



Landscape Designer Conference

Setting and Charging Design Fees and Project Management

Some insight into how to get paid well for what we do

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Success

What do we hope to accomplish by practicing as landscape designers?

Enjoy our life and love our work

And in the end it's not the years in your life that count, it's the life in your years. Abraham Lincoln

Make a difference in our community



**Leave a legacy that we
can be proud of**




**Make enough money to
support ourselves**



What are you selling?



A close-up photograph of a woman with short blonde hair, wearing a grey business suit jacket and a gold necklace. She is holding a blue telephone receiver to her ear and appears to be in the middle of a conversation. The background is a plain, light-colored wall. The image is framed by a green border on the left and right sides.

**Designers are in the
business of selling time.**

**A KEY ISSUE IS THAT WE ARE SELLING TIME –
NOT PROJECTS**



You determine:


A photograph of a gravel path in a forest. The path starts from the bottom center and splits into two paths that curve away from each other towards the left and right sides of the frame. The forest is dense with tall, thin trees and a thick canopy of green leaves. The ground is covered in gravel and some fallen leaves.

How much time you have to sell
How much you want to charge for it



How much time do you have to sell?

40 hours per week x 50 weeks = 2000 hours



How much do you want to charge for your time?

Charge/hour	total hours	gross income
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\$15	2000	30,000
\$25	2000	50,000
\$50	2000	100,000
\$100	2000	200,000

We'll come back to this in more detail later.

What Kind of a Service do you want to offer?

When it comes to service, we offer clients three choices; Quality, Speed or Low Cost but you can only pick two.

