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Present Fees in Person: Don't Lose a Valuable Negotiating Opportunity

Design professionals instinctively know that effective marketing requires face-to-face meetings with prospective clients. They know that clients select architects and engineers based in part on chemistry and trust. Why, then, after spending many hours and lots of money courting a client and establishing a relationship, would a design professional choose to present his or her fee by mail, email or fax? From a client's perspective, doesn't its most expensive expenditure to date warrant a face-to-face meeting?

As illustrated in this real-life example, when design professionals present fee proposals in other than face-to-face meetings, clients are less receptive to accepting the fees. The design professional, in this case an architect, was chosen through a quality-based selection process. They understood the client's goals and programmatic requirements and developed a good working relationship with the

client through several sessions negotiating their contract terms after their selection. When it came time to negotiate their fees, they crafted a letter stating their assumptions and outlining their proposed fees. To expedite the process, they both faxed and e-mailed copies of their letter to the client and the client's key advisors.

The damage was done. When their client reviewed this letter, the relationship between the architect and client irreparably changed. The client, surprised by the magnitude of the fee and the two pages of conditions that would trigger additional fees, instantly rejected the proposal and fired off a terse reply letter. Only after the architect resubmitted its proposal several times, lowered its fees by more than 30% and retracted most of the conditions, did the client reluctantly agree to proceed.

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By submitting its proposal in writing, the architect made several faulty assumptions and overlooked some key negotiating points. First, negotiating fees involves selling and persuasion and these are better done if one is physically present and can effectively gauge reactions and provide responses. Second, it is too easy for a client to make unilateral decisions when there is no personal contact or after they are advised behind-the-scenes. Third, it was not more expeditious to submit a fee proposal in writing. Even if the architect and its client could not meet for a week, the process would have been completed in far shorter time than was required after the client misinterpreted the written proposal. Finally, and most importantly, clients make fee decisions based largely on

their relationship with their chosen design professional and the degree to which they trust that design professional to help them achieve their goals. Both are undermined when a design professional doesn't take the time to present fees in person.

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Lessons Learned

1. Whenever possible, present fee proposals in person.
2. Negotiating fees involves selling and persuasion - both are difficult to do when physically separated from the buyer.
3. No matter how skilled one is in crafting letters and supporting material, it is difficult to express thoughts appropriately in writing. ■