



# Best Practices in Commercial Sales Estimating

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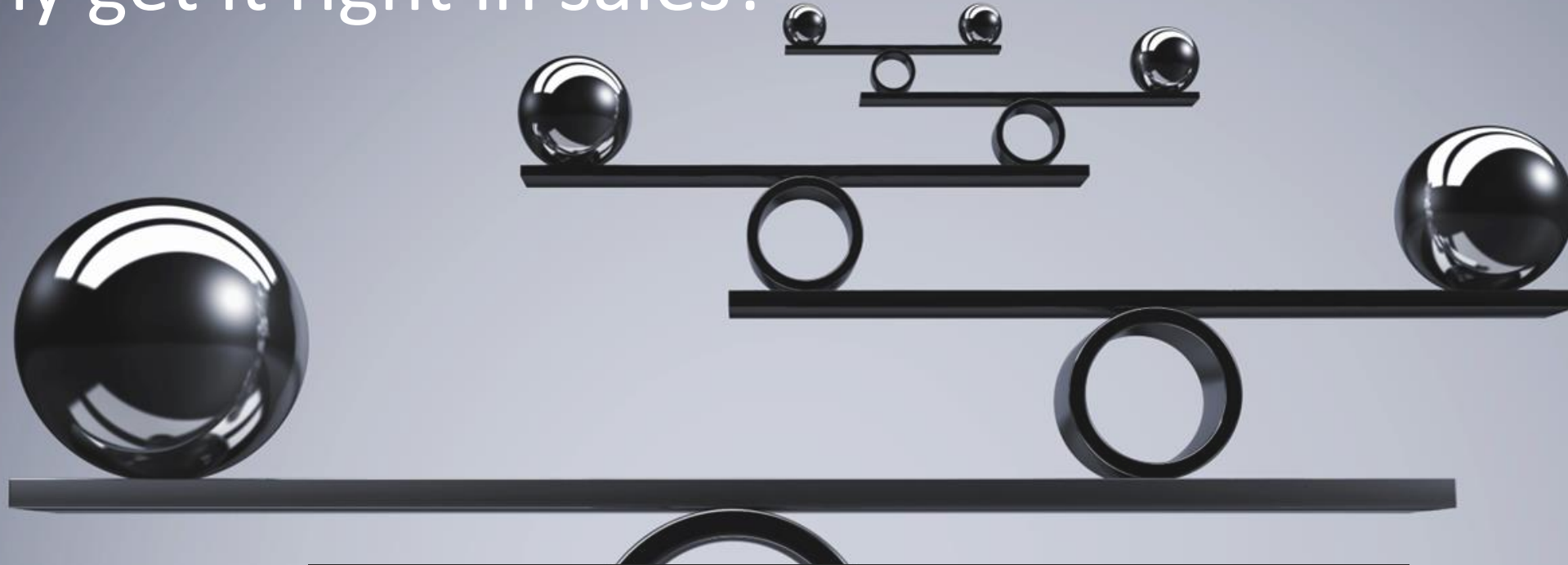
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# What are the biggest risks in commercial estimating?



# Why get it right in sales?



- 1) Predictability & visibility
- 2) Greater downstream delivery success
- 3) Centralized control = increases accuracy and profitability
- 4) Pre-Sale Approvals increase accuracy, lower risk
- 5) Close organizational gaps

# #1: Strategy

## Do we want this job?

- Customer
- Project type
- Construction type
- Competition
- Location & timing
- Scope / Size
- Contract requirements
- Current relationships
- Go / No Go

### Pricing strategy

- Target sell price
- Target profit margin
- Long term goals

## #2: Scope & Deliverables

Who should be involved in a thorough scope review?

What key points should be considered?

How do you determine if you can deliver the scope profitably?



# #3: Estimating Methodology

How will you estimate accurately, at the right price, & profit margin?

1. Which resources will estimate the project?
2. Engineering review: scope, plans, schedules, details
3. ID: Major Systems, Specialty systems, Headend/Closet locations
4. Take offs: Materials, Labor, other costs
5. Configuration of Estimate: phases, buildings, floors, systems
6. Iterations, alternates, options to get to 'the right price' & profit margin
7. Strategies for upsell opportunities, added services

# #4: Proper Labor Estimating

How does labor effect project profitability?

## Key considerations

1. Labor types
2. Fully burdened hourly costs
3. Labor per part / system
4. Subcontractor Labor
5. Regular /OT / Holiday hours

# #5: Chargeable Items

Account for other costs to *gain* profitability.