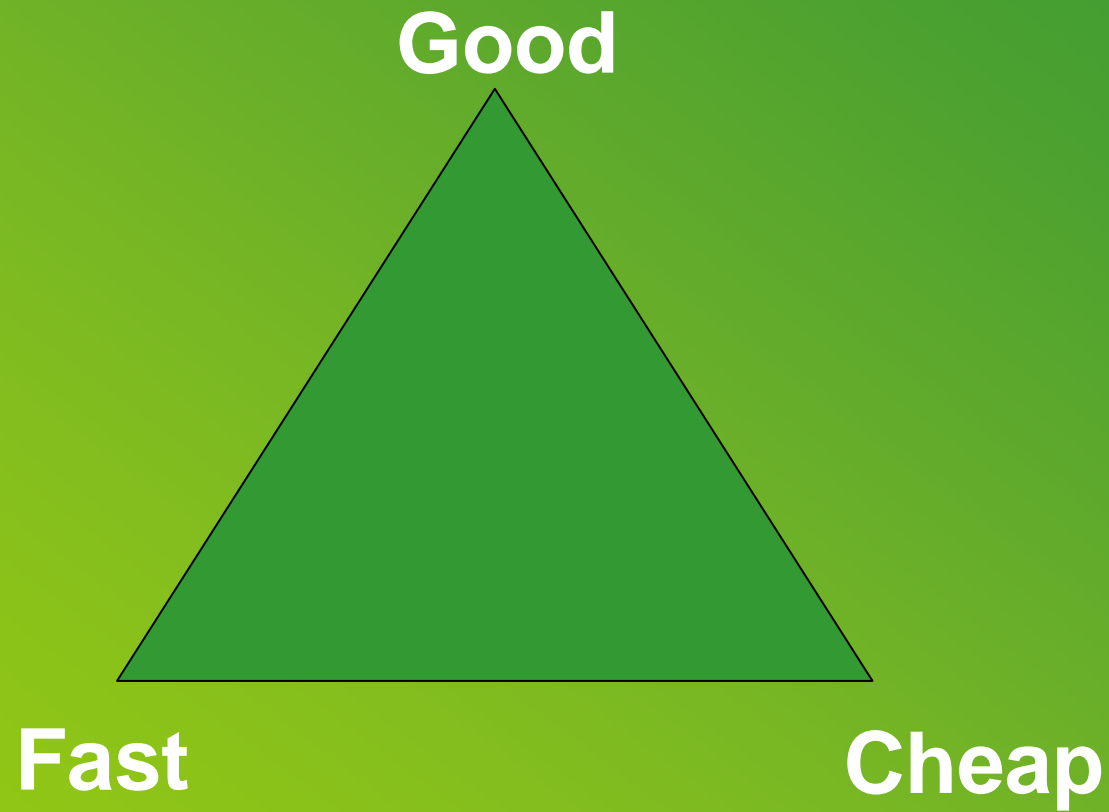
Tony Lombardi, Oriole Landscaping



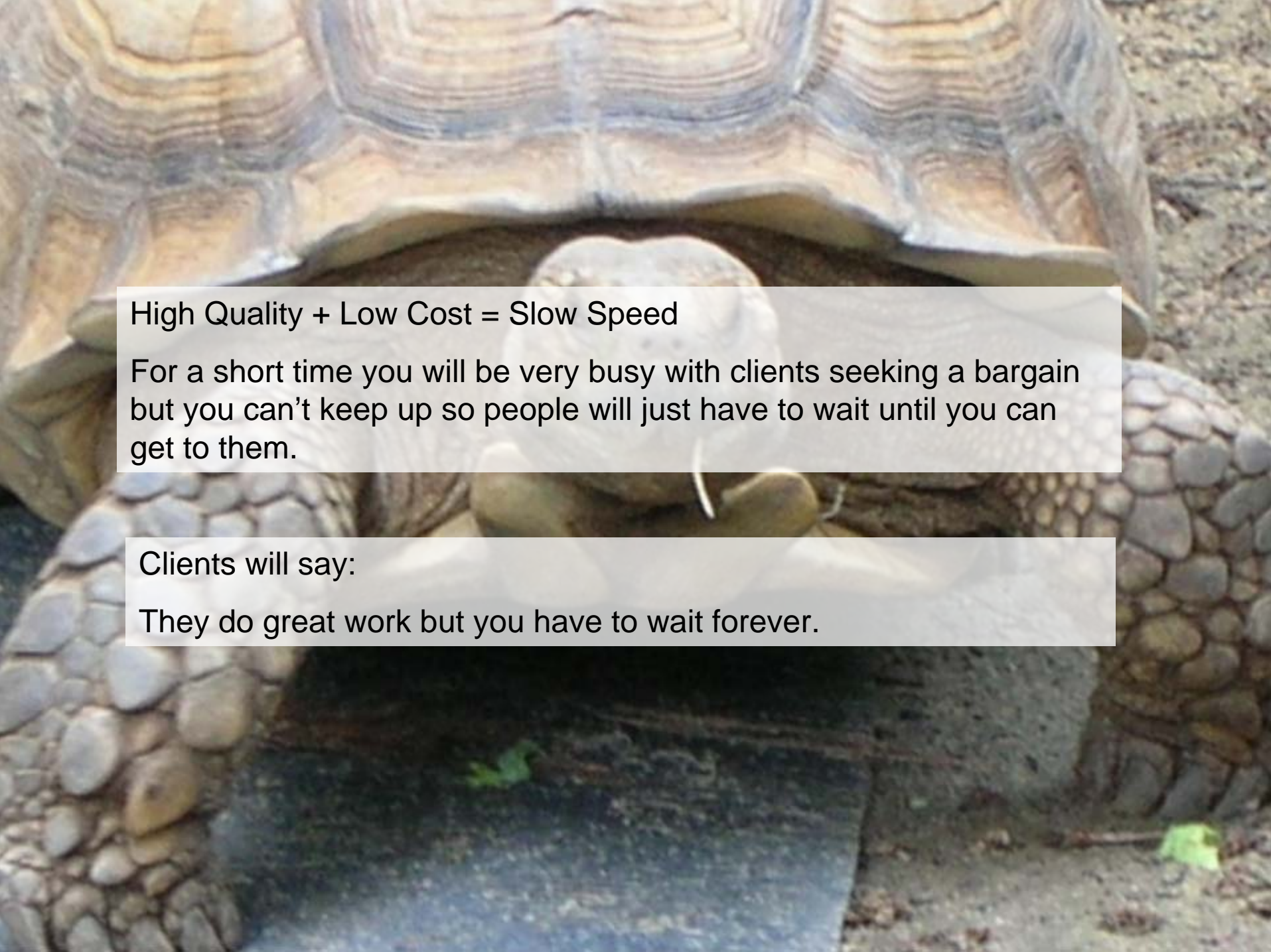
The Delicate Balance*



*J. Taylor – The Practice of Landscape Architecture in Canada



The Quality Triangle



High Quality + Low Cost = Slow Speed

For a short time you will be very busy with clients seeking a bargain but you can't keep up so people will just have to wait until you can get to them.

Clients will say:

They do great work but you have to wait forever.



Low Cost + Speed = Poor Quality

In the rush to complete the work you just don't have the time to provide quality. E.g.. Ford Pinto

Clients will say:

Yes it was cheap but the I wasn't happy with the quality.



High Quality + Slow Speed = High Cost

You can provide excellent work but you need to take a long time to provide the service. The time needed to do the work means you must charge more for the service.

Clients will say:

They do great work but they are expensive.

Who are you selling to?



Suggested Profile of Landscape Design Clients

- **In the top 10% of income earners in the community**
- **Are supporters of the arts**
- **Concerned about quality and value**
- **Belong to community service organizations**
- **Well-read and articulate**
- **Place a high value on their time**
- **Their reputation and standing in the community is important**

Where do you find these clients?

