Union Internationale des Architectes • International Union of Architects

Professional Practice Information Notes

Note 6: Development of Architects' Compensation

This document has been prepared by the Professional Practice Commission of the International Union of Architects for the use and reference of UIA member sections in enhancing the practice of architecture.

It is intended to serve as an informational supplement to the policy issue, "Practice of Architecture", found in the UIA Accord on Recommended International Standards of Professionalism in Architectural Practice.

This Professional Practice Information Note was prepared by a Commission Drafting Panel.

****This document remains under development and is not part of the Accord.****

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INTERNATIONAL UNION OF ARCHITECTS

PROFESSIONAL PRACTICE COMMISSION

Draft 03 for

Recommended Guideline for the Accord Policy on the Development of Architects Compensation

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Draft 03

Recommended Guideline for the Accord Policy on the Development of Architects Compensation[1]

Accord Policy

The architect's compensation must be calculated to recover all the architect's costs in connection with the fulfilment of the contract, with an allowance for risk and for building up an investment reserve and to allow for a fair profit. Appropriateness of the compensation is not only measured by the architect's obligations arising from the specific contract but also with regard to the architect's general obligations towards the client, the profession and to society as laid down in the UIA Accord on Recommended International Standards of Professionalism in Architectural Practice. Professional organisations should – for the benefit of the members of the profession as well as of the consumers as the potential clients – actively involve themselves in setting up and maintaining information systems, based on historical data, about the appropriate range of compensation for the architectural services, differentiated by type, size, complexity and construction quality standard of projects.
To willingly work for a compensation which does not at least cover the architects net expenses, shall be regarded as professionally unethical.

Introduction

Architects are the sole professionals who are qualified through education, training and continuous professional development to design and to provide advice, including technical **and aesthetic** judgement, on the built environment. Architects provide services and solutions with technical competence and aesthetic sensitivity suitable to the physical, social, cultural, and economic environment. In this architects not only have responsibilities to their clients but also to the community and its citizens as a whole. In matters of public health and safety, architects are legally obliged to serve the public interest and respond to the public need. These concepts of health and safety are continuously being expanded for example to encompass the sustainability of the global environment and accessibility for all persons.

Architects add value to building projects by creating a design and layout that combines functionality with aesthetic sensitivity. In addition, architects design for construction durability and energy-efficiency and with a look and visual impact that provides a positive experience which may also bring an increased market value to owners and users.

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[1] Languages usually have different expressions for the negotiable remuneration of e.g. the members of liberal professions on the one hand, such as
- honoraires, onorario, honorario, Honorar
and for the prefixed price for tickets for transportation, theatres, cinemas etc. or administration charges on the other hand, such as
- taxe / tarif, tassa, tasa, Gebuehr

For all these different meanings the English language uses the word 'fee'. The prevailing understanding in this is that it is a price fixed beforehand by one side of the involved parties and not formed by negotiation: Visitors cannot negotiate the entrance fees for theatres, museums etc., nor can the average citizen negotiate administrative fees set by authorities. It is not obvious for the average English speaker that there is a different situation regarding the remuneration of for example an architect.

Therefore the use of the expression 'fees' in connection with information systems on the calculation of architects' remuneration or with any other cost information system or regulation about 'fees' is bound to provoke resistance by competition authorities in the Anglophone parts of the world right from the mere headline already, even if non-mandatory.

As a result of these reflections it was decided to use the neutral term 'compensation'.

The work of the architect may be described as the creation of a prototype. Therefore the architect's compensation differs with every project. Product and price cannot be viewed in a catalogue beforehand. Nevertheless an information data base for the calculation of the architect's compensation is not only in the interest of the members of the profession but also in the interest of consumers as potential clients. It is a major instrument of consumer protection.

A generation ago expectations and roles within the planning and construction sector were generally consistent and clearly understood. An architect's services for a building project and the roles of the different participants in the planning and building process were clearly defined, based on a standard set of conventions and procedures. Therefore it was relatively easy to identify the typical compensation for the services of an Architect for a particular building type. Schedules of fees for architectural services based on a percentage of the construction cost were widely accepted and used in many regions of the world.
Therefore a system for the determination of the services and compensation for the architects – mandatory or on a recommended basis – exists in many states. In some states these systems are legislated, but more frequent such systems have been developed by the profession or private organisations.
The situation has changed and many existing systems for the determination of the services and compensation for architects do not meet the requirements of today. It has become necessary to examine every individual building project to determine the appropriate fee for the services the architect is to provide. The practice of architecture and the provision of architectural services has evolved considerably. Today the architect and client must agree upon a wide range of project requirements and negotiate an appropriate fee based on the unique aspects of the services to be provided for each project.

State legislated architect's fee scales originally had been part of a 'Contracte Social': Society generally acknowledged the outstanding importance of the results of an architect's services for the quality of the built up environment and therefore agreed to procure the services on the basis of quality alone and not of price. Competition among architects was about quality and not about price.

The consensus which had backed this Contracte Social has vanished. Unhindered economic competition is a major consideration of many national and supranational political organisations for example the WTO or the Commission of the European Communities. There is no room for fee scales in their competition philosophy. Nevertheless there are several well founded arguments why some regulation of professional services may be necessary:

- A first argument is based on the concept of "asymmetry of information" between customers and service providers. A defining feature of professional services is that they require practitioners to develop and display a high level of technical knowledge. Consumers may not have this knowledge and therefore find it difficult to judge the quality of the services they purchase. Professional services are "credence goods" the quality of which cannot easily be judged either by prior observation or, in some markets, by consumption or use.
- A second argument is based on the concept of "externalities". In certain markets, the provision of a service may have an impact on third parties as well as the purchaser of the service. An inaccurate audit may mislead creditors and investors. A poorly constructed building may jeopardize public safety. There is a danger that the providers and purchasers of these services fail to take proper account of these external effects.
- A third argument is based on the concept of "public goods" Certain professional services are deemed to produce public goods that are of value for society in general. These might include the correct administration of justice or the development of high quality urban environments. There is a danger that without regulation some professional services markets might undersupply or inadequately supply public goods.[2]

[2] Report on Competition in Professional Services of 09.02.2004 of the Commission of the European Communities, chapter 4. Restrictive Regulation in the Liberal Professions (ciph. 24, 25, 26)

- In markets where search costs are high, it may indeed be advantageous for consumers to have access to accurate information about typical prices. However there are alternative methods of providing price information. For example the publication of historical or survey-based price information by independent parties (such as a consumer organisation) might provide a more trustworthy price guide for consumers, which distorts competition to a lesser extent.[3]

In view of the worldwide differences in cost levels and in the range of architects professional work patterns and responsibilities and considering the legal constraints, any attempt to develop something like a international cost information system for architects services would be a vain undertaking.
Therefore the UIA can only provide generally valid principles and methodologies for the development of architect's compensation systems under different economical, business-management and professional conditions. The understanding of methods to develop the appropriate compensation is vital for every architect in any part of the world. This knowledge, though decisive for professional survival, is generally not taught in architecture schools, and there are only few examples known, where this is part of the internship-curriculum between school-diploma and admission to the profession
At this point a special responsibility of professional organisations has to be highlighted. They should support their members in the effort of developing an appropriate cost information system by collecting historical data on office-costs and / or working time standards in relation to specific architectural services.

Recommended Guideline

The basic elements of any compensation calculation are

1. The Hourly Rate
for every member of the office

The hourly rate is composed of

- individual fee-earning working hours per year
  which after subtraction of
  - Saturdays / Sundays / legal holidays, contractual holidays, days of illness and other
  - general office administration tasks
  - CPD
  - acquisition / architectural competitions
  - other not fee-earning activities

  will finally amount to only 36% – 54% of the initial theoretical 2.920 working-hours of a year (365 days à 8 hours) in some regions of the world.

  The percentage of fee-earning working hours decreases with growing experience and responsibilities of an employee. It will be low for the office principals and high for technical drafting personnel.

  In other traditions the usual starting figure already neglects the non-working days Saturday and Sunday which normally leads to 261 days à 8 h = 2.088 h = 100%.
  The respective percentages for effective fee-earning working hours are: 50%-75%.

  These figures which resemble e.g. an European average will probably differ considerably in various regions around the world, due to different cultural, social and religious traditions and to different market conditions.

The individual share of any member of the office in the yearly total expense of the office (proportionate to her/his share in the total fee-earning working hours of the office) consists of

- the individual gross salary
- the individual social expense (legal + voluntary)
- a share in salaries and social expenses for non fee-earning office personnel
- a share in material expense for office space, information technology, general working material, insurance, fees to professional organisations etc. etc.
- a share in the calculatory principals salary

these five expense items represent the **net expense**

[3] Report on Competition in Professional Services of 09.02.2004 of the Commission of the European Communities, subchapter 4.2 Recommended Prices (ciph. 39)

On the net expense should be added:

- a surplus for building up an investment reserve
- a surplus for risk + profit

The resulting rate per hour will be 200% - >240% of the hourly rate of the gross salary alone.

Mastering this basic of office management and keeping the necessary time- and bookkeeping-records is an indispensable obligation for any architect who runs his own office.

Professional organisations should provide their members with appropriate IT based tools.

It has to be pointed out, that different traditions exist about handling these expenses. In some regions many of the above expenses items belong to the reimbursable expenses and are reimbursed directly or as a percentage of the agreed-on compensation.

Appendix III. to this guideline deals more extensively with the subject of the hourly rate and contains calculation sheets on MS Excel basis as well.