Non-material or Labor estimate costs:

1. Permits
2. Subcontractors
3. Additional Insurances
4. Bonding
5. Travel
6. Parking
7. Specific job: tools, certifications, etc.
8. Pass throughs
9. Miscellaneous Costs

Pricing considerations:

1. Direct Cost
2. Calculated costs: % of on what?
3. Gross Profit Margin
4. Tax





# #6: Include Recurring & Managed Services

Capture account longevity & higher profitability now!

Quote Services with sales

Pre-define Service Pricing

Default Service Contract Term



# #8: Proposal Document

Your voice when you're not there.

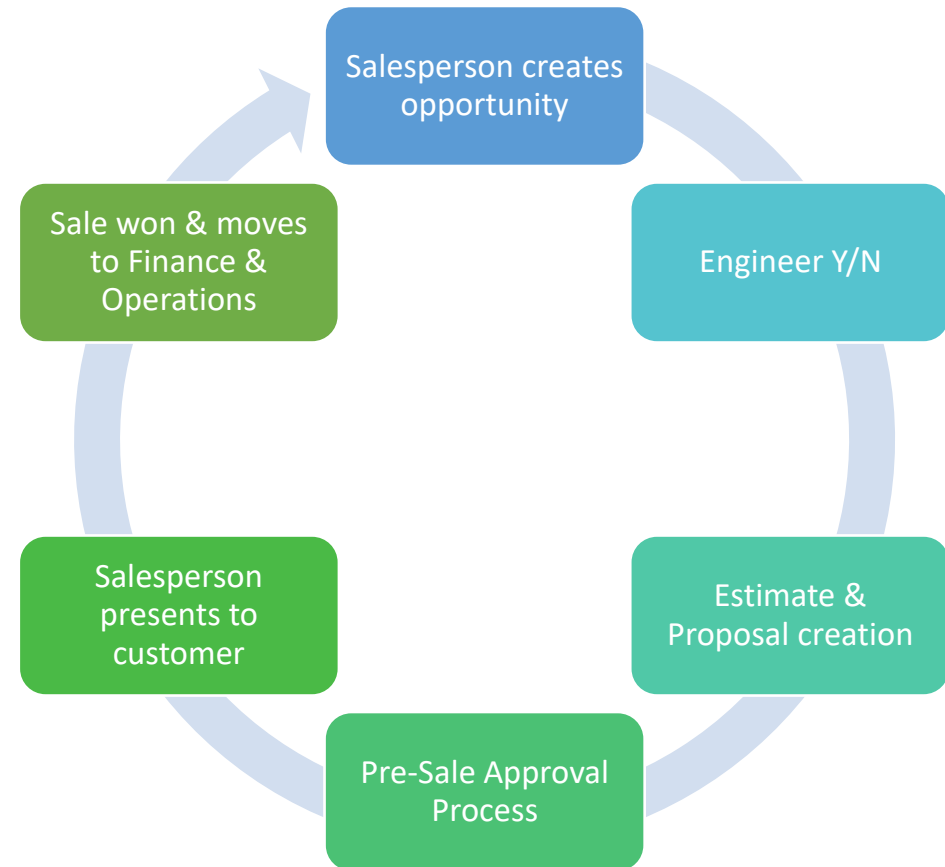
- Present project & company differentiators
- Customer focused solution
- Define scope & BOM
- Provide investment & options
- Define clarifications & exclusions
- Include services options
- Acceptance language & automate signing
- Legal Terms & Conditions



# #9: Estimating Responsibilities

Define: who is responsible for each stage & what happens in your estimating process.

Sales	Engineers	Managers/Ops/ Execs
<ul style="list-style-type: none"><li>• Record lead</li><li>• Document customer / contact information</li><li>• Save plan &amp; scope information</li><li>• Define scope</li><li>• Survey &amp; provide site information</li><li>• Confirm customer requirements</li></ul>	<ul style="list-style-type: none"><li>• Detailed scope</li><li>• Validate / define BOM</li><li>• Add / confirm labor</li><li>• Add / confirm other cost items</li><li>• Target margin &amp; sell price</li><li>• Approve, submit for approval, pass back to sales</li></ul>	<ul style="list-style-type: none"><li>• Confirm project acceptable</li><li>• Confirm sell price &amp; target profit margin</li><li>• Review &amp; approve contract terms</li><li>• Complete pre-sales approval process</li><li>• Complete post-sale approval process</li></ul>



# Best Practices in Commercial Estimating next steps:

- (3) areas you will improve estimating materials and labor.
- Account for hidden costs to improve profitability.
- Create pre-sales approvals to increase accuracy & lower risk.
- Apply best practices for proposal presentation, layout, writing scopes of work, & pricing presentations.



Thank you!