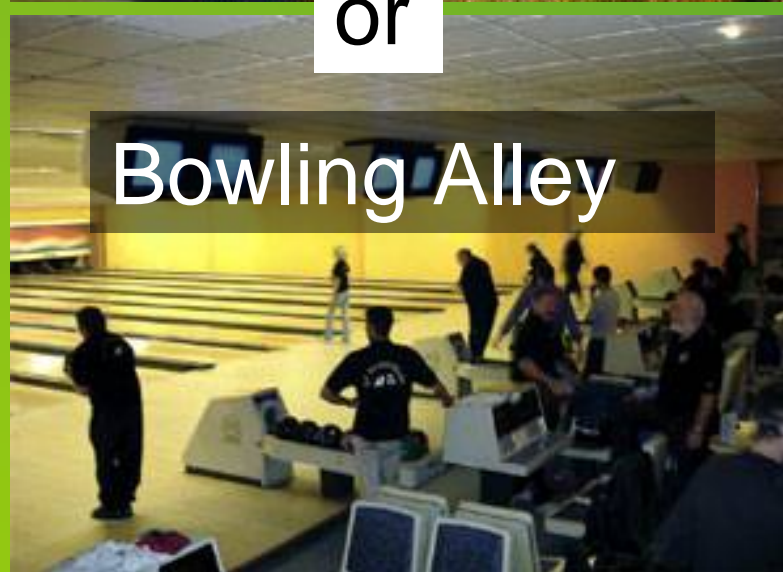


Spend your time in the same places.



Golf Club

or



Bowling Alley



Clients evaluate the cost of service based on their perception of value received

Did you meet or exceed their expectations?

Would they recommend you to their friends?

How they perceive you, will also impact their level of satisfaction

How does your client measure value?



Not the cheapest, but the best

Who else is selling the same thing?



What do they charge and how do clients rate their value received?