2. Pre Estimation of the Necessary Working Time for the Execution of a Commission

The complexity and difficulty of pre-estimation of the working time required for the execution of any architectural service has been and continues to be the major reason for the existence of fee scales and other types of cost information systems. The information about prices for architects services are indeed highly advantageous for consumers, who generally are not experienced in commissioning an architect. Building a house is quite different from buying goods for daily life in a supermarket and even very different from buying an automobile.

Existing cost information systems are generally based on the survey and evaluation of historical data from a multitude of architectural projects. Survey and evaluation has as a rule been executed by independent experts.

The common methods for defining the architects compensation and their characteristics are:

1. **Time Charge Compensation 1** (de facto working time, final statement retrospectively)
   The architect charges for his / her work on a hourly / daily / weekly rate. The compensation depends on the architect's actual working time. There remains a high degree of uncertainty about the final compensation.
2. **Time Charge Compensation 2, Project-Type + -Size related** (historical data)
   The architect charges for his / her work on a hourly rate. The charged working time is based on historical data for comparable projects collected and evaluated by independent sources or from the architects own records. The working time in relation to type, size and other specific characteristics of the project can be accurately assessed. The final compensation can be fixed in an early stage of the project – once the size in m² or m³ is known.
3. **Floor Area related Compensation**
   The architect charges a fixed compensation per m^2 gross floor area or useable floor area or per m^3 volume of the project. The compensation unit is usually related to a planning phase. The final compensation can be fixed in an early stage of the project – once the size in m^2 or m^3 is known.
4. **Percentage Compensation**
   The architect charges a percentage of the construction cost of the building. The percentage is based on historical data collected and evaluated by independent sources or from the architects own records. The percentage differs with type, size and other specific characteristics of the project and varies in relation to the construction cost (digressive scale) The exact final compensation develops with the construction cost of the project and is not fixed beforehand.

4a. **Fixed Percentage Compensation**
   This variation of the Percentage Compensation uses a fixed percentage of the construction cost, independent of the construction cost and sometimes even without any reference to size, type and other characteristics of the project.

5. **Lump Sum Compensation**
   The architect charges a fixed lump sum fee which is usually developed by one of the methods a. - e. in an early stage of the project.

6. **Commercial Compensation Negotiation**
   In some circumstances the profitability of a project or a particular phase of a project may be very high for the client, and this could be enhanced by the skill of the architect. Building projects frequently increase in value right after completion and a value of 110 – 120% of the invested sum is common. Therefore in some cases architect and client may be willing to negotiate a special compensation structure to reflect this. This could include an enhanced compensation for success and / or a reduced compensation (or nil compensation) in the case of failure.

In common to all these methods is that the development of compensations needs two appropriate tools: To calculate the hourly costs of the architect's office and to enable a pre-estimate of the working time and other expenses necessary to complete a specific service contract.

A comparison of the advantages or disadvantages of these methods must take into account the following criteria:

a. Transparency, traceability of the basis for establishing the compensation
b. Adaptability + flexibility towards changing economic and professional conditions as well as to variations of project parameters
c. User friendliness
d. Predictability of the final compensation
e. Preliminary expense for the development of the method
f. Comparability between countries
g. Compliance with competition law
h. Consumer friendliness

For a more thorough comparison of the above methods see **Appendix I.** to this guideline.

3. Other Variables Affecting the Architects Compensation

As indicated in the introduction the planning and construction sector has become increasingly complex and each project will be subject to certain unique factors which must be considered when determining appropriate compensation.

These factors are e.g.

- Scope of Services
  - Traditional Architectural Design Services or other
- Project Delivery Method and Construction Procurement
  - Sequential Tendering
  - Design-Bid-Build
  - Design-Build
  - Public Private Partnerships (PPP)
  - Other
- Schedule and Fast Track Projects
- Project Documentation and Computer Modelling
- Coordination of Specialist Consultants
- Complexity of Building Permit Process (authorities having jurisdiction)
- Submittals
- New Technologies
- Construction Administration
- Project Location and Site Conditions
- Renovation / Alteration to existing Buildings
  - often to be executed while occupied
- Intervention in Listed Buildings
- Repeat Work or Repetitive Designs
- Demobilization and remobilization (Stop and Start-up of Workforce)
- Phased Building Occupancies

To take regard of all these factors in the basic information system (e.g. fee scale or scale of working time) would make the scales endless and very complicated. It is therefore recommended to introduce multiplying factors to adjust the basic compensation. Sometimes the variable may result in a reduced compensation such as for repetitive design work, limited project documentation, or the elimination of entire phases.

4. Creation of Information Systems for the Compensation of Architects Services

The survey, collection and evaluation of historical data on completed architectural services should be commissioned to independent experts in the field of statistics with special experience in the planning sector.

Competition authorities would prefer such tasks be undertaken by “independent“ organisations and not by professional associations. The Commission of the European Communities, for example. suggests, that such information should be published by consumer organisations. Architectural services generally do not rank high enough in the daily activity and interest of consumer organisations to justify the high investment necessary to execute a complex survey of this kind. Furthermore the logic of, why a consumer organisation would be more independent than a professional organisation in conducting such a survey remains to be explained. As long as such a survey is not commissioned and published by relevant state authorities it would be in the justified interest of both professional organisations and customer organisations to do so, provided the necessary due diligence towards competition rules is observed.

To enable such surveys, professional organisations should oblige their members to place the relevant historical data on completed projects at the disposal of the organisation for an independent survey. Data safety measures, anonymity and stringent precautions against the leaking of confidential information must be observed and guaranteed.

Survey and evaluation should differentiate by

5 - 7 categories of planning and execution tasks of different complexity
a thorough and comprehensive catalogue of building and project types, allocated to these categories will help to avoid lengthy discussions in contract negotiations
3 subcategories of execution standard (simple, average, complex) in each main category

A complete catalogue of the architects responsibilities and scope of service within the main characteristic project phases

- Pre Design Services *)
- Preliminary Design
- Final Design / Building Permit Application
- Construction Documents (Drawings / Tender Documents)
- Bidding / Negotiating / Contract Awarding
- Construction (Supervision / Contract administration)
- Post Completion Services *)

*) these services are usually **not** part of the traditional scope of services and therefore not included in the basic compensation listed in cost information systems

should be included.

5. Final Reflection

Most existing cost information systems belong to method **4. Percentage Compensation**. Nevertheless due to the wide range of project requirements in many building projects this method often cannot satisfy the specific needs of the increased complexity any more.
Very often the project and the client are best served by a combination of different methods of compensation rather than one single fee. Frequently it is more appropriate to use one method of compensation for one phase of the project and a different method of compensation for another phase.
For example, in the dealing with authorities to obtain approvals for a project, which can be indeterminate in complexity and time, it may be fair to compensate the architect on an agreed-to hourly rate by method **1. Time Charged Compensation 1**. However the project documentation could then be compensated on a percentage fee based on the construction cost for the project by method **4. Percentage Compensation**.
In another instance, specific additional services, such as the preparation of an architectural rendering or marketing materials, could be provided at a fixed price or lump sum. Other services for the same project could, in turn, be remunerated on the Percentage Compensation method or the Time Charged Compensation method.

The direct interdependence between construction cost and compensation has turned out to be a major weakness of the method under two aspects especially:

- Times of crisis in the construction sector often involve a major decline in prices/ construction cost. The architect's compensation may decrease by 10% and more while work-load for the project and office cost level remain unchanged. And even worse, the decline in prices tends to bring about a decrease in construction quality standard which leads to an increase on the demands on the architect in the phase site supervision / contract administration and on his liability risks.
- An architect's special effort for cost saving building-design or construction is punished through a lesser compensation. A negligent handling of these factors on the architects side is rewarded with a higher compensation. Especially the latter effect has proven a serious psychological handicap of this method in the relation between architects and clients.

Besides the deficits of the Percentage Compensation method mentioned before the comparison of advantages and disadvantages of the different methods shows, that method **2. the Time Charged Compensation 2**, **Project-Type + -Size related** based on historical data, has a very good potential to become the method of the future because of the following criteria:

- The method enables the best comparability between countries, because differences between countries in the relation between construction cost-level and cost-level in the architect's office (which can distort comparability in the Percentage Compensation method) have no effect on the comparability, an important aspect in a globalized market.
- The method has the best chance to satisfy restrictive requirements set out by competition legislation because it will not result in a fee scale but in an information system on the average appropriate working hours for a specific architect's service. The hourly rate charged will be a matter of the individual architect's office.
  Therefore a completely and correctly described planning task leads to different compensations among market participants, due to their different hourly rates.
  However it cannot be neglected, that in some jurisdictions the publication of even the most carefully assembled cost information system of any kind will fail to satisfy the relevant authorities and may result in a fine or other punishment for the publisher.
- A positive side effect is that, to use of this method architects are forced to observe economic management principles in their offices, more than under a fee scale with a fixed range of fees.
  In professional environments, where architects often tend to consider business issues as below their dignity – and these environments still do exist - this will have a positive educational value.
- The disadvantageous automatic effects of the Percentage Compensation method mentioned above do not occur.
- A major negative aspect of the **Time Charged Compensation 2, Project-Type + -Size related** method, based on historical data, is the high initial expense for the development of the method. Data collection and evaluation are time consuming. Data bases should be permanently expanded and updated to remain relevant. However this is true for the Compensation method as well and there especially the updating is even more complex and challenging.

