Setting the RIGHT Fee!

NSAA Continuing Education
April 26, 2012
W. T. Duck

The photographer we hired last year did this job for free.

Really?!

I called him this time, but now he's out of business.

Say what?!

I sense sarcasm.

Me?!
Setting the Right Fee – Game Plan

• Setting the context
• Who cares?
• Factors that affect your fee
• Principles that drive your fee
• Calculating and arriving at your fee
• Negotiation
• Your contract
• Post mortem on the project
FEATUERS

LOSING THEIR BRIEFS

Young lawyers once had big pay and big perks. Now they have big headaches.
Law's golden age is over

BY RACHEL MENDLESON

Far a few dizzying weeks in the fall of 2006, Travis Allan was courted by some of Manhattan’s most prestigious corporate law firms. On three occasions, the then-23-year-old was flown to New York, put up in four-star hotels and treated to so much fine dining that he has a tough time recalling specifics. (“I’m not a foodie,” he says.) As a second-year law student at the University of Toronto, he was primarily drawn to New York by the opportunity to grow as a lawyer. “But he confesses, “It’s really fun to be wired and dined, especially when you’re really young. I would be lying if I said that I wasn’t impressed.” The real wooing, however, didn’t take place until a few months later, when, as one of about 100 summer associates at Manhattan-based Skadden, Arps, Slate, Meagher & Flom, Allan was regaled with long lunches, fancy dinners, Yankee games and a private cocktail party at the Museum of Modern Art.

Though Allan insists the events were mainly about building camaraderie, they also served another purpose. “Many of the top firms tried to do one or two really noteworthy things that other people working for other firms would hear about,” he says. “There was definitely an element of one-upmanship.” If it was, after all, the height of the real-estate boom, and the major New York firms needed a continuous supply of young associates to process the billion-dollar deals they were handling. So fierce was the competition that starting salaries reached $160,000 per year—more than double what a law grad could earn working for Canada’s top firms on Bay Street. The steep pay, of course, often came with long hours, high stress and limited job satisfaction. Nonetheless, when Allan graduated from U of T in 2008, nearly 18% went to work in New York.

But beneath the glitz of Manhattan’s mega firms, the industry’s footings were coming loose. Well before Allan made his entrance into the center of the corporate law universe, the good times had begun to fade; clients were starting to take a closer look at their legal expenses, reining in fees and outsourcing work overseas. When the financial sector collapsed, these cracks spread like spiderwebs through the foundations of the major corporate law firms known as Big Law. The firms largely ignored the warning signs and continued to expand in numbers, salaries and perks. “Just like in the real estate industry, legal prices started to fall, and just like the real estate industry wasn’t prepared for the bust, the legal profession wasn’t prepared for that bust,” says Jerry Kowalski, a New York lawyer and senior principal of the legal consulting firm Kowalski & Associates. “The [financial] collapse not only collapsed the whole investment banking community and much of the global economy,” says Kowalski, “it really laid waste to big chunks of the legal profession.”

As major corporate law firms in New York and London—which had been the primary beneficiaries of the boom—began laying off hundreds of lawyers and legal staff, observers began to suspect that the cutbacks were a result of something more profound than the recession. More than 40 years of exponential growth had created “a kind of Big Law bubble,” says Larry Ribeiss, a law professor at the University of Illinois and author of a recent paper entitled The Death of Big Law. When the economy crashed, he says, cash-strapped clients woke up to the fact that many mega firms had become over-leveraged and over-priced—a realization that has prompted the biggest industry upheaval in decades. “After that trigger was pulled, I’m not sure that things are ever going to go back to where they were,” says Ribeiss.

While the shakeup may have originated in the world’s major financial centres, the ripple effects will be far-reaching. In the U.S., The New York Times reports that since 2008 some 25,000 Big Law jobs have disappeared,
Context

• Fees and Services ‘challenge’
• Professional fees *generally*
  – Current vs. Historically
  – Anecdotally
  – “Succeeding by Design”
• Historical reliance on “Fee schedules”
  – Dream of “good old days”
  – % age of construction cost
  – Hourly rates c.f. other professions
  – Varying scope project to project
  – Clients, Colleagues and the Marketplace
  – Commoditization
Context

• Why the pressure on professional fees?
  – Cyclical economy impact on design/construction sector
  – Increased competition
  – Client needs/demands changing
  – Complexity of practice – red tape world
  – Lack knowledge of “business basics” – lack training
    • How P/L relate to fees charged/cost of delivering services
    • Practice management
    • ‘Supply and demand’
    • Profit margins ... “starving artist”
  – Managing Risk and Reward
  – SMALL BUSINESSes!!!!!!!
ONTARIO ASSOCIATION OF ARCHITECTS.

SCHEDULE OF MINIMUM CHARGES

Professional Practice of Architects, as usual and proper

1. For full professional services (including supervision) five per cent. upon the cost of work, excepting that a percentage in excess of this may be charged when the work costs less than a certain sum, below which a commission of five per cent. is not remunerative; which sum may be fixed at $5,000 for simple work and $10,000 for work of a more complex character.

2. For factories, warehouses and other plain work of a like description, a charge of from three to five per cent. according to the nature of the work.

3. For partial service, or in case of the abandonment or suspension of the work, the charge for partial service is as follows:
   Preliminary studies, 1/5 of the full commission. Preliminary studies and general drawings and specifications sufficient for estimates and contracts, 1/2 of the full commission. Preliminary studies, general drawings, specifications and details, 4/5 of the full commission.

4. For monumental and decorative work, and designs for furniture, a special rate in excess of the above.

5. For alterations and additions an additional charge to be made, and also an additional charge to be made for surveys and measurements incident thereto.

6. An additional charge to be made for alterations and additions in contracts and plans, which will be valued in proportion to the additional time and services employed.

7. Necessary travelling expenses to be paid by the client.

8. Time spent by the architect in visiting for professional consultation, and in the accompanying travel, whether by day or night, will be charged for, whether or not any commission, either for office work or supervising work, is given.

9. The architect’s payments are successively due as his work is completed, in the order of the above classifications.

10. Until an actual estimate is received, the charges are based on the proposed cost of the works, and the payments are received as instalments of the entire fee, which is based upon the actual cost.

11. The architect bases his professional charge upon the entire cost to the owner of the building, when completed, including all the fixtures necessary to render it fit for occupancy, and is entitled to extra compensation for furniture or other articles designed or purchased by the architect.

12. If any material or work used in the construction of the building be already upon the ground, or come into the possession of the owner without expense to him, the value of such material or work is to be added to the sum actually expended upon the building before the architect’s commission is computed.

SUPERVISION OF WORKS.