Timeliness

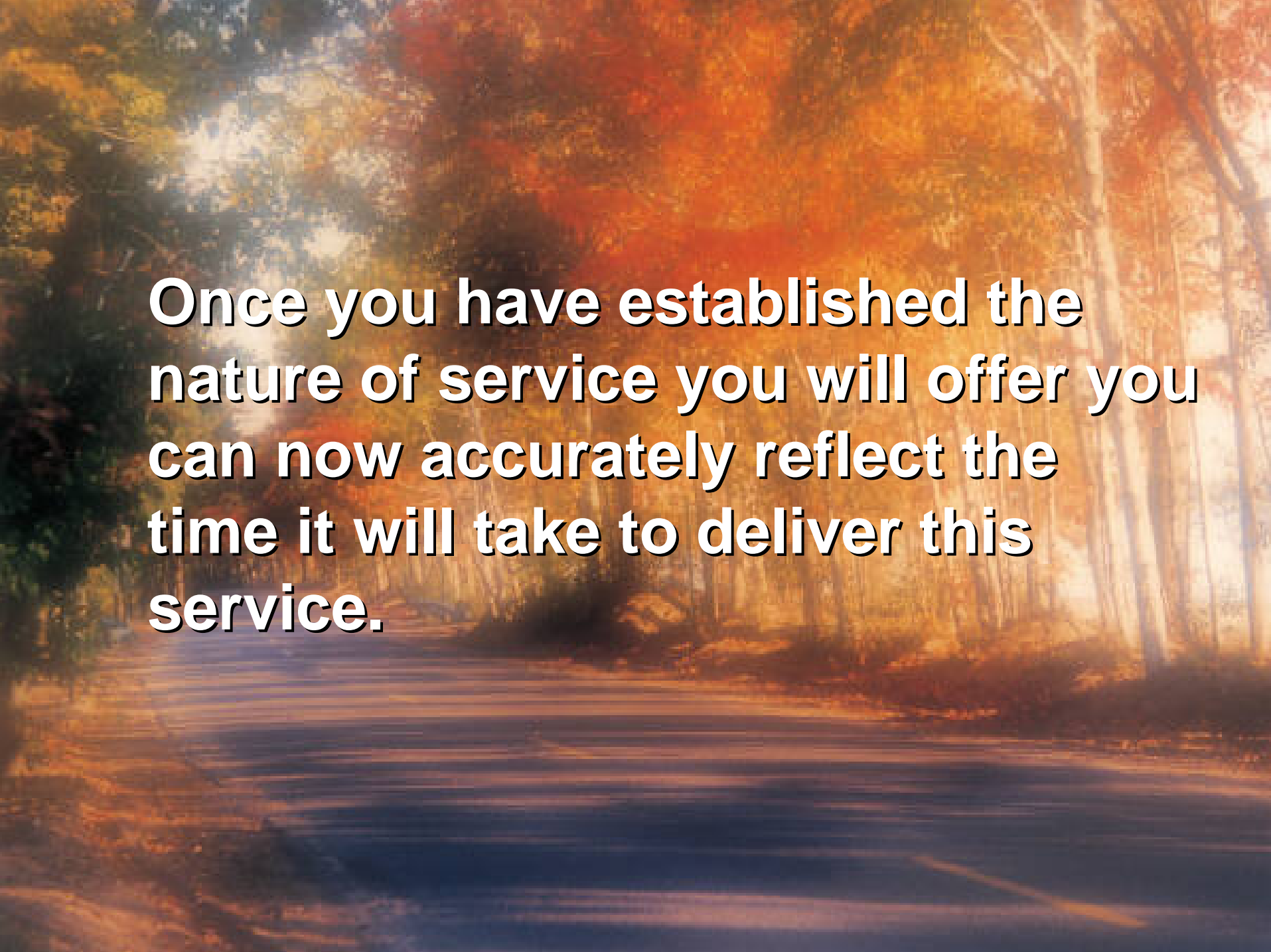


For many clients there is an expectation of competency but an absolute need for timeliness.

“You can work for me as long as you deliver what I need, when I need it.”

You must understand what the real cost of delay means to the project.

In many cases the cost of a short delay is much greater than the small differential between your fees and a competitors.



Once you have established the nature of service you will offer you can now accurately reflect the time it will take to deliver this service.

What are the services a Landscape Designer might provide?

What are the steps required to Manage a Project?

NEW ROAD - 40' DEEP

FOUNDATIONAL PLANTINGS

SPRINK SYSTEM

STONE PIT

NEW ADDITION

FIRE PIT



Typical Steps in executing a Landscape Design Project

- Get the commission/meet the client
- Site inventory/analysis
- Research
- Conceptual design
- Meet the client
- Masterplan
- Detail development
- Working Drawings/Specifications
- Obtain Approvals
- Tender drawings and select contractor
- Review construction progress
- Approve changes as needed
- Undertake final review and approve payments
- Undertake warrantee review and supervise work

How long will it take to provide these services?

Service	Time/hours
• Get the commission/meet the client	4
• Site inventory/analysis	8
• Research	4
• Conceptual design	10
• Meet the client	3
• Masterplan	12
• Detail development	15
• Working Drawings/Specifications	12
• Obtain Approvals	8
• Tender drawings and select contractor	8
• Review construction progress	10
• Approve changes as needed	6
• Undertake final review and approve payments	6
• Undertake warrantee review and supervise work	<u>8</u>

Total time = 114 hours

A detailed landscape design plan for a residential property. The plan shows a driveway on the right, a garage, a stone terrace, a stone and mulch patio, a privacy fence, and various garden beds with plants. Labels include 'CANOPY', 'GROUND PLANE', 'STONE + MULCH PATIO', 'GROUND COVER', 'UNDERSTORY', '6' PRIVACY FENCE', '2' FENCE', 'UNDERSTORY', 'DRIVE DRIVEWAY', 'GARAGE', 'EXISTING TREE', and 'LIVESTONE PATIO'. A central text box is overlaid on the plan.

114 hours x \$50 = \$5700.00

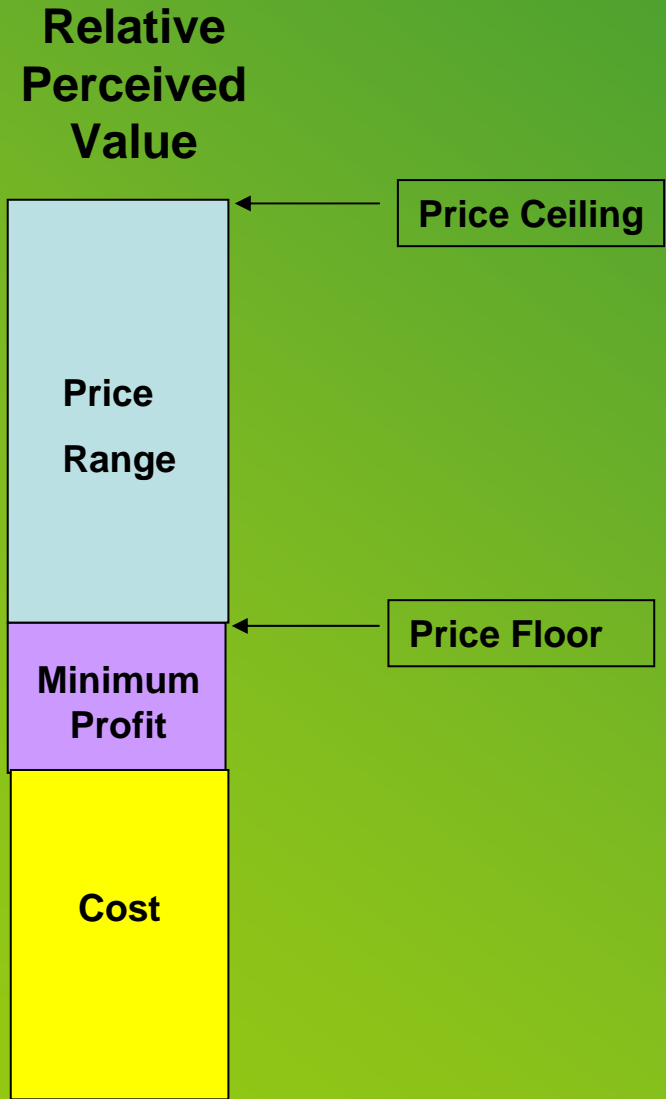
Will your clients pay for this level of service?