See also **appendices**:

I. **Comparative advantages and disadvantages of the methods for defining the architects compensation**

II. **Overview on existing Cost Information Systems / Fee Scales / Methods for Calculation of the Architects Compensation**

III. **Calculation of Hourly Rates in Architects Offices**

INTERNATIONAL UNION OF ARCHITECTS

Appendix - III -

to the Recommended Guideline for the Accord Policy on the Development of Architects Compensation

Calculation of Hourly Rates in Architects Offices

Introduction

The first of the basic elements of any compensation calculation is

The Hourly Rate
for every member of the office

The hourly rate is composed of

- Individual fee-earning working hours per year
  Starting from the total 2.920 hours of a year (365 days à 8 hours) = 100%
  and after subtraction of Saturdays / Sundays / legal holidays, contractual holidays, days of illness (statistical average) and other paid non-working days which in some regions of the world amount to >40% of the initial 100%,
  additional not fee earning working hours are spent on
  - general office administration tasks
  - CPD
  - acquisition / architectural competitions
  - other not fee-earning activities
  which amount up to another <10% of the initial 100%.
  Finally only approx. 1.456 (<50%) of the initial 2.920 hours remain as effective fee-earning working hours of an average employee.
  These figures which resemble e.g. an European average will probably differ considerably in various regions around the world, due to different cultural, social and religious traditions and to different market conditions.

  In other traditions the usual starting figure already neglects the non-working days Saturday and Sunday which normally leads to 261 days à 8 h = 2.088 h = 100% (Variation 260 – 262 days).
  The respective percentages are:
  >17,5% non-working days due to working time- and social legislation,
  <12,5% working days with non fee-earning activities and a remaining
  <70% effective fee-earning working hours.

  The percentage of fee-earning working hours will decrease with growing experience and responsibilities of an employee. It will be considerably lower for the office principals and considerably higher for technical drafting personnel.

The individual share of any member of the office in the yearly total expense of the office (proportionate to her/his share in the total fee-earning working hours of the office)
consists of:

- the individual gross salary
- the individual social expense (legal + voluntary)
- a share in salaries and social expenses for non fee-earning office personnel
- a share in material expense for
  - office space
  - furniture
  - telecommunication
  - information technology
  - general working material
  - vehicles
  - transportation / travelling
  - acquisition / representation / entertainment
  - external consultation (tax, legal)
  - insurances
  - competence securing
  - fees to professional organisations
  - calculatory interest on capital
    (interest according to market conditions on 4 month expenses without owners salary)
  to mention only the main groups
- a share in the calculatory owners / principals salary

These five expense items represent the **net expense**

Calculation of Hourly Rates in Architects Offices

Introduction

On the net expense should be added

- a surplus for building up an investment reserve
- a surplus for risk + profit

The resulting rate per hour will be 200 - >240% of the hourly rate of the gross salary alone.

Mastering this basic of office management and keeping the necessary time- and book-keeping-records is an indispensable obligation for any architect who runs his own office.
Professional organisations should provide their members with appropriate IT based tools.

It has to be pointed out, that different traditions exist about handling these expenses. In some countries many of the above expense items belong to the reimbursable expenses and are reimbursed directly.

Use of the Calculation Sheets

General direction
Entries in the **Green Cells** in the Calculation sheets may be altered by the user
Furthergoing Adaptations should only be executed by experienced MS Excel users !

This file contains the introduction and 6 calculation sheets, linked to each other.

- **Legal Holidays**
  The example shows the situation for 2011 in Northern Germany
  Legal Holidays may be added or taken out according to the local situation
  Figures (results) in the last line 'Total' are linked to other sheets
  When adapting the Calendar for another year, this line must be preserved !
  For a leap year the 365 days/year in the headline must be adjusted to 366 !

- **Project Hours**
  In this sheet the effective fee-earning working hours for the different members of the office are calculated and linked to sheet 'Individual Data Personnel'
  Figures for payed holidays may be adapted to different legislation resp. to contract details
  Figures for days of illness and other individual paid absences from work show statistical averages for Central Europe and may be adapted to different regional experiences

- **Individual Data Personnel**
  The example shows 7 data boxes for employed personnel + 1 box for the owner
  1., 1.1 and 1.2 are linked to sheet 'Project Hours'.
  Figures for
  - Gross Salary
  - Legal social expense
  - Voluntary social expense

  may be altered individually
  The other cells contain formulas or links to other sheets and are blocked

- **Total Material**
  This sheet contains the list of all material expense.
  Expense items and figures may be altered
  The list may be reduced or expanded to meet individual situations
  (experienced MS Excel user only. Column E to be preserved !)

- **Total Expense**
  This sheet shows the result of all expenses from previous sheets. It is just for information, no individual alterations foreseen.

- **Total Personnel**
  This sheet shows the result of all expenses from previous sheets, allocated to the individual employees of the office, as well as some figures and relations of general mangement interest.
  Only variables are the percentages for risk + profit and for building up an investment reserve
  Column **'t'** shows the individual hourly rates, the essential result of the the whole calculation.