13. The supervision or superintendence of an architect (as distinguished from the continuous personal superintendence which may be secured by the employment of a clerk of the works) means such inspection by the architect, or his deputy, of a building or other work in progress as to ascertain whether it is being executed in conformity with his designs and specifications or directions, and to enable him to decide when the successive instalments or payments provided for in the contract or agreement are due or payable. He is to determine in constructive emergencies, to order necessary changes, and to define the true intent and meaning of the drawings and specifications, and he has authority to stop the progress of the work and order its removal when not in accordance with them.

CLERK OF THE WORKS.

14. On buildings where it is deemed necessary to employ a clerk of the works, the remuneration of said clerk is to be paid by the owner or owners, in addition to any commission or fees due the architect. The selection or dismissal of the clerk of the works is to be subject to the approval of the architect.

EXTRA SERVICES.

15. Consultation fees for professional advice are to be paid in proportion to the importance of the questions involved, at the discretion of the architect.

16. None of the charges above enumerated cover professional or legal services connected with negotiations for site, party walls, right of light, measurement of work, or services incidental to arrangements consequent upon the failure of contractors during the performance of the work. When such services become necessary, they shall be charged for according to the time and trouble involved.

DRAWINGS AND SPECIFICATIONS.

17. Drawings and specifications, as instruments of service, are the property of the architect.

APPOINTMENT OF AN ARCHITECT.

18. The Ontario Association of Architects is of the opinion that a better result is always obtained by the direct appointment of an architect for any given work than by the selection of an architect by the process of competition.

SOLOITING PATRONAGE.

19. The attempt to secure work by offering to prepare sketches or preliminary drawings, or to render full professional service at a less rate of compensation than another architect, is unprofessional conduct.

Adopted April 21st, 1900.
1. For full professional services (including supervision) FIVE PER CENT. upon the cost of work, excepting that a percentage in excess of this may be charged when the work costs less than a certain sum, below which a commission of FIVE PER CENT. is not remunerative; which sum may be fixed at $5,000 for simple work and $10,000 for work of a more complex character.

2. For Factories, Warehouses and other plain work of a like description, a charge of from THREE to FIVE PER CENT. according to the nature of the work.

3. For partial service, or in case of the abandonment or suspension of the work, the charge for partial service is as follows: Preliminary studies, 1-5 of the full commission. Preliminary studies and general drawings and specifications sufficient for estimate and contract, 1-2 of the full commission. Preliminary studies, general drawings, specifications and details, 4-5 of the full commission.

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9. The architect's payments are successively due as his work is completed, in the order of the above classifications.

Adopted April 24th, 1900.
### Table 2. Percentage Fees for Building Projects (Prime Consultant Basic Services)

<table>
<thead>
<tr>
<th>Cost of Work</th>
<th>Building Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $500,000 - Fee Basis A</td>
<td>1 %</td>
</tr>
<tr>
<td>Up to $1,000,000</td>
<td>11.24</td>
</tr>
<tr>
<td>on the first $500,000</td>
<td>10.38</td>
</tr>
<tr>
<td>on the remainder</td>
<td>8.81</td>
</tr>
<tr>
<td>Up to $2,000,000</td>
<td>9.74</td>
</tr>
<tr>
<td>on the first $1,000,000</td>
<td>7.98</td>
</tr>
<tr>
<td>on the remainder</td>
<td>6.63</td>
</tr>
<tr>
<td>Up to $4,000,000</td>
<td>7.76</td>
</tr>
<tr>
<td>on the first $2,000,000</td>
<td>5.30</td>
</tr>
<tr>
<td>on the remainder</td>
<td>4.76</td>
</tr>
<tr>
<td>Up to $8,000,000</td>
<td>6.53</td>
</tr>
<tr>
<td>on the first $4,000,000</td>
<td>4.39</td>
</tr>
<tr>
<td>on the remainder</td>
<td>4.39</td>
</tr>
<tr>
<td>Over $8,000,000</td>
<td>5.46</td>
</tr>
<tr>
<td>on the first $8,000,000</td>
<td>5.39</td>
</tr>
</tbody>
</table>

**Notes for Table 2**

1. The fees above are for new buildings of average complexity for their type. It is recommended that the fee for alterations and/or additions to an existing building in any category be 150 per cent of the fee indicated for a new building. Care should be taken in establishing a percentage fee when several building disciplines or specialists are involved.

2. For fee purposes, each addition over 300 square metres to an existing building should be deemed to be new work under the appropriate category.

3. For vertical additions to buildings not previously prepared for such additions, it is recommended that fees for extra framing, utilities and services required in the existing building be 150 per cent of the fee indicated for a new building.

4. An additional fee should be negotiated for services related to demolition work.

5. The fees above do not include the design of processes or related supervisory control systems.

**Category 3:**

- a) owner-occupied offices and administration buildings, excluding tenant improvements;
- b) high schools;
- c) gymnastics, stadiums;
- d) convention and exhibition buildings;
- e) industrial plants of average or medium complexity;
Challenges to Creating a Fee Schedule

• $ Ranges, Variations in Construction Cost
• Building Type
• Project Delivery Model
• Construction Delivery Model
• Scope of Services
• Complexity
• Approvals
• Client
• Risk (and reward??)
old mine

doing it wrong. Rather than using corporate answers to questions, companies need a real person behind the Twitter account, so customers know they are being heard.

The power of word of mouth: This marketing strategy has been amplified hugely by Twitter for better or for worse. A Rogers attempt at using the hashtag #RogersNumber ended up with irate customers making the communication giant a trending topic for all the wrong reasons. But positive reviews shared via Twitter, any social networking site, can deliver huge benefits.

Evaluating employees: The first thing employers do now is check out a potential hire’s LinkedIn page and Twitter feed, says Clarke. In some cases they’re accessing Facebook profiles, too.

Tracking the competition: Twitter is a way of keeping an eye on what the competition is up to, the ways it’s using social media to interact with consumers, and its customer reactions.

The job search: Job seekers can also use Twitter to prepare for interviews by following other people who work for the company or even catch the eye of hiring managers with creative tweeting.

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Canadian Tire guilty of gasoline price fixing

THE CANADIAN PRESS

BROCKVILLE, ON.—Three companies have been fined for fixing the price of gasoline in Kingston and Brockville between May and November in 2007.

The federal Competition Bureau says Pioneer Energy, Canadian Tire Corp. and Mr. Gas pleaded guilty to the charges Wednesday.

Investigators found gas retailers or their representatives phoned each other and agreed on the price they would charge.

The companies pleaded guilty to price-fixing in Brockville court and were fined a total of $2 million.

Competition commissioner Melanie Aitken says consumers in Kingston and Brockville were denied a competitive price for gasoline as a result of criminal price-fixing.