If not then:

**Adjust your services to suit the clients budget.
Remember – you are selling time, not designs.**

Design by Alan Culwell

Charge what the market will bear



FEE OPTIONS

Landscape Design fees may be based on the following :

1. Time Basis
2. Fixed Fee Basis
3. Percentage Fee Basis



Suggested hourly rates for Landscape Architects

Typical Experience	Suggested Billing Rate
3 – 5 years	\$35 – 55/hr
5 – 10 years	\$55 – 85/hr
10 + years	\$85 – 135/hr

Source MALA website.

TIME BASIS

Fees on a Time Basis are determined by multiplying the number of hours each member of the consultants' staff expends on the project by their respective hourly billing rates and adding the disbursements.



How do you calculate how much to charge per hour?

The hourly billing rate equals the Direct Payroll Cost (DPC), divided by the Total Annual Available Working Time (TAAWT), and multiplied by a factor number.

Direct Payroll Costs

Base Salary (about \$15/hour)	= \$30,000
Overtime	= \$2,600
Unemployment Insurance	= \$847.03
Canada Pension	= \$419.40
Workers Compensation	= \$114.00
Employers Health Costs	= ?
Pension (Optional)	= \$294.00
Medical Plan (Optional)	= ?
Disability Insurance	= ?

Total DPC = \$34,274.43

Total Annual Available Working Time

The number of working days a year	= 260 days
Multiplied by the number of working hours per day	x 7.5
Equals the number of working hours/year	= 1950
Plus applicable overtime	+ 100 hours
Equals total working hours	= 2050
Less vacation time (three weeks)	= 112.5 hours
Less 7 statutory holidays	= 52.5 hours
Less personal absence days (sick leave, assume 6 days)	= 45 hours

TAAWT = 1840 hours

This assumes a very efficiency level for staff. A figure of 1500 per year is a more realistic average.

The Factor

A factor of **3.0** is recommended, assuming 1.2 (40%) for total operating costs, 1.2 (40%) for overhead, 0.3 (10%) for contingencies, and 0.3 (10%) for profit.

DPC (34,274.43)

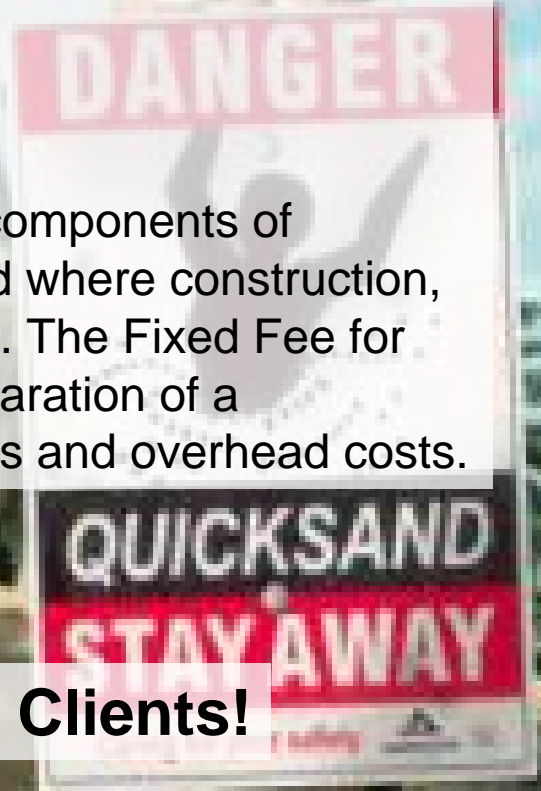
TAAWT (1840 hours) x factor (3.0) = an hourly billing rate of **\$55.88**

A TAAWT of 1500 hours would result in a billing rate of \$68.55

Fixed Fee Basis

This Fixed Fee Basis is applicable only to projects or components of projects where the scope of work is clearly defined and where construction, if applicable, will be completed over a known schedule. The Fixed Fee for such assignments should be negotiated following preparation of a comprehensive estimate of the consulting person hours and overhead costs.