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 52/10	Sat	1-Jan	**1**	**New Year**			
	Sun	2-Jan	**1**				
CW 1	Mon	3-Jan					
	Tue	4-Jan					
	Wed	5-Jan					
	Thu	6-Jan		3 Kings			
	Fri	7-Jan					
	Sat	8-Jan	**1**				
	Sun	9-Jan	**1**				
CW 2	Mon	10-Jan					
	Tue	11-Jan					
	Wed	12-Jan					
	Thu	13-Jan					
	Fri	14-Jan					
	Sat	15-Jan	**1**				
	Sun	16-Jan	**1**				
CW 3	Mon	17-Jan					
	Tue	18-Jan					
	Wed	19-Jan					
	Thu	20-Jan					
	Fri	21-Jan					
	Sat	22-Jan	**1**				
	Sun	23-Jan	**1**				
CW 4	Mon	24-Jan					
	Tue	25-Jan					
	Wed	26-Jan					
	Thu	27-Jan					
	Fri	28-Jan					
	Sat	29-Jan	**1**				
	Sun	30-Jan	**1**				
CW 5	Mon	31-Jan					
	Tue	1-Feb					
	Wed	2-Feb					
	Thu	3-Feb					
	Fri	4-Feb					
	Sat	5-Feb	**1**				
	Sun	6-Feb	**1**				
CW 6	Mon	7-Feb					
	Tue	8-Feb					
	Wed	9-Feb					
	Thu	10-Feb					
	Fri	11-Feb					
	Sat	12-Feb	**1**				
	Sun	13-Feb	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 7	Mon	14-Feb					
	Tue	15-Feb					
	Wed	16-Feb					
	Thu	17-Feb					
	Fri	18-Feb					
	Sat	19-Feb	**1**				
	Sun	20-Feb	**1**				
CW 8	Mon	21-Feb					
	Tue	22-Feb					
	Wed	23-Feb					
	Thu	24-Feb					
	Fri	25-Feb					
	Sat	26-Feb	**1**				
	Sun	27-Feb	**1**				
CW 9	Mon	28-Feb					
	Tue	1-Mar					
	Wed	2-Mar					
	Thu	3-Mar					
	Fri	4-Mar					
	Sat	5-Mar	**1**				
	Sun	6-Mar	**1**				
CW 10	Mon	7-Mar			Carnival		
	Tue	8-Mar					
	Wed	9-Mar					
	Thu	10-Mar					
	Fri	11-Mar					
	Sat	12-Mar	**1**				
	Sun	13-Mar	**1**				
CW 11	Mon	14-Mar					
	Tue	15-Mar					
	Wed	16-Mar					
	Thu	17-Mar					
	Fri	18-Mar					
	Sat	19-Mar	**1**				
	Sun	20-Mar	**1**				
CW 12	Mon	21-Mar					
	Tue	22-Mar					
	Wed	23-Mar					
	Thu	24-Mar					
	Fri	25-Mar					
	Sat	26-Mar	**1**				
	Sun	27-Mar	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 13	Mon	28-Mar					
	Tue	29-Mar					
	Wed	30-Mar					
	Thu	31-Mar					
	Fri	1-Apr					
	Sat	2-Apr	**1**				
	Sun	3-Apr	**1**				
CW 14	Mon	4-Apr					
	Tue	5-Apr					
	Wed	6-Apr					
	Thu	7-Apr					
	Fri	8-Apr					
	Sat	9-Apr	**1**				
	Sun	10-Apr	**1**				
CW 15	Mon	11-Apr					
	Tue	12-Apr					
	Wed	13-Apr					
	Thu	14-Apr					
	Fri	15-Apr					
	Sat	16-Apr	**1**				
	Sun	17-Apr	**1**				
CW 16	Mon	18-Apr					
	Tue	19-Apr					
	Wed	20-Apr					
	Thu	21-Apr					
	Fri	22-Apr			**Good Friday**		**1**
	Sat	23-Apr	**1**				
	Sun	24-Apr	**1**		**Easter**		
CW 17	Mon	25-Apr			**Easter**		**1**
	Tue	26-Apr					
	Wed	27-Apr					
	Thu	28-Apr					
	Fri	29-Apr					
	Sat	30-Apr	**1**				
	Sun	1-May	**1**	**Labour Day**			
CW 18	Mon	2-May					
	Tue	3-May					
	Wed	4-May					
	Thu	5-May					
	Fri	6-May					
	Sat	7-May	**1**				
	Sun	8-May	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 19	Mon	9-May					
	Tue	10-May					
	Wed	11-May					
	Thu	12-May					
	Fri	13-May					
	Sat	14-May	**1**				
	Sun	15-May	**1**				
CW 20	Mon	16-May					
	Tue	17-May					
	Wed	18-May					
	Thu	19-May					
	Fri	20-May					
	Sat	21-May	**1**				
	Sun	22-May	**1**				
CW 21	Mon	23-May					
	Tue	24-May					
	Wed	25-May					
	Thu	26-May					
	Fri	27-May					
	Sat	28-May	**1**				
	Sun	29-May	**1**				
CW 22	Mon	30-May					
	Tue	31-May					
	Wed	1-Jun					
	Thu	2-Jun			**Assumption**		**1**
	Fri	3-Jun					
	Sat	4-Jun	**1**				
	Sun	5-Jun	**1**				
CW 23	Mon	6-Jun					
	Tue	7-Jun					
	Wed	8-Jun					
	Thu	9-Jun					
	Fri	10-Jun					
	Sat	11-Jun	**1**				
	Sun	12-Jun	**1**		**Pentecost**		
CW 24	Mon	13-Jun			**Pentecost**		**1**
	Tue	14-Jun					
	Wed	15-Jun					
	Thu	16-Jun					
	Fri	17-Jun					
	Sat	18-Jun	**1**				
	Sun	19-Jun	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 25	Mon	20-Jun					
	Tue	21-Jun					
	Wed	22-Jun					
	Thu	23-Jun			Corpus Christi		
	Fri	24-Jun					
	Sat	25-Jun	**1**				
	Sun	26-Jun	**1**				
CW 26	Mon	27-Jun					
	Tue	28-Jun					
	Wed	29-Jun					
	Thu	30-Jun					
	Fri	1-Jul					
	Sat	2-Jul	**1**				
	Sun	3-Jul	**1**				
CW 27	Mon	4-Jul					
	Tue	5-Jul					
	Wed	6-Jul					
	Thu	7-Jul					
	Fri	8-Jul					
	Sat	9-Jul	**1**				
	Sun	10-Jul	**1**				
CW 28	Mon	11-Jul					
	Tue	12-Jul					
	Wed	13-Jul					
	Thu	14-Jul					
	Fri	15-Jul					
	Sat	16-Jul	**1**				
	Sun	17-Jul	**1**				
CW 29	Mon	18-Jul					
	Tue	19-Jul					
	Wed	20-Jul					
	Thu	21-Jul					
	Fri	22-Jul					
	Sat	23-Jul	**1**				
	Sun	24-Jul	**1**				
CW 30	Mon	25-Jul					
	Tue	26-Jul					
	Wed	27-Jul					
	Thu	28-Jul					
	Fri	29-Jul					
	Sat	30-Jul	**1**				
	Sun	31-Jul	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 31	Mon	1-Aug					
	Tue	2-Aug					
	Wed	3-Aug					
	Thu	4-Aug					
	Fri	5-Aug					
	Sat	6-Aug	**1**				
	Sun	7-Aug	**1**				
CW 32	Mon	8-Aug					
	Tue	9-Aug					
	Wed	10-Aug					
	Thu	11-Aug					
	Fri	12-Aug					
	Sat	13-Aug	**1**				
	Sun	14-Aug	**1**				
CW 33	Mon	15-Aug		Mary Assumption			
	Tue	16-Aug					
	Wed	17-Aug					
	Thu	18-Aug					
	Fri	19-Aug					
	Sat	20-Aug	**1**				
	Sun	21-Aug	**1**				
CW 34	Mon	22-Aug					
	Tue	23-Aug					
	Wed	24-Aug					
	Thu	25-Aug					
	Fri	26-Aug					
	Sat	27-Aug	**1**				
	Sun	28-Aug	**1**				
CW 35	Mon	29-Aug					
	Tue	30-Aug					
	Wed	31-Aug					
	Thu	1-Sep					
	Fri	2-Sep					
	Sat	3-Sep	**1**				
	Sun	4-Sep	**1**				
CW 36	Mon	5-Sep					
	Tue	6-Sep					
	Wed	7-Sep					
	Thu	8-Sep					
	Fri	9-Sep					
	Sat	10-Sep	**1**				
	Sun	11-Sep	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving	GER North	
CW 37	Mon	12-Sep					
	Tue	13-Sep					
	Wed	14-Sep					
	Thu	15-Sep					
	Fri	16-Sep					
	Sat	17-Sep	**1**				
	Sun	18-Sep	**1**				
CW 38	Mon	19-Sep					
	Tue	20-Sep					
	Wed	21-Sep					
	Thu	22-Sep					
	Fri	23-Sep					
	Sat	24-Sep	**1**				
	Sun	25-Sep	**1**				
CW 39	Mon	26-Sep					
	Tue	27-Sep					
	Wed	28-Sep					
	Thu	29-Sep					
	Fri	30-Sep					
	Sat	1-Oct	**1**				
	Sun	2-Oct	**1**				
CW 40	Mon	3-Oct		**National Day**		**1**	
	Tue	4-Oct					
	Wed	5-Oct					
	Thu	6-Oct					
	Fri	7-Oct					
	Sat	8-Oct	**1**				
	Sun	9-Oct	**1**				
CW 41	Mon	10-Oct					
	Tue	11-Oct					
	Wed	12-Oct					
	Thu	13-Oct					
	Fri	14-Oct					
	Sat	15-Oct	**1**				
	Sun	16-Oct	**1**				
CW 42	Mon	17-Oct					
	Tue	18-Oct					
	Wed	19-Oct					
	Thu	20-Oct					
	Fri	21-Oct					
	Sat	22-Oct	**1**				
	Sun	23-Oct	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving		**GER North**
CW 43	Mon	24-Oct					
	Tue	25-Oct					
	Wed	26-Oct					
	Thu	27-Oct					
	Fri	28-Oct					
	Sat	29-Oct	**1**				
	Sun	30-Oct	**1**				
CW 44	Mon	31-Oct		Reformation Day			
	Tue	1-Nov		All Saints' Day			
	Wed	2-Nov					
	Thu	3-Nov					
	Fri	4-Nov					
	Sat	5-Nov	**1**				
	Sun	6-Nov	**1**				
CW 45	Mon	7-Nov					
	Tue	8-Nov					
	Wed	9-Nov					
	Thu	10-Nov					
	Fri	11-Nov					
	Sat	12-Nov	**1**				
	Sun	13-Nov	**1**				
CW 46	Mon	14-Nov					
	Tue	15-Nov					
	Wed	16-Nov			Day of Penance		
	Thu	17-Nov					
	Fri	18-Nov					
	Sat	19-Nov	**1**				
	Sun	20-Nov	**1**				
CW 47	Mon	21-Nov					
	Tue	22-Nov					
	Wed	23-Nov					
	Thu	24-Nov					
	Fri	25-Nov					
	Sat	26-Nov	**1**				
	Sun	27-Nov	**1**				
CW 48	Mon	28-Nov					
	Tue	29-Nov					
	Wed	30-Nov					
	Thu	1-Dec					
	Fri	2-Dec					
	Sat	3-Dec	**1**				
	Sun	4-Dec	**1**				

Legal Holidays year 2011 **365 days/year**

			Sat/Sun	Holiday fixed	Holiday moving	GER North	
CW 49	Mon	5-Dec					
	Tue	6-Dec					
	Wed	7-Dec					
	Thu	8-Dec					
	Fri	9-Dec					
	Sat	10-Dec	**1**				
	Sun	11-Dec	**1**				
CW 50	Mon	12-Dec					
	Tue	13-Dec					
	Wed	14-Dec					
	Thu	15-Dec					
	Fri	16-Dec					
	Sat	17-Dec	**1**				
	Sun	18-Dec	**1**				
CW 51	Mon	19-Dec					
	Tue	20-Dec					
	Wed	21-Dec					
	Thu	22-Dec					
	Fri	23-Dec					
	Sat	24-Dec	**1**	Christmas Eve			
	Sun	25-Dec	**1**	**1. Christmas**			
CW 52	Mon	26-Dec		**2. Christmas**		**1**	
	Tue	27-Dec					
	Wed	28-Dec					
	Thu	29-Dec					
	Fri	30-Dec					
	Sat	31-Dec	**1**	New Years Eve			
	Total		**105**			**2**	**4**

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Architect Owner / Partner

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	8	2,920	140.38%
1.2	Saturdays / Sundays [1]	105	8	840	40.38%
1.0	**Calendaric Workingtime**	**260**		**2,080**	**100.00%**
2.11	Legal Holidays [1]	6	8	48	2.31%
2.12	Paid Holidays [2]	20	8	160	7.69%
2.13	Illness [3]	5	8	40	1.92%
2.14	Other [3]	2	8	16	0.77%
2.1	**Non-Workingdays due to Calendar and general human reasons**	**33**		**264**	**12.69%**
2.0	**Remaining effective workingtime**	**227**		**1,816**	**87.31%**
3.1	General Office Organisation	15	8	120	5.77%
3.2	CPD	7	8	56	2.69%
3.3	Acquisition / Competition	50	8	400	19.23%
3.4	Profess. Politics Activities	15	8	120	5.77%
3.5	other non fee-earning	7	8	56	2.69%
3.0	**Workingtime non fee-earning**	**94**		**752**	**36.15%**
4.0	**Remaining workingtime fee-earning**	**133**		**1,064**	**51.15%**

[1] Depends on national and regional regulations
[2] Depends on partnership contract or similar
[3] statistical median

30.09.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Experienced Employed Architect, executive functions