Pioneer Energy was fined $985,000, Canadian Tire was fined $900,000 and Mr. Gas was fined $150,000.
Suncor to pay $500,000 fine for fixing gasoline prices
Although ...

- Not enforce (*but ... *)
- Fact-based, data based on market research
- No collusion
- OGCA “qualified bids”
Why YOU Need the Right Fee

- Deliver the professional services
- Maintain high quality
- Meet standards of the profession
- Architecture is a business
  - Compete
  - Solvent
  - Revenue v. expenses
Why YOU Need the Right Fee

• Deliver the professional services
• Maintain high quality
• Meet standards of the profession
• Architecture is a business
  – Compete
  – Solvent
  – Revenue v. expenses
    • Human resources – staff, contractors
    • Consultants
    • IT – hardware and software, internet, cloud
    • Insurances
    • Promotion and Business Development
    • Premises, FF and E
    • Advisors
Why ...

- Profit is not a “dirty word”
  - Sustain
    - Taxes
    - ROI
    - “slow times”
    - Change management
      - Business Development
  - Invest and reinvest
    - Recruit and retain HR; training and continuing education
    - IT – capital and implementation
    - R and D
  - Grow and expand
  - Reward
  - Retirement
Why?
Why?

Support your profession!
Factors that Affect YOUR Fee

• Scope of professional services
• Building type
• Complexity ... New? Reno? Systems?
• The team
• The client
• Competition
• Construction procurement model
• Schedule
Factors that Affect YOUR Fee

- Special requirements e.g. BIM
- Approvals
- LCC, Operations and Maintenance, LEED, and third party certification
- Phasing
- Prototype?
- Patents
- RISK (and reward?)
Factors that Affect YOUR Fee

- Location
- Pursuit costs
- Project delivery model
- Expectations of profit, ROI
- Business strategies
- Repeat work
- Client rep, their authority, involvement
- Client expectations
Principles that may drive YOUR fee

- Value
- Reputation
- Quality
- Innovation
- Philosophy ... sustainability, CSR, altruism, professionalism, “Architecture Matters”
- Interests, practice focus
- Objectives
- Strategic Plan
Brian’s Recommendation

Professional Fees

v.

Expenses
Brian’s Recommendation

Go/No Go Go
Calculating, Then Arriving at YOUR Fee
Calculating ...

- RAIC Guide
  - lagniappe
- Hourly
- Work Breakdown Structure
- Output
- Unit
- Market fees
In Principle

• Fee = %age of construction cost
  – Net of engineering fees, includes coordination only
  – Incl S, M and E
  – Can translate to a fixed fee
• Building Type – 7
• Construction Cost ranges
• Simple, Average, Complex
• Adjustment Factors – 16 – (plus)
## Base Percentage Fee by Building Category (in millions) – New Construction
### WITH Basic Engineering (structural, mechanical and electrical ONLY)

<table>
<thead>
<tr>
<th>CONSTRUCTION COST:</th>
<th>&lt; $500,000</th>
<th>$500,000 to &lt; $1M</th>
<th>$1M to &lt; $2M</th>
<th>$2M to &lt; $5M</th>
<th>$5M to &lt; $10M</th>
<th>$10M to &lt; $25M</th>
<th>$25M to &lt; $50M</th>
<th>$50M to &lt; $100M</th>
<th>$100M to &lt; $250M</th>
<th>$250M to &lt; $400M</th>
<th>$400M to &lt; $500M</th>
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<tbody>
<tr>
<td><strong>BUILDING CATEGORY</strong></td>
<td><strong>COMPLEXITY</strong></td>
<td>To be negotiated with minimum base fee of</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>simple</td>
<td>8.80</td>
<td>6.90</td>
<td>6.45</td>
<td>6.51</td>
<td>6.37</td>
<td>6.18</td>
<td>5.90</td>
<td>5.60</td>
<td>5.37</td>
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<td>7.40</td>
<td>7.20</td>
<td>7.00</td>
<td>6.80</td>
<td>6.60</td>
<td>6.40</td>
<td>6.10</td>
<td>6.00</td>
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<tr>
<td>complex</td>
<td>10.80</td>
<td>8.70</td>
<td>8.55</td>
<td>8.29</td>
<td>8.03</td>
<td>7.82</td>
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<td>7.43</td>
<td>7.12</td>
<td>7.03</td>
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<tr>
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<td>11.80</td>
<td>9.60</td>
<td>9.50</td>
<td>9.40</td>
<td>9.20</td>
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<tr>
<td>complex</td>
<td>13.80</td>
<td>11.40</td>
<td>11.30</td>
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<td>10.80</td>
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<td>13.40</td>
<td>13.30</td>
<td>13.20</td>
<td>13.10</td>
<td>13.00</td>
<td>13.00</td>
</tr>
</tbody>
</table>

**NOTES:**
- **Average** Fees for each category are in the range between the simple and complex percentages.
- Fee includes coordination of basic engineering services only.
- Fees must be adjusted based on fee adjustment factors listed on page 12.
- *Simple* means utilitarian character without complication of design, a minimum of finishes and very basic structural mechanical and electrical design.
- *Average* means conventional character requiring normal coordination, detailing, structural mechanical and electrical designs and systems.
- *Complex* means exceptional character and complexity of design requiring more advanced systems and coordination of structural, mechanical and electrical design.
**Simple** means utilitarian character without complication of design, a minimum of finishes and very basic structural mechanical and electrical design.

**Average** means conventional character requiring normal coordination, detailing, structural mechanical and electrical designs and systems.

**Complex** means exceptional character and complexity of design requiring more advanced systems and coordination of structural, mechanical and electrical design.
# Building Categories