Avoid at all costs with Residential Clients!



Fees as a percentage of construction cost

Construction Cost	Group 1	Group 2
50,000 – 75,000	9.9	11.5
75,000 – 100,000	9.1	10.7
100,000 – 150,000	8.6	10.2
150,000 – 200,000	8.0	9.7
200,000 – 500,000	7.5	9.5
500,000 – 1,000,000	7.0	9.0
1,000,000 – 2,000,000	6.5	8.5
Over 2,000,000	6.0	8.0

For projects less than \$50,000 an hourly basis is recommended.

Source: MALA consultant fee schedule 1999

http://www.mala.net/-files/uploaded/tAmGga_Fee%20Schedule.pdf

Extra Work

Services required beyond the agreed scope of assignment regardless of the original basis of fee should be negotiated on a Time Basis.



**And Eddy knew, this meant overtime work.
A LOT of overtime work.**



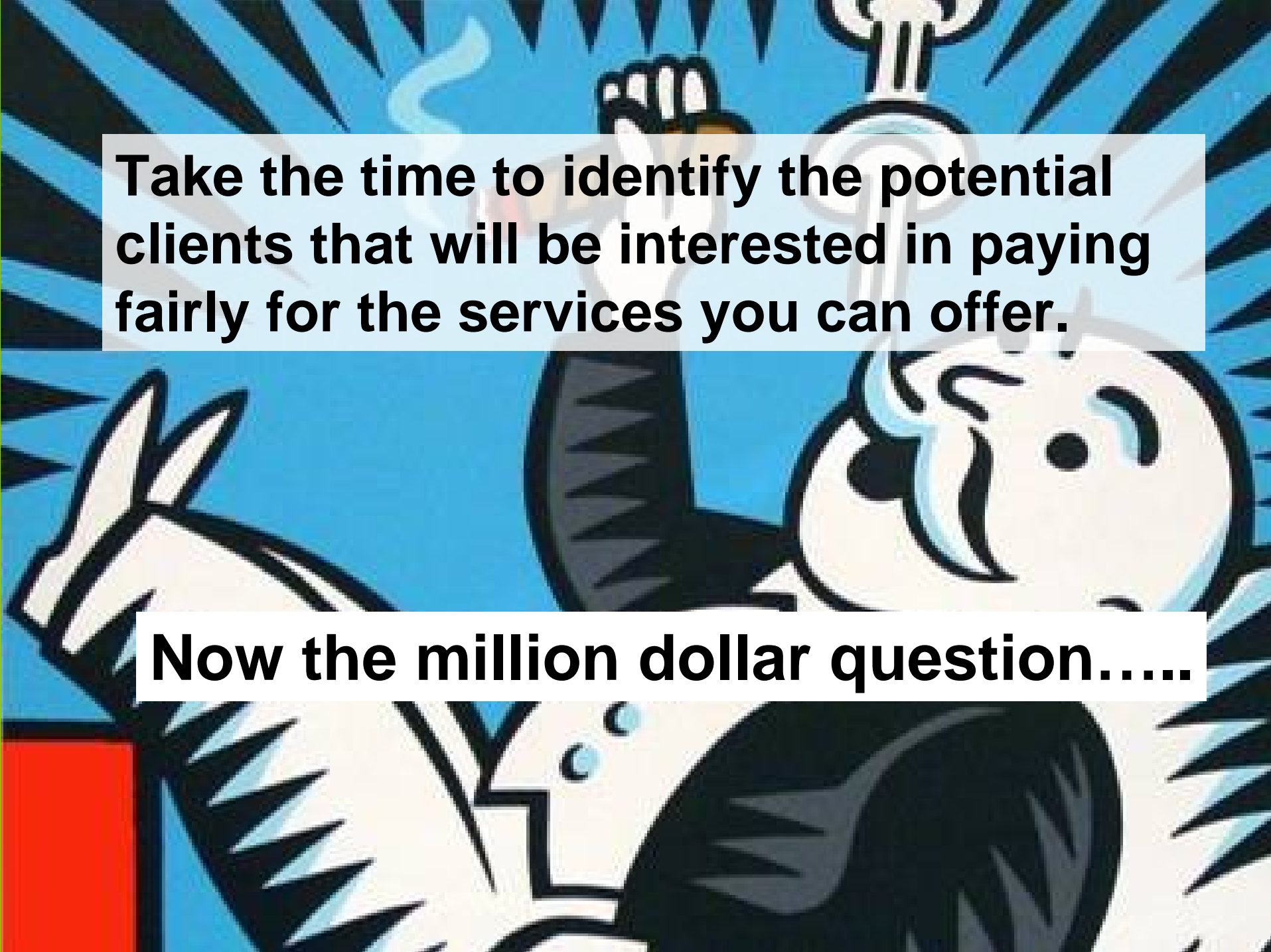
Using the % of Construction Cost as a guide, the fees outlined earlier would require a project with a construction value of about \$50,000.