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	8	2,920	140.38%
1.2	Saturdays / Sundays [1]	105	8	840	40.38%
1.0	**Calendaric Workingtime**	**260**		**2,080**	**100.00%**
2.11	Legal Holidays [1]	6	8	48	2.31%
2.12	Paid Holidays [2]	25	8	200	9.62%
2.13	Illness [3]	10	8	80	3.85%
2.14	Other [3]	3	8	24	1.15%
2.1	**Non-Workingdays due to Workingtime- and Social Legislation**	**44**		**352**	**16.92%**
2.0	**Remaining effective workingtime**	**216**		**1,728**	**83.08%**
3.1	General Office Organisation	10	8	80	3.85%
3.2	CPD	5	8	40	1.92%
3.3	Acquisition / Competition	15	8	120	5.77%
3.4	other non fee-earning	3	8	24	1.15%
3.0	**Workingtime non fee-earning**	**33**		**264**	**12.69%**
4.0	**Remaining workingtime fee-earning**	**183**		**1,464**	**70.38%**

[1] Depends on national and regional regulations
[2] Depends on working contract resp. tariff
[3] statistical median

30.09.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Experienced employed Architect 3/4 time

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	6	2,190	140.38%
1.2	Saturdays / Sundays	105	6	630	40.38%
1.0	**Calendaric Workingtime**	**260**		**1,560**	**100.00%**
2.11	Legal Holidays [1)]	6	6	36	2.31%
2.12	Payed Holidays [2)]	25	6	150	9.62%
2.13	Illness [3)]	10	6	60	3.85%
2.14	Other [3)]	3	6	18	1.15%
2.1	**Non-Workingdays due to Workingtime- and Social Legislation**	**44**		**264**	**16.92%**
2.0	**Remaining effective workingtime**	**216**		**1,296**	**83.08%**
3.1	General Office Organisation	10	6	60	3.85%
3.2	CPD	5	6	30	1.92%
3.3	Acquisition / Competition	15	6	90	5.77%
3.4	other non fee-earning	3	6	18	1.15%
3.0	**Workingtime non fee-earning**	**33**		**198**	**12.69%**
4.0	**Remaining workingtime fee-earning**	**183**		**1,098**	**70.38%**

1) Depends on national and regional regulations
2) Depends on working contract resp. tariff
3) statistical median

30.09.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Standard Technical Employee

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	8	2,920	140.38%
1.2	Saturdays / Sundays	105	8	840	40.38%
1.0	**Calendaric Workingtime**	**260**		**2,080**	**100.00%**
2.11	Legal Holidays [1)]	6	8	48	2.31%
2.12	Payed Holidays [2)]	25	8	200	9.62%
2.13	Illness [3)]	10	8	80	3.85%
2.14	Other [3)]	3	8	24	1.15%
2.1	**Non-Workingdays due to Workingtime- and Social Legislation**	**44**		**352**	**16.92%**
2.0	**Remaining effective workingtime**	**216**		**1,728**	**83.08%**
3.1	General Office Organisation	6	8	48	2.31%
3.2	CPD	5	8	40	1.92%
3.3	Acquisition / Competition	10	8	80	3.85%
3.4	other non fee-earning	3	8	24	1.15%
3.0	**Workingtime non fee-earning**	**24**		**192**	**9.23%**
4.0	**Remaining workingtime fee-earning**	**192**		**1,536**	**73.85%**

1) Depends on national and regional regulations
2) Depends on working contract resp. tariff
3) statistical median

25.08.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Secretary 1/2 time

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	4	1,460	140.38%
1.2	Saturdays / Sundays	105	4	420	40.38%
1.0	**Calendaric Workingtime**	**260**		**1,040**	**100.00%**
2.11	Legal Holidays [1]	6	4	24	2.31%
2.12	Payed Holidays [2]	25	4	100	9.62%
2.13	Illness [3]	10	4	40	3.85%
2.14	Other [3]	3	4	12	1.15%
2.1	**Non-Workingdays due to Workingtime- and Social Legislation**	**44**		**176**	**16.92%**
2.0	**Remaining effective workingtime**	**216**		**864**	**83.08%**
3.1	General Office Organisation	45	4	180	17.31%
3.2	CPD	2	4	8	0.77%
3.3	Acquisition / Competition	7	4	28	2.69%
3.4	other non fee-earning	5	4	20	1.92%
3.0	**Workingtime non fee-earning**	**59**		**236**	**22.69%**
4.0	**Remaining workingtime fee-earning**	**157**		**628**	**60.38%**

[1] Depends on national and regional regulations
[2] Depends on working contract resp. tariff
[3] statistical median

30.09.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices
Calculation of average project hours / year

Year: 2011 **Region:** Northern Germany

Apprentice

a	b	c	d	e	f
No.		days	h per day	total h	%
1.1		365	8	2,920	140.38%
1.2	Saturdays / Sundays	105	8	840	40.38%
1.0	**Calendaric Workingtime**	**260**		**2,080**	**100.00%**
2.11	Legal Holidays [1]	6	8	48	2.31%
2.12	Payed Holidays [2]	25	8	200	9.62%
2.13	Illness [3]	10	8	80	3.85%
2.14	Other [3]	2	8	16	0.77%
2.1	**Non-Workingdays due to Workingtime- and Social Legislation**	**43**		**344**	**16.54%**
2.0	**Remaining effective workingtime**	**217**		**1,736**	**83.46%**
3.1	General Office Organisation	10	8	80	3.85%
3.2	Technical College	60	8	480	23.08%
3.3	Acquisition / Competition	5	8	40	1.92%
3.4	other non fee-earning	10	8	80	3.85%
3.0	**Workingtime non fee-earning**	**85**		**680**	**32.69%**
4.0	**Remaining workingtime fee-earning**	**132**		**1,056**	**50.77%**

[1] Depends on national and regional regulations
[2] Depends on working contract resp. tariff
[3] statistical median

30.09.2010/ Sven Silcher

Calculation of Hourly Rates in Architects Offices

Expenses in Architects Office

Year 2011

Individual Data Personnel

User may alter figures in green Cells

Name: Owner / Partner

		per month	month	per year
1.	Total Hours	173.33	12.0	2,080
1.1	Project Hours (calc.)	89	12.0	1,064
2.1	Gross Salary	5,750.00 EUR	12.0	69,000.00 EUR
2.2	Old age Insurance	575.00 EUR	12.0	6,900.00 EUR
2.3	Health insurance	431.25 EUR	12.0	5,175.00 EUR
2.	**Total**	6,756.25 EUR		**81,075.00 EUR**

Name: Architect 1 **Time Factor 100.0%**

Experienced, Executive Functions

		per month	month	per year
1.	Total Hours (contract)	173.33		2,080
1.1	Payed Holidays (contract)	16.67		200
1.2	Project Hours (calc.)	122		1,464
2.1	Gross Salary	3,750.00 EUR	13.0	48,750.00 EUR
2.2	Legal social expense	825.00 EUR	13.0	10,725.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	4,665.00 EUR		**60,645.00 EUR**

Name: Architect 2 (3/4 Time) **Time Factor 75.0%**

<5 years experience

		per month	month	per year
1.	Total Hours (contract)	130.00		1,560
1.1	Payed Holidays (contract)	12.50		150
1.2	Project Hours (calc.)	92		1,098
2.1	Gross Salary	1,600.00 EUR	13.0	20,800.00 EUR
2.2	Legal social expense	352.00 EUR	13.0	4,576.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	2,042.00 EUR		**26,546.00 EUR**

Name: Architect 3 **Time Factor 100.0%**

>5 years experience

		per month	month	per year
1.	Total Hours (contract)	173.33		2,080
1.1	Payed Holidays (contract)	16.67		200
1.2	Project Hours (calc.)	122		1,464
2.1	Gross Salary	2,900.00 EUR	13.0	37,700.00 EUR
2.2	Legal social expense	638.00 EUR	13.0	8,294.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	3,628.00 EUR		**47,164.00 EUR**

Calculation of Hourly Rates in Architects Offices

Expenses in Architects Office

Year 2011

Individual Data Personnel

User may alter figures in green Cells

Name: **Technical Employee 1**
>5 years experience

Time Factor **100.0%**

		per month	month	per year
1.	Total Hours (contract)	173.33		2,080
1.1	Payed Holidays (contract)	16.67		200
1.2	Project Hours (calc.)	122		1,464
2.1	Gross Salary	2,250.00 EUR	13.0	29,250.00 EUR
2.2	Legal social expense	495.00 EUR	13.0	6,435.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	2,835.00 EUR		**36,855.00 EUR**

Name: **Technical Employee 1**
<5 years experience

Time Factor **100.0%**

		per month	month	per year
1.	Total Hours (contract)	173.33		2,080
1.1	Payed Holidays (contract)	16.67		200
1.2	Project Hours (calc.)	128		1,536
2.1	Gross Salary	1,800.00 EUR	13.0	23,400.00 EUR
2.2	Legal social expense	396.00 EUR	13.0	5,148.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	2,286.00 EUR		**29,718.00 EUR**

Name: **Secretary (Half Time)**

Time Factor **50.0%**

		per month	month	per year
1.	Total Hours (contract)	86.67		1,040
1.1	Payed Holidays (contract)	8.33		100
1.2	Project Hours (calc.)	0		0
2.1	Gross Salary	1,050.00 EUR	13.0	13,650.00 EUR
2.2	Legal social expense	231.00 EUR	13.0	3,003.00 EUR
2.3	Voluntary social expense	90.00 EUR	13.0	1,170.00 EUR
2.	**Total**	1,371.00 EUR		**17,823.00 EUR**

Name: **Apprentice**

Time Factor **100.0%**

		per month	month	per year
1.	Total Hours (contract)	173.33		2,080
1.1	Payed Holidays (contract)	16.67		200
1.2	Project Hours (calc.)	0		0
2.1	Gross Salary	450.00 EUR	13.0	5,850.00 EUR
2.2	Legal social expense	99.00 EUR	13.0	1,287.00 EUR
2.3	Voluntary social expense	40.00 EUR	13.0	520.00 EUR
2.	**Total**	589.00 EUR		**7,657.00 EUR**