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>1.1</th>
<th>1.2</th>
<th>1.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Warehouse</td>
<td>Barn, Stable, Storage building, Shed, Kennel, Animal Shelter</td>
<td>Self-service Storage Building</td>
</tr>
<tr>
<td>2</td>
<td>2.1</td>
<td>Multiple Unit Residential Building (Apartment, Condominium, Dormitory, Townhouse, etc.)</td>
<td>Summer Camp, Park Building</td>
</tr>
<tr>
<td>3</td>
<td>3.1</td>
<td>Armed Forces Base, Barracks, Armoury, Drill Hall</td>
<td>Bowling Alley, Dance Hall</td>
</tr>
<tr>
<td></td>
<td>3.2</td>
<td>Motel and Apartment Hotel</td>
<td>Marina, Recreational Pier</td>
</tr>
<tr>
<td></td>
<td>3.3</td>
<td>Maintenance Building, Service Garage, Service Station, Car Dealership</td>
<td>Commercial or Administrative Office Building, shell only excluding tenant fit-up</td>
</tr>
<tr>
<td></td>
<td>3.4</td>
<td>Mercantile Buildings for Business and Personal Services including Store, Shop, Barber and Hairdressing Shop, Supermarket, Shopping Centre, Department Store, but excluding tenant layouts</td>
<td>Student or Institutional Residence, Senior Citizens’ Apartment</td>
</tr>
<tr>
<td></td>
<td>3.5</td>
<td>Industrial Building (such as light manufacturing)</td>
<td>School – Kindergarten and Elementary School</td>
</tr>
<tr>
<td></td>
<td>3.6</td>
<td>Specialized Agricultural Building</td>
<td>Resort Building (Building Shell only)</td>
</tr>
<tr>
<td>4</td>
<td>4.1</td>
<td>School – Junior, Middle and Senior High School, Vocational High School</td>
<td>Post Office and Financial Customer Service Centre (such as Bank Branches)</td>
</tr>
<tr>
<td></td>
<td>4.2</td>
<td>Grandstand, Stadium</td>
<td>Convention Hall, Exhibition Building</td>
</tr>
<tr>
<td></td>
<td>4.3</td>
<td>Manufacturing, Processing or Specialized Storage Facility</td>
<td>Drycleaning Establishment, Laundry</td>
</tr>
<tr>
<td></td>
<td>4.4</td>
<td>Dairy and Creamery, Distillery</td>
<td>Specialized Housing including high-level residential support, Retirement Facility, Shelter for Homeless, Shelter for Women</td>
</tr>
<tr>
<td></td>
<td>4.5</td>
<td>Animal Clinic</td>
<td>Police Station, Fire Station, Ambulance Facility</td>
</tr>
<tr>
<td></td>
<td>4.6</td>
<td>Hotel, Complex Motor Hotel</td>
<td>Club: Town, Country, Sports, Health</td>
</tr>
<tr>
<td></td>
<td>4.7</td>
<td>Community Centre</td>
<td>Freestanding Parking Structure</td>
</tr>
</tbody>
</table>
# Building Categories

<table>
<thead>
<tr>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1 Pedestrian Links and Bridges</td>
</tr>
<tr>
<td>5.2 Freight Handling Terminal, Special Maintenance Garage, Aircraft Hangar</td>
</tr>
<tr>
<td>5.3 Amusement Park Building</td>
</tr>
<tr>
<td>5.4 Telephone Equipment Building, Secure Server Building, Emergency Operations Center</td>
</tr>
<tr>
<td>5.5 Swimming Pool, Ice Arena, Recreation Building, Physical Education Building, Gymnasium</td>
</tr>
<tr>
<td>5.6 Zoo, Animal Hospital, Botanical Gardens</td>
</tr>
<tr>
<td>5.7 Licensed Day Care</td>
</tr>
<tr>
<td>5.8 University or College non-technical Classroom Building, and Vocational High School</td>
</tr>
<tr>
<td>5.9 Cemetery Chapel, Mausoleum, Crematorium</td>
</tr>
<tr>
<td>5.10 Funeral Home</td>
</tr>
<tr>
<td>5.11 City Hall, Town Hall</td>
</tr>
<tr>
<td>5.12 Museum (exhibition hall as shell, non-complex program without environmental conditions)</td>
</tr>
<tr>
<td>5.13 Restaurant, Licensed Beverage Establishment</td>
</tr>
<tr>
<td>5.14 Church, Place of Worship, Monastery, Convent</td>
</tr>
<tr>
<td>5.15 Long Term Care Facility, Special Care Facility such as a Group Home,</td>
</tr>
<tr>
<td>5.16 Minimum Security Detention Facility</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1 Facility for High-level Medical Care for active diagnostic and acute treatment, Chronic Care Facility, Mental Health Facility and Rehabilitation Facility</td>
</tr>
<tr>
<td>6.2 Medical Research Facility</td>
</tr>
<tr>
<td>6.3 Communications Building, Radio or TV Facility, Studio, Computer Centre</td>
</tr>
<tr>
<td>6.4 Science Building</td>
</tr>
<tr>
<td>6.5 Laboratory</td>
</tr>
<tr>
<td>6.6 Dental Building, Walk-in Medical Clinic</td>
</tr>
<tr>
<td>6.7 Observatory, Planetarium</td>
</tr>
<tr>
<td>6.8 Museum, Art Gallery</td>
</tr>
<tr>
<td>6.9 Courthouse, Archives Building, Library</td>
</tr>
<tr>
<td>6.10 Aquarium</td>
</tr>
<tr>
<td>6.11 Rapid Transit Station</td>
</tr>
<tr>
<td>6.12 Maximum or Medium Security Detention Centre</td>
</tr>
<tr>
<td>6.13 Air/Passenger Terminal, Bus Passenger Terminal, Rail Passenger Terminal, Seaport / Ferry Passenger Terminal</td>
</tr>
<tr>
<td>6.14 Customs and Immigration Building</td>
</tr>
<tr>
<td>6.15 Theatre, Opera House, Auditorium, Concert Hall</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.1 Custom Residence, Custom Residential Swimming Pool, Official Government Residence</td>
</tr>
<tr>
<td>7.2 Decorative Work, Exhibition Display, Public Garden, Promenade, Fountain</td>
</tr>
<tr>
<td>7.3 Commemorative Monument, Funeral Monument</td>
</tr>
<tr>
<td>7.4 Air Traffic Control Tower, Control Centre, Flight Service Station</td>
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<tr>
<td>7.5 Tenant Space Planning</td>
</tr>
<tr>
<td>7.6 Legislative Building, Mint</td>
</tr>
<tr>
<td>7.7 Chancellery and Embassy, Consulate, Foreign Mission</td>
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</tbody>
</table>
Adjustment Factors

Often the variable is rated on a scale from 1 to 5, or as a percentage or multiplier used to adjust the fee. Sometimes the variable may result in a reduced fee such as for repetitive design work, limited project documentation, or the elimination of an entire phase (such as bidding and contract negotiation if undertaken by the Owner).

This guide proposes the following variables as multipliers:

\[
\begin{array}{cccccccc}
0.5 & 0.6 & 0.7 & 0.8 & 0.9 & 1.0 & 1.1 & 1.2 & 1.3 & 1.4 & 1.5 \\
\textit{when there are no variables and basic services only are required}
\end{array}
\]

Once the Client and Architect have determined the building type, the project and construction budgets, the method of project delivery, the role of consultants, and the scope of services, together with other fee adjustment factors noted above, it is then possible to negotiate a fee for architectural services for the specific building project. All factors must be compounded and then multiplied against the percentage-based fee in order to determine the appropriate final fee for each unique project.

