

# Project Profitability 101

LUANN UNIVERSITY

# WEEK 6

## Fees

How can you use an estimate from a project to review the fee status of a project? What type of fees should you charge to the client? (And how do you ask for more?) How do you *know* if a job is making you enough money?

# WEEK 6

Let's review homework

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Review of Revenue type contracts:

Lump Sum – Bill in one big amount for the entire job

Hourly – Bill the client based on the hours tracked on the job.

Hybrid – Bill some phases of the job by lump sum and some by hourly.

Square Foot – Bill by square feet of the overall project.

Let's review how to calculate if we are making our fee.

## HOURLY Estimates

Estimated Length of Project                      Actual 50% Complete (2 Months)

Principal Designer; 50 Hours                      30 hours

Designer; 100 Hours                      75 Hours

Jr. Designer; 25 Hours                      15 Hours

\$150,000 Furniture Estimate

## HOURLY Estimates

Estimated 4 Months                      Actual Hours 50% Complete (2 Months)

Principal Designer; 50 Hours                      30 hours      60% Complete

Designer; 100 Hours                      75 Hours      75% Complete

Jr. Designer; 25 Hours                      15 Hours      60% Complete

Based on the actuals above, is this project at risk of completing on budget?

Let's discuss solutions to making sure this project is complete with in the estimate value.

What do you do if the scope changes or the client takes longer to make decisions that originally scheduled or discussed?

It is vital that you discuss these changes with the client when they happen and not wait until the end of the project.

In the industry these are normally called change orders or add services.

Submit a new estimate to your client showing the changes in scope and do not proceed with the work until the client is aware of the issue. If possible, try to get written approval to proceed with the work.

See you in the forum for more discussion!

The recording of this session will be available by the end of the day tomorrow. Visit your account at [luannnigara.com](http://luannnigara.com) and select Courses & Downloads.

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