Calculation of Hourly Rates in Architects Offices

Expenses in Architects Office

Year 2011

Individual Data Personnel

User may alter figures in green Cells

Expenses in Architects Office
Material Expenses

	Rent	15,000.00	
	Heating etc.	1,920.00	
	Cleaning	2,600.00	
	Window cleaning	540.00	
	Electricity, gas, water	1,440.00	
	Other costs of office space	500.00	
1.0	**Cost of office space**		**22,000.00**
	Working tables	450.00	
	Conference Table	250.00	
	Chairs	325.00	
	Seating Furniture	450.00	
	Shelves	437.50	
	Drawing Storage	375.00	
	Pinwall	100.00	
	Archive Furniture	380.00	
	Safe	250.00	
	other	382.50	
2.0	**Furniture (annuity)**		**3,400.00**
	Telephone Equip.	1,200.00	
	Facsimile Equip.	120.00	
	Telephone Cost	1,500.00	
	Use of Internet	360.00	
3.0	**Cost of Telecommunication**		**3,180.00**
	IT Central Unit, Net	1,600.00	
	Computer 1 (CAD, Text, Calculation, Quantity Surv., Graphic, Internet)	7,500.00	
	Computer 2 (Text, Calculation, Quantity Surv., Internet)	1,500.00	
	Printer / Copying (Toner / Ink incl.)	1,200.00	
	Scanner	100.00	
	Plotter (Toner / Ink incl.)	1,200.00	
	Maintenace	1,000.00	
	Sofware-Updates etc.	1,500.00	
4.0	**Cost of Information Technology**		**15,600.00**
	Paper	600.00	
	Writing- and Drawingmatierial	500.00	
	Despatching material	200.00	
5.0	**General Working Material**		**1,300.00**
	Vehicles, amortisation	14,000.00	
	Vehicles, gas / oil	3,600.00	
	Vehicles, maintenance, repair	1,500.00	
	Vehicles, tax	550.00	
	Vehicles, insurance	2,500.00	
6.0	**Cost of vehicles**		**22,150.00**
	Travelling	1,870.00	
	Postage	800.00	
	Courier service	1,200.00	
7.0	**Cost of Transportation**		**3,870.00**

Expenses in Architects Office
Material Expenses

	Restaurants	1,600.00	
	Presents	1,200.00	
	PR material	800.00	
	Brochures	1,400.00	
8.0	**Cost of Acquisition / Representation**		**5,000.00**
	Accounting	1,800.00	
	Tax consultant	4,500.00	
	Legal consultant	2,700.00	
9.0	**Cost of External Consultation**		**9,000.00**
	Fire insurance	600.00	
	Theft insurance	800.00	
	Accident insurance	1,200.00	
	Life insurance	2,400.00	
	Professional Liability insurance	30,000.00	
10.0	**Insurances**		**35,000.00**
	Material Cost CPD	1,500.00	
	Professional Literature	800.00	
	Professional Magazines	600.00	
11.0	**Cost of Competence Securing**		**2,900.00**
	Fees to Chamber	1,000.00	
	Fees to Professional Organisations	1,000.00	
	Fees to other Organisations	600.00	
12.0	**Fees to Professional Organisations**		**2,600.00**
	Calculatory Interest on Capital		
	(4 months expenses without owners salary)		
	8%	9,719.55	
13.0	**Calculatory Interest on Capital**		**9,719.55**
	Total		**135,719.55**

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Total Expenses in Architects Offices

a	b	c	d	e	f
No.	Type of expense	Expense	% of Total Expense	Direct Expense	Indirect Expense
		EUR / year	%	EUR / year	EUR / year
1.11	Calculatory salary owner	69.000,00 €	15,57%	69.000,00 €	0,00 €
1.12	Old age insurance owner	6.900,00 €	1,56%	0,00 €	6.900,00 €
1.13	Health Insurance owner	5.175,00 €	1,17%	0,00 €	5.175,00 €
1.1	**Total expense personnel owner**	**81.075,00 €**	**18,29%**	**69.000,00 €**	**12.075,00 €**
1.21	Expense personnel architects	107.250,00 €	24,20%	0,00 €	107.250,00 €
1.22	Expense personnel technical employees	52.650,00 €	11,88%	0,00 €	52.650,00 €
1.23	Expense personnel secretaries	13.650,00 €	3,08%	0,00 €	13.650,00 €
1.24	Expense personnel apprentices	5.850,00 €	1,32%	0,00 €	5.850,00 €
1.25	Expense personnel other	0,00 €	0,00%	0,00 €	0,00 €
1.2	**Total expense employees**	**179.400,00 €**	**40,48%**	**0,00 €**	**179.400,00 €**
1.31	Legal social expense employees	39.468,00 €	8,91%	0,00 €	39.468,00 €
1.32	Voluntary social expense employees	7.540,00 €	1,70%	0,00 €	7.540,00 €
1.3	**Total social expense employees**	**47.008,00 €**	**10,61%**	**0,00 €**	**47.008,00 €**
1.1 -1.3	**Total Expense Personnel**	**307.483,00 €**	**69,38%**	**69.000,00 €**	**238.483,00 €**
2.0	Cost of office space	22.000,00 €	4,96%	0,00 €	22.000,00 €
3.0	Furniture	3.400,00 €	0,77%	0,00 €	3.400,00 €
4.0	Telecommunication	3.180,00 €	0,72%	0,00 €	3.180,00 €
5.0	Information Technology	15.600,00 €	3,52%	0,00 €	15.600,00 €
6.0	Working Material	1.300,00 €	0,29%	0,00 €	1.300,00 €
7.0	Vehicles	22.150,00 €	5,00%	0,00 €	22.150,00 €
8.0	Transportation	3.870,00 €	0,87%	0,00 €	3.870,00 €
9.0	Acquisition /Representation	5.000,00 €	1,13%	0,00 €	5.000,00 €
10.0	External Consultation	9.000,00 €	2,03%	0,00 €	9.000,00 €
11.0	Insurances	35.000,00 €	7,90%	0,00 €	35.000,00 €
12.0	Competence Securing	2.900,00 €	0,65%	0,00 €	2.900,00 €
13.0	Fees to professional organisations	2.600,00 €	0,59%	0,00 €	2.600,00 €
14.0	Calculatory interest on capital	9.719,55 €	2,19%	0,00 €	9.719,55 €
2.0-14.0	**Total Expense Material**	**135.719,55 €**	**30,62%**	**0,00 €**	**135.719,55 €**
1.0-14.0	**Total expenses**	**443.202,55 €**	**100,00%**	**69.000,00 €**	**374.202,55 €**

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Calculation of Hourly Rates in Architects Offices

Basis : Total Expense Personnel

Surplus on net expense for building up an investment reserve: **4.80%**

Surplus on net expense for risk + profit: **10.00%**

a	b	c	d	e	f	g	h	i	k	l	m	n	o	p	q	r	s	t	u
No.	Name	Project h/year	% of tot. h	Salary €	% of tot. sal.	Social Expense €	% of ind. salary	% of tot. soc. exp.	Calc. Ent. Salary €	% of tot. ent. sal.	Material Expense €	% of tot. mat. exp.	Net Exp./h €	Risk/ Profit €	% of net cost/h	Investm. Reserve €	% of net cost/h	**Hourly Rate €**	% of gross salary / h
1	Architect 1	1,464	16.67%	48,750.00	27.17%	11,895.00	24.40%	25.30%	13,515.58	16.67%	22,625.08	16.67%	66.11	6.61	10.00%	3.17	4.80%	**75.89**	227.92%
2	Architect 2	1,098	12.50%	20,800.00	11.59%	5,746.00	27.63%	12.22%	10,136.68	12.50%	16,968.81	12.50%	48.86	4.89	10.00%	2.35	4.80%	**56.09**	296.11%
3	Architect 3	1,464	16.67%	37,700.00	21.01%	9,464.00	25.10%	20.13%	13,515.58	16.67%	22,625.08	16.67%	56.90	5.69	10.00%	2.73	4.80%	**65.32**	253.67%
4	Techn. Empl. 1	1,536	17.49%	29,250.00	16.30%	7,605.00	26.00%	16.18%	14,180.28	17.49%	23,737.78	17.49%	48.68	4.87	10.00%	2.34	4.80%	**55.89**	293.47%
5	Techn. Empl. 2	1,536	17.49%	23,400.00	13.04%	6,318.00	27.00%	13.44%	14,180.28	17.49%	23,737.78	17.49%	44.03	4.40	10.00%	2.11	4.80%	**50.55**	331.82%
6	Secretary	628	7.15%	13,650.00	7.61%	4,173.00	30.57%	8.88%	5,797.67	7.15%	9,705.29	7.15%	53.07	5.31	10.00%	2.55	4.80%	**60.92**	280.28%
7	Apprentice	1,056	12.02%	5,850.00	3.26%	1,807.00	30.89%	3.84%	9,748.94	12.02%	16,319.73	12.02%	31.94	3.19	10.00%	1.53	4.80%	**36.66**	661.83%
8	Total / Median	8,782	100.00%	179,400.00	100.00%	47,008.00	26.20%	100.00%	81,075.00	100.00%	135,719.55	100.00%	49.94	4.99	10.00%	2.40	4.80%	**57.33**	280.66%

