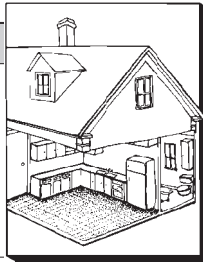


# Estimating by the Book

by Patrick J. Galvin



Pricing bathrooms and kitchens isn't a problem for builders of new homes. Construction procedures are well established, and whatever the cost factors, they are figured into the price in established ways.

But it is a different story for bath and kitchen remodeling. Nobody knows what might be behind the walls in older houses. Remodelers imprudent enough to make quick estimates might tear out a wall only to find an old chimney, or ductwork that might have to be moved. The variables are limitless.

So procedures have to be set up to protect profit against erosion by both predictable problems and the unforeseen variety. You can expect problems like oversight or carelessness, such as forgetting the faucets have been upgraded, or designing the access panel for the whirlpool into an inaccessible place (or overlooking it entirely). The unexpected, of course, might be anything.

## Take the Bathroom... Please

In remodeling a bathroom, expectable problems can be covered by a complete and thorough estimating form. For the unexpected, a formula can be followed that guards against surprises.

A related problem area is how to protect yourself when a customer asks for a "quick, free estimate," before there has been any opportunity to survey the jobsite or the customer's needs and desires. Although tricky, there is a way to do it safely and realistically.

Estimating forms can be designed by the builder, but good ones can be purchased from several sources. The one shown here is copyrighted by the National Kitchen & Bath Association and is for members only, but it can serve as a guide.

The important point is that it accounts for everything. It specifies who will do what, contractor or owner, and also that anything done by the owner must be done according to the contractor's job scheduling. In all cases, it refers to "approved drawings," which means there should be floorplans and elevations of all parts of the job and that they should be initialed by the customer. Categories in a good estimating form will include cabinets, tops, mirrors, fascia and soffit, accessories (listed), wall covering, plumbing fixtures, plumbing and heating including hookup, electrical fixtures, electrical hookup, construction and alteration (including demolition, flooring, debris cleanup), miscellaneous (including who furnishes and who installs), and some spaces for "other work."

No form is any good if items are left unaccounted for. That means every blank must be filled, at least with a check mark that can show it was not overlooked.

## Estimate By the Book

The device that covers labor and material costs, including even any unexpected problems, is the estimating book. Every remodeling operation needs one that is zealously kept up to date. It's a lot of work, but it's also essential.

It should contain prices of all products and all of the contractor's own labor rates. Some labor may be subcontracted.

In that case, it's best to sit down with subcontractors to work out specific prices for specific operations.

For example, you and your plumbing subcontractor might agree on a flat fee of \$400 for disconnect and connect for a three-piece bathroom. It might be a \$150 flat fee for any single fixture, including reuse of existing drains, wastes, traps, vents, and water supply lines. You might agree to two hours for disconnecting and four hours for connecting the fixtures, which you must know for scheduling other trades. Fine, you might think, but what about shutoff valves for the fixtures? Probably they will be included in this pricing, but it must be written in the estimating book or it can lead to misunderstandings in future jobs.

The book should have all possible operations listed and priced, and should note that any additional work must have a quotation. That means call, talk about it, and settle on a price in advance. This can take care of the old chimney that's behind the wall where you planned to install a vent pipe. But note that any such contingencies must also be in the estimating form you use with the customer, and should be explained orally.

Avoid time and material prices. This can lead to inconsistency and conflict, and subs will agree to set pricing as long as they know they are protected.

Changes in product prices must be entered immediately. So should changes in labor or materials supplied by all subs, and subs must be made to realize that immediate notification of such changes is their responsibility.

The estimating form and book are used to price out the job partially, but obviously this won't cover paying your designers, the light bill, or the profit you owe yourself.

The annual budget should be used to determine how much of a gross profit you need on every job. There is no set figure that applies universally. It can differ vastly from the builder with 60 employees, to one with six. Calculate it to find a constant markup percentage that you will always apply. That, times job cost equals dollar markup. Markup plus cost equals selling price.

Your "free" estimate also must be calculated. The approved technique by NKBA is to list the fixtures and

accessories, put a list price on each, show this list to the customer, and multiply this total by four to cover other materials and installation.

Why four? As we said, it should be calculated. Add the materials list for each bath job you have done to establish your own multiplier. For remodelers generally it works out to between four and five. Warn the customer, however, that this is just a ballpark figure. And don't pad the list prices or "lowball" them. The former will result in lost sales, the latter will destroy trust. ■

*Patrick J. Galvin is the former editor and publisher of Kitchen & Bath Business.*