Refer to the matrix or worksheet in Appendix B at the end of this document to assist in the application of Fee Adjustment Factors and in determining the appropriate fee.
Adjustment Factors

1. Scope of Services

2. Project Delivery Method and Construction Procurement
   - DBB
   - Sequential
   - DB
   - P3
   - Other

3. Schedule and Fast-Track
Adjustment Factors

4. Project Documentation & Computer Modeling
5. Specialist Consultants – coordination (plus?)
6. Approvals and Authorities Having Jurisdiction
7. Submittals
8. New Technologies
9. Construction Administration
Adjustment Factors

10. Project Location and Site Conditions
11. Renovations v. New
12. Repeat Work
13. Architect’s Personnel
   - Expertise, overtime, project office
14. Demobilization/Remobilization
15. Phased Occupancies
16. Full-time On-site Review
# Scope of Services

## Checklist: Scope of Services

This chart is a typical checklist of services offered by the architect and his or her sub-consultants. The nature of the individual project and the services customized to the client’s needs will determine the scope of services required.

<table>
<thead>
<tr>
<th>Project Phase</th>
<th>1.0 PRE-DESIGN</th>
<th>2.0 SCHEMATIC DESIGN</th>
<th>3.0 DESIGN DEVELOPMENT</th>
<th>4.0 CONSTRUCTION DOCUMENTS</th>
<th>5.0 BIDDING OR NEGOTIATION</th>
<th>6.0 CONSTRUCTION – CONTRACT ADMINISTRATION</th>
<th>7.0 POST-CONSTRUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARCHITECT’S SERVICES</td>
<td>○ Facility Programming</td>
<td>○ Client-supplied Data Coordination</td>
<td>○ Project Coordination</td>
<td>○ Architectural Construction Documents</td>
<td>○ Site Review</td>
<td>○ Field Review</td>
<td>○ Spatial Relationships/Flow Diagrams</td>
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<tr>
<td>○ Economic Feasibility Studies</td>
<td>○ Client Consultation</td>
<td>○ Interior Design Development</td>
<td>○ Construction Documents</td>
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<td>○ Project Management</td>
<td>○ Site Selection/Analysis/Utilization</td>
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<td>○ Existing Facilities Surveys</td>
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<td>○ Project Management</td>
<td>○ Project Management</td>
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<td>○ Site Selection/Analysis/Utilization</td>
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<td>○ Marketing Studies</td>
<td>○ Construction Documents</td>
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<td>○ Project Management</td>
<td>○ Project Management</td>
<td>○ Project Management</td>
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<td>SPECIAL CONSULTANTS SERVICES</td>
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<td>○ Project Management</td>
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<td>○ Project Financing</td>
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<td>○ Project Management</td>
<td>○ Site Selection/Analysis/Utilization</td>
<td>○ Site Selection/Analysis/Utilization</td>
</tr>
</tbody>
</table>

**Note:** Basic Services as per Base Percentage Fees shown on page 10. Additional services may apply.
Scope of Services

E Services of the Architect

The following describes the "traditional" and basic services of the Architect:

1.0 Architect's Services

1.1 The Architect's services consist of those services performed by the Architect, the Architect's employees, and the Architect's Consultants set forth herein and any other services included in Article A.18. They include the provision of normal structural, mechanical and electrical engineering services by professional engineers when these Consultants are engaged by the Architect.

1.2 The Architect's services include Consultant Coordination required to integrate all parts of the services.

2.0 Schematic Design Phase

The Architect shall:

2.1 review the program of requirements furnished by the Client and characteristics of the site;
2.2 review and comment on the Client’s Construction Budget in relation to the Client’s program of requirements;
2.3 review with the Client alternative approaches to the design of the Project and the types of construction contracts;
2.4 review applicable statutes, regulations, codes and by-laws and where necessary review the same with the Authorities Having Jurisdiction;
2.5 based on the mutually agreed upon program of requirements, schedule and Construction Budget, prepare for the Client’s review and approval, schematic design documents to illustrate the scale and character of the Project and how the parts of the Project functionally relate to each other; and
2.6 prepare and submit to the Client an estimate of probable Construction Cost based on current area or volume unit costs.

3.0 Design Development Phase

Based on Client approved schematic design documents and agreed estimate of probable Construction Cost, the Architect shall:

3.1 prepare for the Client’s review and approval, design development documents consisting of drawings and other documents appropriate to the size of the Project, to describe the size and character of the entire Project including the architectural, structural, mechanical, and electrical systems, materials and such other elements as
Scope of Services

List of Supplemental Architectural Services

The following is a list of some of the specialized services offered by architectural practices or coordinated with special consultants.

PRE-DESIGN SERVICES

- Facilities Programming
- Feasibility Studies
- Existing Site and Facilities Analysis
- Traffic and Parking Studies
- Existing Equipment and Furniture Inventories
- Energy Analysis
- Master Programming and Planning
- Environmental Studies
- Space Schematics/Flow Diagrams
- Marketing Studies
- Financial Analysis
- Project Financing
- Advisor for Architectural Competitions
- Preparation of Proposal Call Documents

POST-CONSTRUCTION SERVICES

- Commissioning Services
- Post-occupancy Studies
- Maintenance and Operational Programming
- Building Maintenance Manuals
- Post-occupancy Evaluation

SITE DEVELOPMENT SERVICES

- Site Analysis and Selection
- Site Development Planning / Site Plan Agreement
- Detailed Site Utilization Studies
- On-site Utility Studies
- Off-site Utility Studies
- Environmental Studies and Reports
- Zoning and Land Use Amendments
- Geotechnical Engineering
- Site Surveying
- Legal Survey
- Landscape Design

MATERIALS AND SYSTEMS TESTING

- Procurement of Testing Services
- Review and Analysis of Testing

INTERIOR DESIGN AND DESIGN SERVICES

- Space Planning
- Adoption of Mechanical and Electrical Systems and other Systems to Tenant Needs
- Preparation of Furnishing Requirements
- Bidding or Purchasing Procedures for Furniture
- Furniture and Equipment Selection and Layout
- Special Furnishings Design
- Tenant-related Services
- Interior Partition Location
- Furniture and Finishing Specifications
- Selection of Interior Materials, Finishes, and Colours
- Procurement of Furniture
- Coordination of Installation and Delivery of Furniture
- Design of Interior and Exterior Signage and Symbols
- Selection or Acquisition of Fine Arts or Crafts
- Graphic Design
- Documentation of Requirements and Procurement of Graphics Work