30.09.2010 / Sven Silcher

INTERNATIONAL UNION OF ARCHITECTS

Draft 02 **Appendix - II -**

to the Recommended Guideline for the Accord Policy on the Development of Architects Compensation

Overview on existing Cost Information Systems / Fee Scales / Methods for Calculation of the Architects Compensation

Presented by the UIA Professional Practice Commission **Status: 9/30/2010** *

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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
			CIS / Fee Scale developed by				it is		Standard Calculation Method for Architects Compensation						Differentiation by		
UIA MEMBER SECTION		CIS / Fee Scale exists	Legislative Body	Professional Organistaion	Consumer Organisation	Other	mandatory	non mandatory	Time Charge Compensation (de facto working time)	Time charge, Proj. Type + Size related Compensation (based on historical data h / m²)	Floor Area related Compensation (Fee / m²	Construction Cost related Compensation (based on historical data % of CC)	Lump Sum Negotiated	Other Method	Building / Project Type List	Complexity Bands / Finishing Standard	Other
001	Afghanistan																
002	Andorra	**1**		**1**				**1**									
003	Angola																
004	Argentina	**1**		**1**													
005	Armenia	**0**															
006	Australia	**1**		**1**				**1**									
007	Austria	**1**		**1**				**1**		**1**						**10x3**	
008	Azerbaijan	**–**															

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009	Baltic Countries: Estonia																
	Baltic Countries: Latvia																
	Baltic Countries: Lithuania																
010	Bangladesh	**1**		**1**				**1**									
011	Barbados																
012	Belarus	**0**															
013	Belgium	**0**															
014	Benin	**1**		**1**			**1**										
015	Bolivia	**1**		**1**			**1**										
016	Bosnia-Herzegovina																
017	Brazil	**1**		**1**				**1**									
018	Bulgaria																
019	Cameroon																
020	Canada	**1**		**1**				**1**				**1**			**145**	**7x3**	
021	Cape Verde																
022	Chile																
023	China	**1**	**1**					**1**									
024	Colombia																
025	Congo (Republic of)	**1**				**1**											
026	Costa Rica	**1**		**1**			**1**										
027	Cóte d'Ivoire																
028	Croatia	**1**		**1**			**1**										
029	Cyprus																

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030	Czech Republic	**1**		**1**				**1**									
031	Dem. Rep. of the Congo																
032	Ecuador	**1**		**1**			**1**										
033	Egypt	**1**		**1**				**1**									
034	Ethiopia																
035	France	**0**															
036	Georgia	**1**	**1**					**1**									
037	Germany	**1**	**1**				**1** [1)]					**1**				**5**	
038	Ghana																
039	Greece	**1**	**1**				**1**										
040	Honduras	**1**		**1**			**1**										
041	Hong Kong	**1**		**1**				**1**									
042	Hungary	**1**		**1**				**1**									
043	India																
044	Indonesia																
045	Iran (Islamic Rep. of)	**1**	**1**														
046	Ireland	**1**		**1**				**1**									
047	Israel	**1**	**1**					**1**									
048	Italy	**1**	**1**														
049	Japan	**1**	**1**					**1**									
050	Kazakhstan																
051	Kenya																
052	Kuwait																

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053	Kyrghyzstan																
054	Lebanon																
055	Luxembourg																
056	Macao																
057	Malaysia	**1**	**1**				**1**										
058	Mali																
059	Malta	**1**		**1**			**1**										
060	Mauritius	**1**		**1**				**1**									
061	Mexico	**1**		**1**				**1**									
062	Mongolia																
063	Morocco																
064	Namibia	**1**		**1**			**1**										
065	Netherlands	**1**		**1**				**1**									
066	Netherlands Antilles	**1**	**1**					**1**									
067	New Zealand	**1**		**1**				**1**									
068	Nigeria	**1**	**1**	**1**													
069	Denmark																
	Finland	**0**															
	Nordic Countries: Iceland																
	Norway																
	Sweden	**0**															
070	Pakistan																
071	Palestine	**1**					**1**										

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072	Philippines																
073	Poland	**1**		**1**				**1**									
074	Portugal	**1**	**1**														
075	Puerto Rico																
076	Republic of Korea	**1**	**1**					**1**									
077	Romania	**1**		**1**				**1**									
078	Russian Federation	**1**	**1**					**1**									
079	Saudi Arabia																
080	Senegal																
081	Serbia and Monténégro	**1**		**1**				**1**									
082	Singapore	**1**	**1**	**1**				**1**									
083	Slovakia	**1**		**1**		**1**		**1**									
084	Slovenia	**1**	**1**	**1**			**1**										
085	South Africa	**1**				**1**		**1**									
086	Spain	**1**		**1**				**1**									
087	Sri Lanka																
088	Sudan	**1**		**1**				**1**									
089	Switzerland	**1**		**1**				**1**									
090	Syrian Arab Republic																
091	Tajikistan																
092	Thailand																
093	FYRoM																
094	Trinidad & Tobago	**1**		**1**				**1**									

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095	Tunisia																
096	Turkey	**1**	**1**	**1**			**1**										
097	Uganda																
098	Ukraine																
099	UK of GB + North. Ireland	**0**															
100	United Rep. of Tanzania																
101	US of America	**0**															
102	Uzbekistan	**1**	**1**				**1**										
103	Viet Nam																
104	Zambia																
	Total	**53**	**18**	**36**	**0**	**3**	**14**	**32**									

[1)] Fee scale in Germany is only mandatory for architectural services provided by persons (not necessary architects) residing in Germany

Overview on existing Cost Information Systems / Fee Scales / Methods for Calculation of the Architects Compensation

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TEMPORARY MEMBERS																	
105	Bahamas																
106	Belize																
107	Brunei Darussalam																
108	Central African Republic																
109	Chad																
110	Fiji																
111	Malawi																
112	Mauritania																
113	Niger																
114	Rwanda																
115	Sierra Leone																
116	Sao Tome and Principe																
117	Suriname																

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Explanations

Column

1 + 2 Running no. and name of member section

3 - 15 1 = YES
0 = NO
– = no information available

4 - 7 Only the organisation / authority in charge is stated even if other parties participated in the development

10 - 15 Only the standard method is stated = 1, even if other methods are in use as well

10 Compensation by de facto working-time, retrospectively

11 Compensation by working time, based on collection and evaluation of historical data, related to project-type and -size (scales h / m²)

12 Floor-Area related Compensation (Fee / m²)

13 Compensation in % of construction cost, differentiated by project-type and -size, based on collection and evaluation of historical data

14 Lump sum negotiated between contract parties

15 Other compensation method than in 10 - 14

16 -18 Extent of differentiation is stated by no. of listed building types / complexity categories and sub-categories (e.g. 7 x 3)

16 List of building- or project-types, often allocated to complexity category in 17

17 Complexity-categories, sometimes subdivided in simple, average, complex

18 Other differentiation than in 16 and 17

Information marked yellow needs clarification (contradictory)

INTERNATIONAL UNION OF ARCHITECTS

Draft 03 for

Appendix I

to the Recommended Guideline for the Accord Policy on the Development of Architects Compensation

Comparative advantages and disadvantages of the methods for defining the architects compensation

Drafting Panel Chair: Sven Silcher, Germany
Drafting Panel Members: Phillip Crafford, South Africa
Bonnie Maples, Canada
Graham Scott Bohanna, Australia

▪

▪

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Tsinghua University
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Tel: 86 010 62 77 31 70
Fax: 86 010 62 78 47 27
Mail: zhuangwm@tsinghua.edu.cn

Comparative advantages and disadvantages of the methods for defining the architects compensation

A comparison of the advantages or disadvantages of the methods for defining the architects compensation must take into account the following criteria:

a. Transparency, traceability of the basis for establishing the compensation
b. Adaptability + flexibility towards changing economic and professional conditions as well as to variations of project parameters
c. User friendliness
d. Predictability of the final compensation at an early stage of the project
e. Preliminary expense for the development of the method
f. Comparability between countries
g. Compliance with competition law
h. Consumer friendliness

1. **Time Charge Compensation 1** (de facto working time, final statement retrospectively)

   a. Once the hourly rate is agreed this method is transparent and traceable as far as the calculation is concerned.
   On the other hand the average client cannot judge whether the amount of hours charged is appropriate to the service and resembles effectiveness.
   Over all the transparency of this method is a little less than sufficient.

   b. Adaptability and flexibility towards changing economic and professional conditions as well as to variations of project parameters are very high. The only difficulty may arise from an agreed hourly rate under unusually rapidly changing economic conditions

   c. The method is very easy to handle, so the user friendliness is good

   d. Non-predictability of the final compensation is the eminent characteristic of this method. There remains a high range of uncertainty about the final compensation for the client, while the architect is vulnerable if there is a dispute.

   e. Only management tools to calculate the hourly costs of the architects office and for time management are needed. No survey, no data collecting are necessary.
   The necessary preliminary expense for the development of the method is extremely low.

   f. The comparability between countries with the same pattern of the architects missions is very good – if the final compensation is predicted at the start or once the serviced is finished.

   g. The method, provided the hourly rate is freely negotiated between the parties and not enforced by state authorities or professional or other organisations, complies with competition law.

   h. Due to the deficits in a) and d) this method cannot be judged as consumer friendly

Closing remark.

The time charge compensation method has its right of existence as additional auxiliary method parallel to any other method to calculate extra time expense in case of unforeseeable disturbances in the regular process of the architects service – provided not the architect himself has to answer for the irregularity.
There are also cases e.g. in existing structures where the full range and the amount of necessary architects services develops only with the progress of works.

