homeowners begin to see evidence of poor workmanship, it doesn't take long for them to spread the word about how poorly the builder (and the house) performed. This is too high a price to pay for any company who is in business for the long-term and understands the value of a satisfied client.

As with better materials and products, a better-built home may (and should) cost more upfront, but cost less over time. As we've seen repeatedly over the years, it requires less repair, replacement and maintenance in the long run.

A Better Experience. Is it possible to put a price tag on peace of mind? Consider the value of a hassle-free new-home project. Less stress, no hurt feelings, no horror stories, no busted budgets, no lawsuits. What is it worth to have your new home built on schedule, for the agreed cost, with a builder who is there to answer your questions from groundbreaking through move-in and beyond?

And what do you get? A house that meets your expectations, that is solidly built, with superior fit and finish. It's livable, comfortable, and meets your lifestyle needs. In other words, a "home." Your home.

Warm regards,

Richard

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