The “I need the work” syndrome



**You only have so much time to spend,
so how do you want to spend it?**





Take the time to identify the potential clients that will be interested in paying fairly for the services you can offer.

Now the million dollar question.....

JEOPARDY!

www.jeopardy.com

**What do you need to do to
make them your clients?**





Attracting (selecting) Quality Clients

Most designers instinctively respond to virtually any opportunity to get a new client.

A designer truly committed to providing quality will avoid certain clients.

A photograph of a winter forest. The trees are covered in a thick layer of snow, and the ground is also covered in snow. The scene is peaceful and serene.

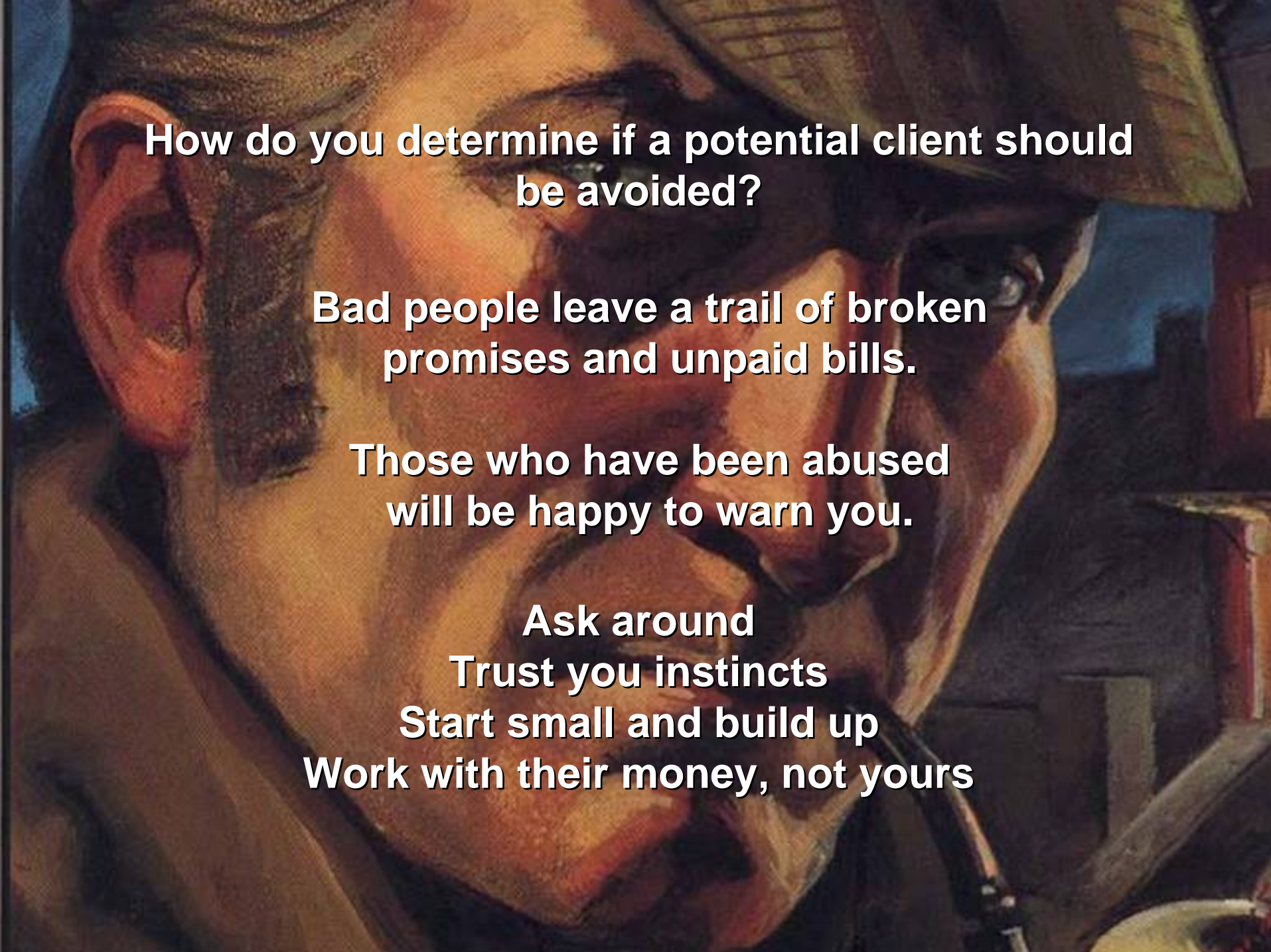
Characteristics of Clients to Avoid

Poor credit ratings

Litigiousness (history of suing consultants)

Excessive cost sensitivity

Not concerned about quality



How do you determine if a potential client should be avoided?