2. **Time Charge Compensation 2, Project-Type + -Size related** (historical data)

Time charge compensation methods, based on the collection and statistical evaluation of historical data, are generally found as time consumption scales.

These scales show the appropriate average-amount of working hours necessary to perform a specific service. The figures depend on the following parameters:

Complexity of the planning task (type of building etc.)

cost-relation construction / mechanical

cost-relation raw construction / finishing construction

Size of building (gross floor area in m^2 or volume in m^3)

New building / conversion / special services

Profile of services

a. This method is transparent as far as the calculation is concerned.

The transparency of the survey and the statistical evaluation process which has led to the working hour figures cannot disclose itself to the average user of such scales.
A general reference to the representativeness and the reliability of the statistical basis and to the independence of the evaluators will be necessary. Adequate explanations must have the necessary quality to establish the client's trust.

The necessity to carefully calculate the hourly rates necessary to cover all costs and to allow for an appropriate surplus for risk and profit considerably strengthens the architects negotiation competence in comparison with methods which are mainly based on a fee per project unit or a percentage of the construction cost, e.g. methods 3. and 4.

Under these provisions this method is very transparent and its basis traceable.

b. Adaptability and flexibility towards changing economic and professional conditions as well as to variations of project parameters are very good as long as they influence the parameters that determine the amount of chargeable working hours.

c. The use of this method is of medium difficulty. The appropriate classification of the complexity of a project will never be absolute. It develops in discussions between client and architect and may take some time.

d. The final compensation can be defined at an early stage – once all relevant parameters are clear.

e. The necessary preliminary expense for the development of the method is very high. Data collection and evaluation are very time consuming. Data bases should be permanently expanded and updated.

f. The comparability between countries with the same pattern of the architects services should be excellent. Differences between countries in the relation between construction cost and cost of the architects office have no effect on the comparability. However differences in administrative procedures, in climate and geology, in client's expectations and other matters make the comparison more difficult in reality.

g. A completely and correctly described planning task leads to different compensations among market participants, due to their different hourly rates. The method, provided the hourly rate is freely negotiated between the parties and also provided the collection and evaluation of historical data is executed by independent experts and not enforced by professional or other NGOs, complies with competition law. As far as cost information systems are published by professional or other NGOs and not by state authorities in a legislation-backed process, competition authorities tend to have reservations. Competition rules are more strictly interpreted by the relevant authorities in some countries by comparison with others, as a result of cultural differences and perhaps economic pressures.

h. From the architect's professional view the method may be judged as very consumer friendly.

3. Floor Area related Compensation

Fixed fees per m^2 gross floor area or useable floor area or per m^3 Volume of the project are a relatively simple method, often used in the absence of more complex systems or fee scales. The parameters mentioned under method 2 could be applied with this method as well and so lead to a great variety of respective values per unit.

De facto in the existing examples this method is used in a very simple way without a high variety of values. They are not based on historical data and depend mainly on offer and demand respectively on the reputation of the single architect.

a. This method is transparent as far as the calculation is concerned.

b. In absence of any historical data basis the formation of the values per unit can be somewhat arbitrary and potentially not transparent.

c. Adaptability and flexibility to changing project parameters are good because there were only very few parameters to influence the calculation unit from the beginning. Adaptability and flexibility towards changing economic and professional conditions are good as well as only the fee per unit has to be adapted.

b. The use of this method is simple.

c. The compensation can be fixed when the design is finished.

d. The preliminary expense for the development of the method is almost nil.

e. A direct comparability between countries with the same pattern of the architects missions and the same method is at hand. However differences in administrative procedures, in climate and geology, in client's expectations and other matters make the comparison more difficult in reality.

f. As every market participant forms his personal unit-value, compensations may differ considerably. The method complies with competition law. As far as cost information systems are published by professional or other NGOs and not by state authorities in a legislation-backed process, competition authorities tend to have reservations and in some countries even to forbid the publication of suggested fee scales.

g. The method is very rough and of inadequate adaptability to the specific characteristics of the project. Therefore it is not especially consumer friendly. But it may be quite useful for standard building types, for example.

4. Percentage Compensation

Percentage compensation methods which define the compensation as a percentage of the construction cost are based on the collection and statistical evaluation of historical data and found as fee scales / fee order as well. The exact definition of 'construction cost' is necessary.

The percentage depends on the parameters:

Complexity of the planning task (type of building etc.)

cost-relation construction / mechanical

cost-relation raw construction / finishing construction

Scale in xx steps / gliding scale

Level of construction cost (digressive scale, interpolation for intermediate values)

New building / conversion / special services

Profile of services

a. This method is transparent as far as the calculation is concerned.

The transparency of the survey and the statistical evaluation process which has led to the percentage values cannot disclose itself to the user of such scales. In absence of a direct relation to a necessary working time input this is clearly more difficult than with method 2 and handicaps the architects argumentation potential in contract negotiations considerably. Even the general reference to the representativeness and the reliability of the statistical basis and the independence of the evaluators does not help very much.

Under these provisions this method is only of restricted transparency.

b. Adaptability and flexibility to changing project parameters are good as they usually influence the construction cost. But see d).

c. The use of this method is of medium difficulty. The appropriate classification of the complexity of a project will never be absolute. It develops in discussions between client and architect and may take some time.

d. The characteristic of this method is that the exact final compensation is not defined at an early stage unless it is combined with the lump sum method. But at least cost calculation and controlling of the project narrows the range in which the final compensation will be found in the course of planning process from initially ±10-20% to ±3-5% at the beginning of the construction process.

A weakness of this method is the direct interdependence between construction cost and compensation: An architects special effort for cost saving building-design or construction is punished through a lesser compensation. A negligent handling of these factors on the architects side is rewarded with a higher compensation. Especially the latter effect has proven a psychological handicap of this method in the relation between architect and client.

e. The necessary preliminary expense for the development of the method is high. Data collection and evaluation are time consuming. Data bases should be permanently expanded and updated. The development of the method is very similar to method 2, but it goes one step further by transmitting the working hours into a fee by taking certain average hourly rates at the time of the development as a basis.
Updating of the fee is much more complex than with method 2 because 3 major factors have to be considered simultaneously:
- Changes of cost level in architect's offices
- Changes of cost level in the construction industry
- Changes in the general relation between cost level in the construction industry and cost level in architect's offices

f. The comparability between countries with the same pattern of the architects missions is only with restrictions. Existing differences between countries in the relation between cost level in the construction industry and cost level in architect's offices my considerably distort the comparability. In addition differences in administrative procedures, in climate and geology, in client's expectations and other matters make comparison even more difficult.

g. A completely and correctly described planning task with defined construction cost leads to identical compensations for all market participants. There is no competition on price with this method. Therefore even the collection and evaluation of historical data by independent experts and the publishing of the so developed cost information systems by state authorities in a legislation-backed process, does not satisfy competition authorities. Competition rules are more strictly interpreted by the relevant authorities in some countries by comparison with others, as a result of cultural differences and perhaps economic pressures.

h. From the architect's professional view the method seems consumer friendly. This view is not shared by competition authorities due to the factors mentioned under g.

4a. Fixed Percentage Compensation

The Fixed Percentage Compensation method is a sub-method of the Percentage Compensation method. It lacks the variety and high adaptability to project characteristics of the classical percentage compensation. This method is known from countries where by government decree the architects compensation is always xx% of the construction cost, disregarding parameters like type of building, complexity of the task and level of the total cost. Measured by usual professional standards this method may be regarded as a curiosity. It lacks all characteristics the world-association of architects holds indispensable for an appropriate compensation calculation method.

5. Lump Sum Compensation

The lump sum compensation method is not an independent method in its own. The architect usually uses one or several of the methods 1. - 4. to develop the lump sum. These methods have only an auxiliary function and do not become part of the contract.

With this method contract provisions for the compensation of special or additional services that occur in the course of the project process are of especially high importance.

a. This method is as transparent as the method used for the formation of the lump sum.
The auxiliary method is here often of only secondary interest to the client. His main interest is the final definition of the compensation at an early stage. Under these provisions this method is very transparent.

b. The adaptability and flexibility to changing project parameters is very poor. The basic idea of this method is, that such adaptability and flexibility is not necessary. Therefore contract provisions for the case of changing project parameters and the compensation of the additional services are of especially high importance.
Adaptability and flexibility towards changing economic and professional conditions are only of interest in connection with the method used for the formation of the lump sum.

c. The use of this method is as simple or as difficult as the method used for the formation of the lump sum. The definition of the lump sum at an early stage is a special challenge to the responsibilities of the architect with regard to the economy of his office.

d. The characteristic of this method is that the final compensation is fixed at an early stage, which can be an advantage, especially for the client.

e. This method has no specific necessary preliminary expense for its development.
See 1.–4.

f. The comparability between countries with the same pattern of the architects missions is reduced to “less or more” – without any deeper background.

g. A completely and correctly described planning task leads to different compensations from market participants.
The method complies with competition law.

h. The average client cannot judge, whether the lump sum is appropriate or not. Considering that the client knows at an early stage, what he will have to pay this method is sufficiently consumer friendly.

6. Commercial Compensation Negotiation

The standard criteria do not really fit this method, indeed it would even be unlawful or unprofessional in some legislations. However it has obvious commercial attractions to both parties since it shares benefits and risks.

Profit share of the value generated to the client (risky business).

Here the architect has to maximize the value generated to the client to get a maximum compensation. This can cause a conflict of interest between the public good and the interests of the client (especially in commercial developments) because the architect may have to concentrate on the quantity to generate profit instead of quality of the built environment.

On the other hand this method opens the chance for a distinctively over average increase in value through an outstanding architectural quality.