

How to Present Your Fee to Potential Clients

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Excerpted from *Architect's Essentials to Winning Proposals*

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SUMMARY

Pricing, value, fee, cost—how does your firm refer to the compensation you expect from a client? The way your firm presents this important information can affect whether your firm wins the contract. A few guidelines will help you consider how to best present pricing to potential clients within a proposal.

PRESENTING YOUR FEE

Pricing is one of the most important parts of the proposal. You can lose the project on price, so make pricing a carefully thought-out and a carefully managed part of your strategy.

- Don't put your fee in your cover letter or the executive summary. If reviewers don't like the fee, they won't read any further. Give yourself a chance to tell your story.
- Use terms like "value," "stewardship," "earned value." Avoid "price," "cost," "fee."
- Look for ways to reduce or remove the client's risk with regard to your fee. Think about guarantees (for example, if you don't return phone calls within six working hours, you deduct \$100 from the invoice).
- Relate your fee to value received (for example, finish ahead of schedule).
- Consider trade-offs: a lower price if they agree to early payment terms or relax the schedule; agree to your use of junior staff; or reduce your risk, the scope, or project quality.
- Include management tasks in your fee for technical tasks.
- Show the level of risk.
- Present group or average rates. This conceals justifiable higher rates that might raise questions.
- Think of a different way to present large numbers (for example, \$25,000 might be three-fourths of a cent per square foot over the life of the project).

- Be sensitive to indirect costs.
- Show enough detail to support your cost estimate.
- Show summaries instead of detailed calculations.
- Quote a preferential rate if possible and explain why (for example, if they give you more than one project, you can reduce the rate because you have a lower marketing cost).
- For the private sector, consider a new way to present your multiplier.

RESOURCES

More Best Practices

The following AIA Best Practices provide additional information related to this topic:

- 05.02.08 Finding Leads
- 05.02.01 The Go/No Go Decision: From a Risk Management Perspective
- 05.04.01 The Client Interview: A Sample Questionnaire

For More Information on This Topic

See also "Seeking the Project," by Frank Wolff in *The Architect's Handbook of Professional Practice*, 13th edition, Chapter 7, page 155.

See also the 14th edition of the *Handbook*, which can be ordered from the AIA Bookstore by calling 800-242-3837 (option 4) or by email at bookstore@aia.org.



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