PROJECT ADMINISTRATION AND CONSTRUCTION MANAGEMENT SERVICES

- Project Administration
- Discipline Coordination/Document Checking
- Consulting with and Review and Approval of Authorities
- Submittal Services
- Oner-supplied Data Coordination
- Schedule Development/monitoring
- Testing and Inspection Administration
- Project Representation
- Supplemental Documentation
- Administration of Multiple Contracts
- Detailed Cost Estimates and Quantity Surveys
- Value Analysis or Value Engineering
- Life Cycle Cost Analysis
- Coordination of Mock-ups
- Facility Management
## Putting It All Together

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<tr>
<th></th>
<th>FEE ADJUSTMENT FACTOR</th>
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<tr>
<td>Fee 1 Percentage-based</td>
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</tr>
<tr>
<td>Fee 2 Hourly or Per Diem</td>
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<td></td>
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<tr>
<td>Fee 3 Fixed Fee</td>
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<tr>
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<td>Contract Administration</td>
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<tr>
<td>OTHER PROJECT VARIABLES</td>
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<tr>
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<td>Other</td>
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<td>7.05 x 1.56 = 10,927.5</td>
<td>10,927.5 total fee approximately 1983,475</td>
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**OTHER PROJECT VARIABLES**

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<td>Project Documentation</td>
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**Total Fee Adjustment Factors**

1.55

**Adjusted Fees**

7.05 x 1.55 = 10.9275  
10.9275  

**Total fee approximately $983,475**

**Fee 1 Percentage-based**

for additional services only

**Fee 2 Hourly or Per Diem**

additional 9,000 for Cost Consultant

**Fee 3 Fixed Fee**
Lagniappe

- Use Other Adjustment Factors
  - RISK
  - Reward
  - Client
    - Reputation, expectations, representative, etc.
  - LEED design
  - LEED certification
  - LCC
  - Innovation
Billing Rate

Hourly labour rate x benefits $25 x 35% = 8.75

+ Hourly rate x overhead $25 x 120% = 30.00

+ Hourly rate = 25.00

= Break even cost = 63.75

+ Profit (20%) divide by 80% = 79.68

(Brian’s recommendation: rationalize - either $79 or $80)
Billable Hours

Total available: 40 hrs x 52 weeks = 2,080
Vacation (3 weeks): - 120 hours = 1,960
Stat Holidays (8 days): - 64 hours = 1,896
Sick leave (assume 6 days): - 48 hours = 1,848
Net Work Hours = 1,848
Utilization factor (assume 60%): 1,848 x 60% = 1,109
So, total estimated Billable Hours = 1,109
Blended Rates

Expectation $75,000
Annual Overhead $45,000
Break-even $120,000
Profit $18,000
Total Fee Billings need to be $138,000

Blended Hourly Billing Rate

$138,000 divide by 1109 hours $124.44
Work Breakdown Structure

- Work Breakdown Structure
- 5,540,000
- 1960’s NASA
- Very common PM tool
- “translated” to architecture
Work Breakdown Structure

• Complex projects
  – need to scope
  – price
  – manage

• Break it down
  – phase-based
  – function-based - discipline-related categories
    • working in all disciplines at once
    • none finished until all finished
# Detailed Task Breakdown

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Subtask</th>
<th>Work Package</th>
<th>Individual effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Admin.</td>
<td>review/update prd'n sched.</td>
<td>arch'1</td>
<td>review/update</td>
</tr>
<tr>
<td></td>
<td>update project brief</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>update directory</td>
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<td></td>
<td>meet consultants</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>meet spec writer</td>
</tr>
<tr>
<td>Constr'n Documents</td>
<td>working drawings</td>
<td>index/format</td>
<td>set out, convey team</td>
</tr>
<tr>
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<td>CAD layers</td>
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<td>sheet content</td>
</tr>
<tr>
<td></td>
<td>Drawings</td>
<td>code review</td>
<td>site plan</td>
</tr>
</tbody>
</table>

Project: New Commercial/Retail Building

Subproject 5 - Construction Documents P.1
Guidelines for WBS

- start fresh
- start with master list - BUT ...
- list every task
- maximum 7 to 10 at any level
- don’t forget Project Management as task
- differentiate tasks vs. deliverables
- document all assumptions

- don’t over-detail -- $$$$$$
“Nailing” the Scope

• what is INcluded
• what is EXcluded
• what is “optional”
• ‘by others’
• Deliverables, benchmarks
Relate to your historical data

• But ... danger in historical data ... project variables, e.g.
  – Site and Context
  – Function and Program
  – Equipment and Content
  – Envelope and Systems
  – Design Process, Innovation, Unique
  – Procurement method
  – Construction
  – Additions and Alterations
  – People!
Back to WBS - Task Duration

• Which staff?
  – capability
  – hourly rate
  – competing assignments, availability

• Historical records
  – Who? How much?

• Estimates by PM, staff
  – ‘buy-in’
## 2nd - Task Duration

### Detailed Task Checklist

**Work Breakdown Structure and Calculation of Fees**  
**Project:** New Commercial/Retail Building

#### Subproject 5 - Construction Documents P.1

<table>
<thead>
<tr>
<th>Tasks</th>
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<th>Individual effort</th>
<th>Hours</th>
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<td></td>
<td></td>
<td>site plan</td>
<td>5</td>
</tr>
</tbody>
</table>

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*STRATEGIES FOR IMPACT Inc.*

Professional Service Firm
2.0 Scope of Professional Services

This proposal is organized in two phases. Throughout the delivery of professional services described below Watkinson will report to and liaise with Client.

2.1 Adapting New Contracts for the City

2.1.1 Research, Analysis and Strategy

- review current City contracts in detail
- review contracts used for building construction and design services by Region and other Municipality as a context for adapting the New contracts for the City, given that from time to time the City undertakes projects jointly with each
  - prepare a written comparison between the current City contracts to CCDC 2-2008 as amended by the New supplementary conditions AND OAA Document 600-2008 as amended by the relevant New supplementary conditions
  - where contract requirements appear to be similar, comment on the potential for adopting or adapting new contract wording
  - where requirements appear to differ materially, comment on adopting/adapting new wording or maintaining/adapting current City wording
  - identify “gaps” where either the City contracts or the New contracts are silent, and comment on possible approaches to address the gaps
  - comment on key differences from Region and Other Municipality contracts
- review findings with Client and City Solicitor
  - review comments and develop potential strategy for addressing similarities, differences, gaps
  - develop strategy for consultation with City procurement, risk management, works
  - develop strategy for consultation with outside legal counsel as well as insurance and surety advisors
  - discuss strategy for potential liaison with industry through the Ontario General Contractors Association, the Ontario Association of Architects, Consulting Engineers of Ontario, and the Association of Registered Interior Designers of Ontario

