

Fast, Painless Estimating for Small Remodelers

by Rick Stacy

I hate doing estimates. But without them, I'd be out of work, so my goal is to make them as easy and painless as possible.

These days, we're besieged with a bewildering array of tools to help us estimate: spreadsheets, estimating programs, laptops, and palm pilots. But is the high-tech route right for every company? Will it necessarily make your estimates faster, more accurate, and more consistent?

For some, particularly larger companies, the answer is an unqualified yes. The rest of us need to consider the cost of re-tooling and training time. Factor in a half-dozen high-tech glitches, computer crashes, and the need to regularly update material and labor prices, and then ask yourself: Will a move to high tech really save me time and money, or will it just mean added investment — and added headaches?

After asking myself that question, I decided to continue with the simplified estimating system I've honed over nineteen years in business. It ain't broke — why fix it?

Keep It Simple

My low-tech estimating system can be done anytime, anywhere. The only tools required are a legal pad, writing utensil, dual-powered calculator, and a straightedge (optional). Grab a few pricing sheets and some historical data for reference, and you're set to go. My system is adaptable to large or small jobs because I can easily adjust the degree of

detail to the complexity of the job.

My goal is to be close enough to be competitive, yet not so lean that I can't absorb a surprise or two. I'm not an every-nail-nut-and-bolt estimator. After all, this is not rocket science. But I do tend toward the stick-by-stick method and rarely rely on square-foot or unit pricing. My jobs vary from building a two-story addition to replacing a rotted door sill. There are simply too many things to deal with to apply a one-size-fits-all estimating method.

Low-Tech Basics

At the top of the first page of my legal pad, I lead off with a brief description of the job. This helps me focus on the scope of the work. I begin

with the customer's name, address, and phone number. I list any unique aspects of the job and all items that are "not included." I add to this list as I work through the estimate; I want to be sure the customer knows what isn't included in the price.

Next, I add headings across the page for Items, Materials, and Labor. Archaic as it may seem, I draw in the column lines freehand. If you have a tad more ambition than I do, you can have preprinted sheets made up with the headings and columns and typical items listed, and simply keep blank copies on hand.

Line-item breakdown. My "Item" column constitutes a basic flow of the job from start to finish. This forces me to think through the job from setup to cleanup. Having a list of typical "items" on hand is helpful.

Often, I use a recent estimate for a similar, completed job as a reference. This is a valuable record because, having tracked my costs on that job, I can correct for anything I'd left out or inadequately figured.

My first three line items are always the same: Estimate time, Consultation, and Run-around, because, (1) no estimate is free; (2) time will always be spent working out details and changes with the customer; and (3) extra trips to the lumberyard are a given on every job. The time I allow for these items depends on the type of job and the type of customer. For instance, if the customer is one who will trust me, stay out of the way, and let me work, I figure light on consultation time. If it's a

the Legal Pad

CUSTOMER: JOHN SMITH 10 PINewood LANE, BERGEN, NY PH.#123-2222

POORCH REPAIRS: REMOVE DETERIORATED POSTS, BOX HEADERS & RAILINGS. REPAIR CORNER OF SLAB FLOOR. INSTALL NEW HEADERS ON THREE SIDES. WRAP POSTS & BEAMS IN PINE. REBUILD SOFFITS & FASCIA AS NECESSARY. SEAL EXPOSED FLASHING ON ROOF. REPLACE ROTTED CEDAR CORNER BOARDS.

NOT INCLUDED: OBTAINING PERMIT IF REQUIRED, RAILINGS, GUTTERS, & PAINTING.

ITEM	MAT'L.	LABOR	
		CARPENTER	HELPER
• ESTIMATE	—	3HR.	—
• CONSULTATION	—	1 1/2	—
• RUN-AROUND	—	4	—
• SETUP/INSTALL TEMP. SUPPORTS: 6-2x4x12'	\$34	2	2 HR.
• REMOVE POSTS, RAILINGS & HEADERS: CONC. PATCH	10	2	2
• REPAIR CORNER OF SLAB	—	1 1/2	—
• INSTALL HEADERS & POSTS: { 2-2x8x10' 1-2x8x8' 3-PT 4x4x8' 3-POST BRACKETS	31 20 21 12	6	6
• REPAIR SOFFIT & FASCIA: { 2-2x4x8' 2-2x4x16" PLY. 2-1x6x10' 3-1x6x8' 3-1x6x12'	6 30 13 30 16	4	2
• WRAP POSTS/HEADERS IN PINE	30	5	5
• REPAIR CORNER TRIM: 5/4x4 CEDAR	30	1/2	1
• CORRECT ROOF FLASHING: TAR & BEVELED CEDAR	36	2	—
• DAILY CLEANUP/DEBRIS REMOVAL/BREAKDOWN/TIEING	30	2	4
• ROUGH HARDWARE (NAILS, CAULK, RECIP. BLADES, ETC.)	75	—	—
• CONTINGENCY	20	1 1/2	1
TOTALS	\$413.00	36 HR.	23 HR.
• TOTAL MATERIALS	\$446.00		
• CARPENTER LABOR	1,155.00		
• HELPER LABOR	414.00		
SUBTOTAL	2,015.00		
OVERHEAD/PROFIT 15%	302.00		
TOTAL COST	\$2,317.00		

