



Estimating & Bidding

Art?
or
Science?



Hourly or Job Bids?

The speed of going broke




Bid by the Hour

- If the project is not well defined
- If the project is not on a fixed schedule
- If you are consulting
- If you don't trust the client
- If you will be used as temp labor
- For most agency work

You get:

- Less autonomy
- Regular \$
- Lower risk




Bid by the Job

- When the project is clearly defined
- When the client is on a 'fixed' budget
- When you can do the job at a rational rate
- When you trust the client


You Get:

- Complete autonomy
- Possibly more \$
- Higher risk




The Fixed Bid Decision

- Project Definition
 - Fixed/Variable
 - Creeping Features
- Project Schedule
- Project location
 - Amount of time on/off site?
 - Commute time to site




Fixed Bid Issues

- Client expectations are different
 - Viewed as a commodity
 - Delivery becomes paramount
- Your problems are yours alone
- NO Whining !!!!




Elements of Estimating

- External (the definition)
- Internal (rate)
- Framework




The Framework

A place to hang all that estimating and bidding




Contracts

- More explicit for a fixed bid
 - Clearly defined project and deliverables description
 - Client Deliverables
 - Your Deliverables
 - Schedule of Work
 - Payment Schedule
- Definite CYA needed




Boundaries

- You can't get something for Nothing
 - Clients expect to see something for their \$
- Provide enough – but not too much
 - Client could use your estimating work without payment



The Pieces

The Definition and the Rate



Defining the Project

- Create a clear picture of what is to be delivered
 - Product definition/specification
 - Create outline
 - Compare similar or recommended documentation
 - Scope expected work and schedule
- Identify source of materials
 - SME's
 - Style Guides
 - Source type/compatibility
 - Prototypes
- Provide a schedule
 - Yours
 - Clients

Rate Setting

- Set a Rational Rate
 - Living wage
 - ROI
- Estimate your overhead
 - Office space (rent, utilities, etc.)
 - Insurance
 - Equipment & software
- Estimate your one time costs
 - Telephone
 - New hardware/software requirements

Rational Rate Example

Desired 'take home' pay = \$62500 ('99 median)

Billable hours per year	
52 weeks @ 40 hours =	2080
Less vacation/sick	
3 wks (120 hrs) =	1960
Less 10 holidays (80 hrs) =	1880
Less Admin	
4 hrs/wk (208 hrs) =	1672 hours/yr
Raw Rate = 62500/1672 =	\$37.38/hr
Overhead	
\$1000/mo, in billable hours =	\$6.25/hr
ROI	
10k investment 20% return	
\$2k/yr by 1672 hrs =	\$1.20/hr
Rational Rate =	\$44.83

Putting it Together

The hours in a project

Counting the Hours

- How much time will the project take
 - The number of hours forms the basis for the estimate
- Using Software for Estimating
- Industry Metrics
 - PPD
 - Hours per topic
- Experience
- Project scope

Project Scope

- The outline defines *what*
- You define *how*
 - List all the separate tasks
- Assign the tasks to the outline
- Assign time to the tasks
- Total it up
- Reality check

Project Scope Tasks Example

- Print Tasks
 - Create New Pages
 - Revise Existing Pages
 - Format Provided Pages
 - Create New Illustration
 - Revise Existing Illustration
 - Capture Screens
- On-Line Tasks
 - Create Topic
 - Revise Topic
 - Link Topic
 - Index Topic
 - Create New Graphics
 - Revise existing graphics
 - Create PDF format

Project Scope Example

Activity	Duration	ES	EF	LS	LF	TF	FF
Project Start	0	0	0	0	0	0	0
Design	4	0	4	0	4	0	0
Procure	10	4	14	4	14	0	0
Construct	20	14	34	14	34	0	0
Commissioning	2	34	36	34	36	0	0
Project End	36	36	36	36	36	0	0

Estimating \$\$

- Rough Estimate = (Project Hours * Rational Rate) + (Monthly Overhead * Number of Months) + One Time Costs
- Apply a variance (uncertainty) to rough estimate
- Reality Check and adjust

Creating a Bid

Making it Presentable

Bid Elements


- Your project definition
- Your estimate of schedule
 - Time estimates
 - Calendar estimates
- Any outside resources you plan to use
- Client's total cost
 - Do not include your detailed breakdown
 - Expected & Worst Case
- Payment schedule

Justifying the Bid

- You will be asked to justify the estimate – be prepared
- Be sure you have reality checked:
 - The numbers
 - The schedule
- Use the detailed project definition to negotiate


Delivering

I got the job - now what?




Doing the Job

- Track your project
 - Tasks in Project Scope
 - Schedule – meeting deliverables
- Communicating progress
 - Status report
 - No surprises – changes in schedule clearly stated
- Invoicing as agreed




After the Job

- Autopsy your project
 - Schedule
 - Payments
 - Tasks
- Follow-up with client
 - What worked
 - What didn't
- Adjust your estimating model



Evaluating the Job

- When it all goes wrong
 - Evaluate the bid against reality
 - Assign blame
 - Negotiate a change if necessary or possible
 - Score one for experience, the price of learning
- When it goes TOO right
 - Take the money and run
 - Invoice honestly
 - Split the difference



Bidding/Estimating QRG

1. Create a detailed definition of the project
2. Break the project into tasks
3. Assign the tasks to the definition
4. Estimate time
5. Estimate \$
6. Create bid/estimate
7. Track the project
8. Follow-up




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