2.1.2 Consultation

- implement the strategies for
‘Bottom-up’ the Fee

• Use the labour cost only to extend against each task, then:
  • Add Overhead
  • Add Other Direct Costs (e.g. consultants)
  • Add Contingency
  • Then, add Profit to that subtotal for your total ‘bottom up’ fee
3rd - Extending the $

### Detailed Task Checklist

**Work Breakdown Structure and Calculation of Fees**  
**Project:** New Commercial/Retail Building

#### Subproject 5 - Construction Documents P.1

<table>
<thead>
<tr>
<th>Tasks</th>
<th>Subtask</th>
<th>Work Package</th>
<th>Individual effort</th>
<th>Hours</th>
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**Total:**

$1,494.00
## The 1st Cut Bottom - Up

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<th>SUB/PROJECT</th>
<th>LABOUR COST</th>
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<td>PRE-DESIGN</td>
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<tr>
<td>SCHEMATIC DESIGN</td>
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<td>DESIGN DEVELOPMENT</td>
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<td>CONSTRUCTION DOCUMENTS</td>
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<td>BIDDING</td>
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<td>CONTRACT ADMINISTRATION</td>
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<tr>
<td>POST CONSTRUCTION</td>
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</table>

**TOTAL LABOUR COSTS** $98,555.00

**LABOUR COST X OVERHEAD RATES @ 150%** $147,832.00

### OTHER DIRECT COSTS

<p>| | |</p>
<table>
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<td>ENGINEERING FEES</td>
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<td>LANDSCAPE ARCHITECT FEES</td>
<td>$3,000.00</td>
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<tr>
<td>INTERIOR DESIGN FEES</td>
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</table>

**SUBTOTAL** $314,987.00

**CONTINGENCY @ 3%** $9,449.61

**SUBTOTAL** $324,436.61

**PROFIT @ 20%** $64,887.32

**TOTAL FEE** $389,323.93
So ... what to do?

• **WBS disadvantage is tendency “too cautious”**
  – Remember, investment in WBS pays off in PM

• **Reality check ...**
  – Public record, e.g. municipalities, Boards
  – Surveys done by private sector
  – Ask the client – in negotiation, debriefing
  – Ask the market
  – Does client have a budget?
  – Historical data in the practice, or previous ...
  – Hit ratio
  – Business performance indicators, e.g. profit
Other Alternatives

- Per drawing
- Per sf/sm
- Per unit
- Staff level budgeting
XYZ PROJECT

KEY
PLAN

SITE PLAN
9.5 (JS)
3 (RK)
2 (JS) check

A-1

3 BW (REV)

SITE
DETAILS
(2)

6 (RK)

A-2

3 BW (REV)

.75 (RK)
.75 (JS) check NOTES

4 (RK)
Value-Based Fees

- Your favourite developer ...
- Fees are dependent on 2 things ... perceived value for services AND the parties acting ethically
- Perceived value ... in the client’s terms ... over the long term
- Time spent, deliverables created, materials invested do not translate to value – “Time & materials”
Value-Based Fees

• Selling expert knowledge and specialist advice ... not your time
• Time billing caps your income
• Value proposition = BENEFIT to client, NOT what you are able to do
• “Value for Money” – Know Client’s Objectives
• Benefits to Client ÷ Fixed Client Cost = Value to Client
  – E.g. faster project = additional business revenue
  – E.g. track record of fewer RFIs and COs
  – E.g. home value
  – E.g. productivity
Value-Based Fees

NOTE: Architectural services are usually around 10% of total of all Design and Construction Costs; therefore, architect’s fees can be as low as 0.01 percent of the lifecycle costs for owning and operating a facility. This is an inappropriate place to cut costs, particularly when the savings through good design can be significant over the lifecycle of a building.

Architects need to educate clients about the value of architectural services and how an architect’s ideas and knowledge can result in significant increases to the real estate value of a building as well as savings in the building’s operating and maintenance costs. The pie chart above illustrates that the architect’s fees are indeed a very small fraction of the total costs for constructing and owning a building. This important upfront investment in professional services can have very significant impacts on future costs of the ownership of any building.
Value-Based Fees

- 95%: Service Delivery
- 5%: Design/Construction and O and M
Value-Based Fees

- USP
- Price life cycle
- Not customer-led
Value-Based Fees

• Fees – not ‘necessary evil’ ... fair exchange for value you’ve given client

• Win-win – shared success, Risk and Reward

• Other examples of VB fees
  – The developer
  – Success fee (P3,D/B) c.f. contingency
  – % age of savings “efficiency experts” or tax consultants or value-engineering
  – “Good design = good business”
  – Investment based – bring equity

• Changes in industry/services/needs create opportunities to shift to value-based
Establishing YOUR Value

• YOU need to establish your value

• Rental Income
  – 3,000 sf retail, sales $37/sf/month
  – Competitor’s fee is $18,000 (6% constr’n cost)
  – YOU can save 2 months
  – 3,000 x $37 x 2 months = $22,200
  – So your fee is ... ????
Establish YOUR Value

• Productivity
• Home Value
• Life Cycle Cost
• better track record re COs
• Developer ... able to bid higher
Applying Value-Based Principles

• RAIC Guide
  – Many of the Adjustment Factors
  – Many of the *lagniappe*
  – And more!
VALUE REDESIGNED

New Models for Professional Practice

Kyle V. Davy, AIA
& Susan L. Harris, PhD
Now What?

• Yo-Yo
  – Disadvantage of WBS and pricing – too cautious
  – Market Price *(how?)* aka “Top Down”
    • Public record
    • Surveys
    • Ask the client how you compare
  – Your own historical data
Now What?

- “Adjust” the Fee
  - save ‘profit’- DON’T just give it up!!
  - watch the contingency
  - be realistic!!
  - Unless it’s a conscious decision to under-price
But ... 

• Commodification
• Loose scope
• Recommended hourly rates
• Disconnect %age of construction cost vs. Reality
• Add scope in negotiations, no change to fee
• Colleagues
The Fine Art of Negotiating

REBELS HAVE THREATENED TO ATTACK OUR ELBONIAN FACTORY UNLESS WE GIVE THEM A MILLION DOLLARS.

THAT’S OUTRAGEOUS! TELL THEM THEIR COMPETITION OFFERED TO NOT ATTACK US FOR HALF THAT PRICE.

NEGOTIATIONS BEGIN

THAT WOULDN’T EVEN COVER OUR COSTS OF NOT ATTACKING!
Negotiating

- **Deal vs. Relationship Negotiating**
  - “win-win”
- Juggle
- Prepare
- Know your bottom line
- **NOT** just about fees and clients ...
A Good Negotiator

- desire
- understands the skills
- understands both sides under pressure
- desires ‘win win’
- knows her/his contract
- researches client and project
Prepare

Things

• you want from the client
• things you will not give up
• things you are prepared to trade
• things you can ‘throw in’
• things client can ‘throw in’

When you’ll walk!
Keep juggling!!