8% TAX \$33.00 x \$33/HR. x \$18/HR.
\$446.00 \$1,155.00 \$414.00

Strictly Business

chatty customer, or one who has difficulty making decisions, I'll bump up my figures accordingly.

I break down the remaining items in as much detail as I need to. For instance, on a small, simple addition, I may lump all my labor for "sill plates," "sling joists," and "subfloor plywood" as one line item, "frame deck," and also total all materials for those stages as one item. On a larger remodel, I may break out the steps as individual items. The legal pad method allows me to include as little or as much detail as I need.

Factoring in management time. I do all my own work, so I don't have a separate line item for management time. Instead, I simply incorporate it with the labor items.

Don't forget to include routine items such as debris removal, tipping fees, tie-ins, setups, breakdown, daily cleanup, rental equipment, and so on. I also include incidental materials, such as nails, plastic for temporary covers, saw blades, and expendable tools. I categorize these as one lump sum under the heading "Rough Hardware."

The last line item I include is "Contingency." The amounts vary in proportion to the complexity of the job and its potential for surprises. Basically, I go with my gut on this one, but, calculating backwards, the figures tend to fall between 2% and 5% of the total material and labor costs. I could simply add this into my profit and overhead line, but I like to keep it separate.

Pricing Materials

I keep current material pricing on hand. This includes clippings from local lumber stores and home centers. Home center brochures include a whole array of materials the typical lumber store doesn't carry, such as kitchen, bath, and electrical supplies and fixtures.

I clearly mark dates on the material brochures and update them with more current ones as necessary. I also keep a file of old price sheets, to keep track of

pricing trends. I can then adjust any square-foot prices I use accordingly.

Having a range of material costs on hand saves a lot of calling around. In fact, I almost never call on a price, unless it's for a specialty item or something I'd need to have fabricated. For instance, if I need a price for a tub, I'll take a midrange number from a brochure and include that figure in the estimate as an allowance. But I don't call it an allowance. That word can carry a negative connotation, as if you're trying to control what the customer spends. I prefer to state, "\$200 figured for tub," then explain that this is a starting point and can go up or down, depending on the final selection.

I'll note on the estimate that lumber pricing is subject to change. But I don't like to use too many of these safety nets on my estimate; the ambiguity can make a customer uneasy. Customers want to lock onto a price. If the market is going through a volatile stage, I just figure a slightly higher price for things like plywood. If it does go up a lot, I've minimized my loss.

I break down material costs for each line item in as much detail as necessary, jotting down the materials figured in the space to the right of each item. If I need more space, I use the margins or a separate piece of paper and transfer the total material for that item to the estimate. These notes can also be used when ordering materials.

Labor time. I divide my labor section into two columns — one for "Carpenter" (my labor), and one for "Helper." If I have to figure on more than one helper or an additional skilled carpenter for any particular item, I adjust the hours accordingly. For instance, if the item "tear off old roofing" requires one carpenter and two helpers for half a day, I write 4 hours under "Carpenter" and 8 hours under "Helper." Other items, such as "hand backfill dirt around addition" may require only 1/2 hour of my time in

supervision and 4 hours for my helper to do the work.

Watch the bottom line. The next step is to total up the material and labor columns. I try to keep my figures in whole numbers to make things quicker, and I double-check each total. When totaling materials, don't neglect the sales tax. In my area, it's 8%, and missing that can take a serious bite out of profit. Once the labor columns are totaled, I multiply each total by its respective labor rate. Then I combine labor and materials and multiply the total by 15% to cover for both profit and overhead, and the estimate is done. I find 15% is sufficient for my business, since I actually include much of my overhead time — estimating, consultation, management — in my line items.

Assess Your System

The bottom line is, when it comes to estimating, we all need a system that's fast, reliable, and efficient. The low-tech system still provides that for me. And it leaves room for something I've yet to see a computer program incorporate — the gut instinct that comes from years in the trenches, that reflects *my* costs of doing business, and the profit *I* need to make. And there's something to be said for the peace of mind of putting an estimate down in pen and paper and knowing it won't disappear into oblivion due to an inadvertent keystroke, power failure, or computer crash.

Low tech isn't right for every person or every size business, but the high-tech temptation should be weighed carefully. Whatever system you use, assess it regularly to make sure that it remains the best method for your business. 

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