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## What Design Professionals and Their Clients Need to Know Before Discussing Fees

Because most clients, presumably, select architects and engineers based primarily on their professional qualifications, the subject of fees is usually first discussed in earnest at the initial meeting or phone call following the design professional's selection. Although negotiating fees entails frank and open discussions between a client and its selected architect or engineer, the honeymoon does not need to end at that point. Rather, design professionals should grab hold of these discussions and view the process as an opportunity to educate the client about their design process and explain the many factors that influence A/E fees. An educated client will better understand the fees when presented and be easier to work with throughout the project. The otherwise difficult process of negotiating fees will be replaced, perhaps not by a love fest, but at least by a fair and reasonable set of discussions.

Prior to estimating the cost of services or developing a fee proposal, the design professional should reach a preliminary agreement with its client about the nature of the project, the services necessary to successfully deliver the project, and the significant terms of the Client-Design Professional agreement. At a minimum, assumptions about the following should be made before fees are discussed:

- A complete project description, including the assumed site, the anticipated size and mix of buildings, and the budgeted construction costs.
- The scope of the A/E team's services and expected deliverables.
- The roles and responsibilities of the client and the client's other consultants.
- The design and construction schedule.
- The construction delivery method and the

number of bid packages and construction phases.

- The compensation methods (stipulated sum, hourly with either a limit or open-ended, percentage of estimated or final construction costs, or a combination of methods).
- Payment terms including milestone payments, reimbursables, retention amounts, late payment fees, reuse fees, and suspension and termination payment provisions.

***“After clients understand how each of these parameters affects A/E fees, the creative problem-solving part of negotiating can begin.”***

- Other contract terms that affect the architect's services, responsibilities and risks. (This is especially important since an architect's fees and potential profit must increase to offset added risks.)

After clients understand how each of these parameters affects A/E fees, the creative problem-solving part of negotiating can begin. For example, presenting different fees for various numbers of bid packages or for different design schedules might lead a client to decide that segregated bid packages or an expedited schedule are more important than lower fees. Or discounting a fee if an owner pre-selects a contractor might lead to greater profits for the design professional and a less expensive building for the client. In any case, clients will understand the causal relationship between various factors and fees. ■