- **scope** - define it
- **schedule** - *speed costs*
- **team** - client wants best people
- **risk** - business - $ and liability
- **Chev or Lexus?**
- **terms** - payment
- **price** - “the last to drop”
Common Errors

- concession not *always* a loss
- failing to acquire and apply negotiating skills
- "conceding" on fees
- treating negotiation as secondary to "getting the job"
- lack of preparation
- fear/discomfort
Common Errors

• yielding to market pressures
• the ‘schedule’ crutch
• too honest
• cutting the scope to make the fee work
• telephone or e-mail negotiation
• “it’s all about the fee”
Tactics

- Nibble
- Hot Potato
- Red Herring
- Higher Authority
- The ‘Set Aside’
- Good Cop/Bad Cop
- Flinch

- Off the table
- Split the Difference
- “You’ll have to do better than that ...”
- Funny Money
- Emotion
Closing

• Don’t close until all the ‘balls’ are resolved
  – keep options, eg. higher authority

• Sign on the spot

• if necessary, be ready to make one last concession from your list
  – “in your back pocket”
10 Top Sources of Leverage

- Money
  - need it?
- Time
  - anxious?
- Competition
  - specialty?
- Experience
  - have it?
- Knowledge
  - client? project?
- Workload
  - backlog?
- Facts
  - evidence to support?
- Preparation
  - have you prepared?
- Courage
  - to walk?
- Appearance
  - fit?
Contracts

- Written contract
- Standard form, minimize changes
  - Legal and insurance review
- Clearly define scope ... *have it ready*
- Clear payment terms
- Review it in detail
- Client deliverables and responsibilities
- Schedule
Change Management

• Scope creep

• Standard contracts have no provisions
  – Hourly rates or ?

• Process
  – If asked to do more, flag additional fees
  – Define scope clearly, get agreement on scope
  – Calculate fee based on scope
  – Negotiate
  – Confirm in writing
  – Change Directive
Post Mortem

• Every project!
• Ask your client
• Ask others on the team
• What went well?
• How can we improve?
Risk Management ...
Risk Management ... NOT!

“I’m sure things will work out just fine!”
What Risks?

• Professional
  – Standard of care
  – Personally liable

• Business

• Emerging New Risks

• We make decisions every day and in every way
  – ramifications
  – subconscious .... “blink” by Malcolm Gladwell
  – “playing the odds”
  – what if?

• Business

• Project decisions

• Pareto Principle
  – 80% of the effects come from 20% of the causes
  – the 80/20 rule
  – QM

• Apply in assessing probability and impact

- Balancing Risk and Reward ...
- Risk is not always proportional to reward
  - which project to pursue?
  - implement QM
  - sell additional services to current clients
  - billing practices
  - History – early adopters of CAD
  - balance of risk and reward

1. Identify risks
2. Assess and evaluate risks – What if?
   - Likelihood
   - Impact
   - Responsibility/accountability
3. Determine response - Decide
   - Prioritize - based on the 3-point assessment
   - Reduce
   - Reject
   - Transfer
   - Retain and mitigate (reduce likelihood, reduce impact, insure)
4. Risk Management Plan
   - Implement
   - Monitor
## Risk Register

<table>
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<tr>
<th>#</th>
<th>Description of Risk</th>
<th>Probability</th>
<th>Impact</th>
<th>Risk Factor</th>
<th>&quot;owner&quot;</th>
<th>Response</th>
<th>Status</th>
<th>Action</th>
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<td>6</td>
<td>18</td>
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### Probability
1 = low, 10% or less
3 = moderate, 20-50%
5 = high, greater than 50%

### Impact
1 = negligible
2 = small - inconvenience
4 = medium - but doesn’t cause failure of project
5 = big - great threat to success
8 = very big, likely to cause failure of project
Other Resources - RAIC

Canadian Handbook of Practice for Architects

SECOND EDITION
Other Resources - AIA

The Architect's Handbook of Professional Practice

The American Institute of Architects

Fourteenth Edition
Other Resources
Other Resources

MANAGING THE PROFESSIONAL SERVICE FIRM
David H. Maister

The ULTIMATE CONSULTANT
Powerful Techniques for the Successful Practitioner
ALAN WEISS
Differentiate!
Why YOU Need the Right Fee

• Deliver the professional services
• Maintain high quality
• Meet standards of the profession
• Architecture *is* a business
  – Compete
  – Solvent
  – Revenue v. expenses
    • Human resources – staff, contractors
    • Consultants
    • IT – hardware and software, internet
    • Insurances
    • Promotion and Business Development
    • Premises, FF and E
    • Advisors
Why ...

• Profit is not a “dirty word”
  – Sustain
    • Taxes
    • ROI
    • “slow times”
    • Change management
      – Business Development
  – Invest and reinvest
    • Recruit and retain HR; training and continuing education
    • IT – capital and implementation
    • R and D
  – Grow and expand
  – Reward
  – Retirement
Why ...

Support your profession!
1 Strategy
2 Directed to the Future
3 Sustainability
4 Success

WHAT’S NEW?
April 20, 2012
Why Brian volunteers with DeafBlind Ontario Services
Because he's thrilled to be able to help, in a small way, this amazing organization do the incredible work it does for deafblind Ontarians.

Among the most vulnerable of our neighbours.

Just take a look at the current newsletter to learn more.

And then think about lending your support to this group, or another one.

WHAT’S BRIAN READING?
THE LEISURE ECONOMY
How Changing Demographics, Economics, and Generational Attitudes Will Reshape Our Lives and Our Industries
Linda Nazareth
1. Strategy
2. Directed to the Future
3. Sustainability
4. Success

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DILBERT

AS USUAL, I WORKED UNTIL MIDNIGHT LAST NIGHT, MOM.

WELL, AT LEAST YOU MADE SOME EXTRA MONEY.

I DON'T GET PAID FOR OVERTIME.

WELL, AT LEAST IT WAS IMPORTANT WORK.

NOT REALLY.

MY BOSS MADE ME CHANGE MY “POWER-POINT” SLIDES, BUT THE CHANGES MAKE THEM WORSE.

WELL, AT LEAST YOU'RE PREPARED FOR YOUR MEETING.

IT WAS CANCELED.

BUT THAT'S OKAY, BECAUSE THE PROJECT ISN'T FUNDED ANYWAY.

SO... YOU WORKED FOR FREE TO WORSEN A PRESENTATION FOR A MEETING THAT WON'T HAPPEN FOR A PROJECT THAT DOESN'T EXIST?

YUP.

OH... YOU MUST BE AN ARCHITECT!

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