

# Strogoff Consulting's Architecture, Design & Engineering

# NEGOTIATING STRATEGIES

Practical, Proven Techniques for Negotiating Better Agreements and Increasing Profits

VOLUME 2 NUMBER 4

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## Fee Proposals: Keep Them Simple, Offer Choices

Most fee proposals developed by design professionals are ineffective because they lack one crucial element — the client's perspective. Fee proposals typically begin with the mandatory sentence or two expressing delight “with the opportunity to be considered for this important project”, followed by a few paragraphs outlining the proposed fee. This is usually followed by numerous conditions that will affect (i.e., increase) the fees, and then a disingenuous closing about how “excited our team is . . .” Sound familiar?

Stay away from this dreadful structure. Instead, craft your fee proposals so that the client clearly perceives that you understand your role as the client's advocate. Outline your understanding of the client's goals, discuss your suggested approach for solving the client's problems, discuss how you arrived at your fees, and, if needed, what options are available for reducing your fees. Give the client whatever information is needed to justify your fees. Most importantly, keep your proposals positive in tone, specific enough to avoid future misinterpretations, and as simple, concise and flexible as possible. Try this suggested outline for an effective fee proposal:

- **Project Description and Goals.** Briefly describe the project (size, location, building type, other key parameters) and outline your understanding of the client's key goals. If you did a thorough job during the marketing process, you should have all this information. State that your firm has developed its workplan, approach and fees with the client's key goals in mind.
- **Approach.** Describe your general work approach (on-site charettes, early presentations to reviewing agencies, contractor-developed cost estimates, separate teams for new and remodeled construction, etc.) and reiterate the benefits to the client of that approach.
- **Summary of Fees and Services.** Concisely summarize your proposed fees and services. Refer to attachments for

detail. Consider dividing your fees into basic and expanded services, optional services, allowances for additional services and anticipated expenses. Don't defend your fees. Rather, provide a few examples of how they support your suggested approach.

- **Deliverables.** Itemize the deliverables. This adds credibility, further defines your services and helps clients visualize your work product.
- **Assumptions.** Outline the major assumptions behind your proposed fees and services. State them in positive terms. For example, rather than stating, “No fees are included for additional electrical engineering services should the existing service be inadequate. . . .” simply state, “It is assumed that the existing electrical service is adequate to serve the new addition.”
- **Basis for Proposed Fees.** Provide a means for the client to evaluate and justify your proposed fees. Try language such as, *To provide you with a means to evaluate our fees, we have attached the following items to this proposal:*
  1. A phase-by-phase task list outlining our anticipated A/E effort
  2. Our anticipated staffing levels for each project phase
- **Options for Reducing Fees.** Rather than wait for your client to suggest ways to reduce your fees, some of which may not be palatable, take the initiative and outline a few options that your team can live with. In addition to defining more desirable options, this shows recognition that upfront costs are of significance to your client.
- **A Closing.** If appropriate and depending on your client, express excitement about the project. Otherwise, keep the closing short and business-like.

After drafting your proposal, ask a colleague to review it for tone, clarity and presentation, then present the fee proposal in person. ■