Bad people leave a trail of broken promises and unpaid bills.

Those who have been abused will be happy to warn you.

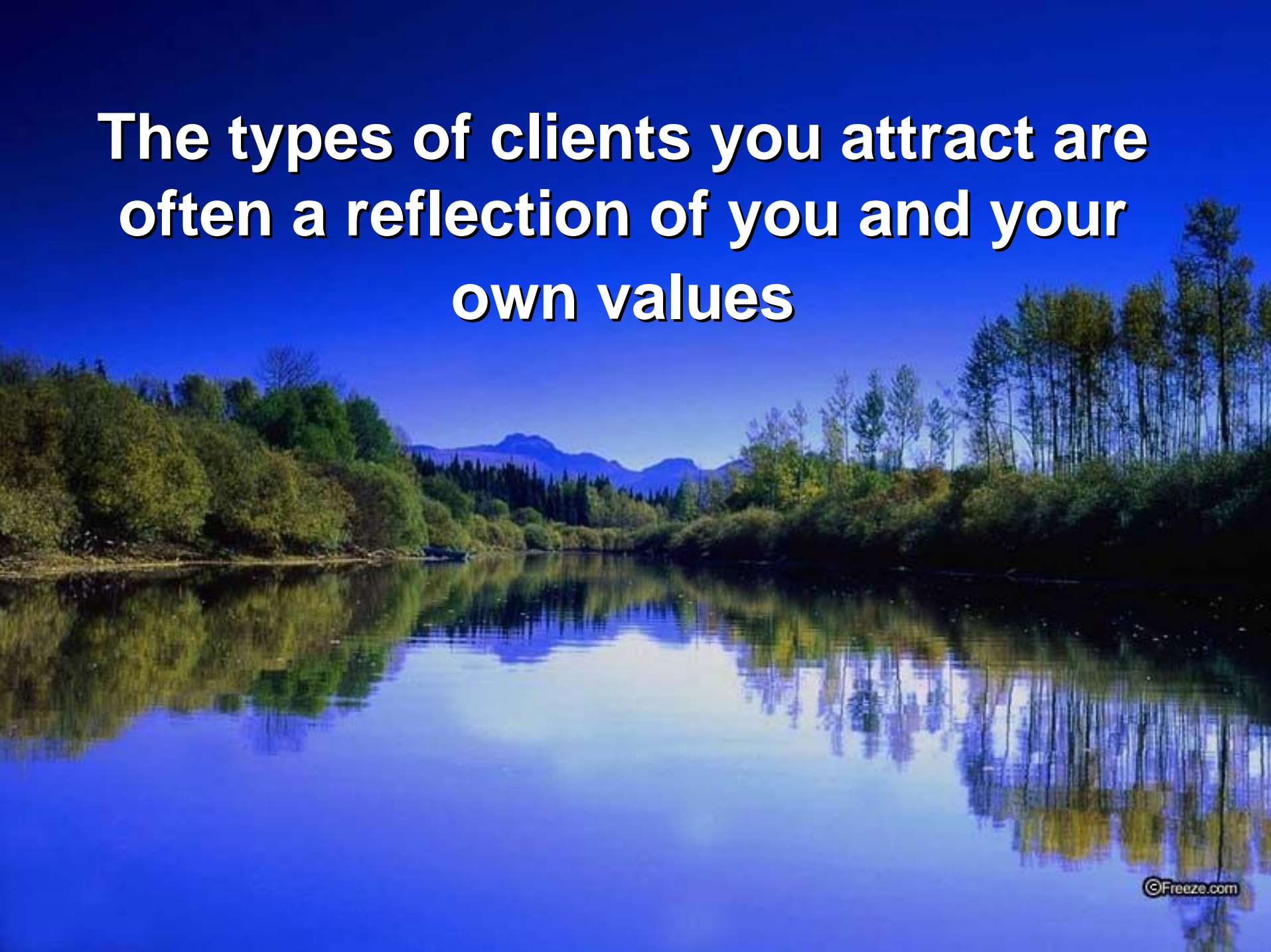
**Ask around
Trust your instincts
Start small and build up
Work with their money, not yours**

A scenic landscape featuring a winding asphalt road with yellow center lines that curves through rolling green hills. The road is flanked by lush vegetation, including tall grasses and clusters of trees. In the background, more hills are visible under a bright blue sky filled with scattered white clouds. The overall atmosphere is peaceful and natural.

The journey to the final design can be rewarding for all when a long term partnership based on mutual trust, respect and shared values is established.

Forming these relationships shapes the foundation for a successful practice that attracts like minded clients.

**The types of clients you attract are
often a reflection of you and your
own values**



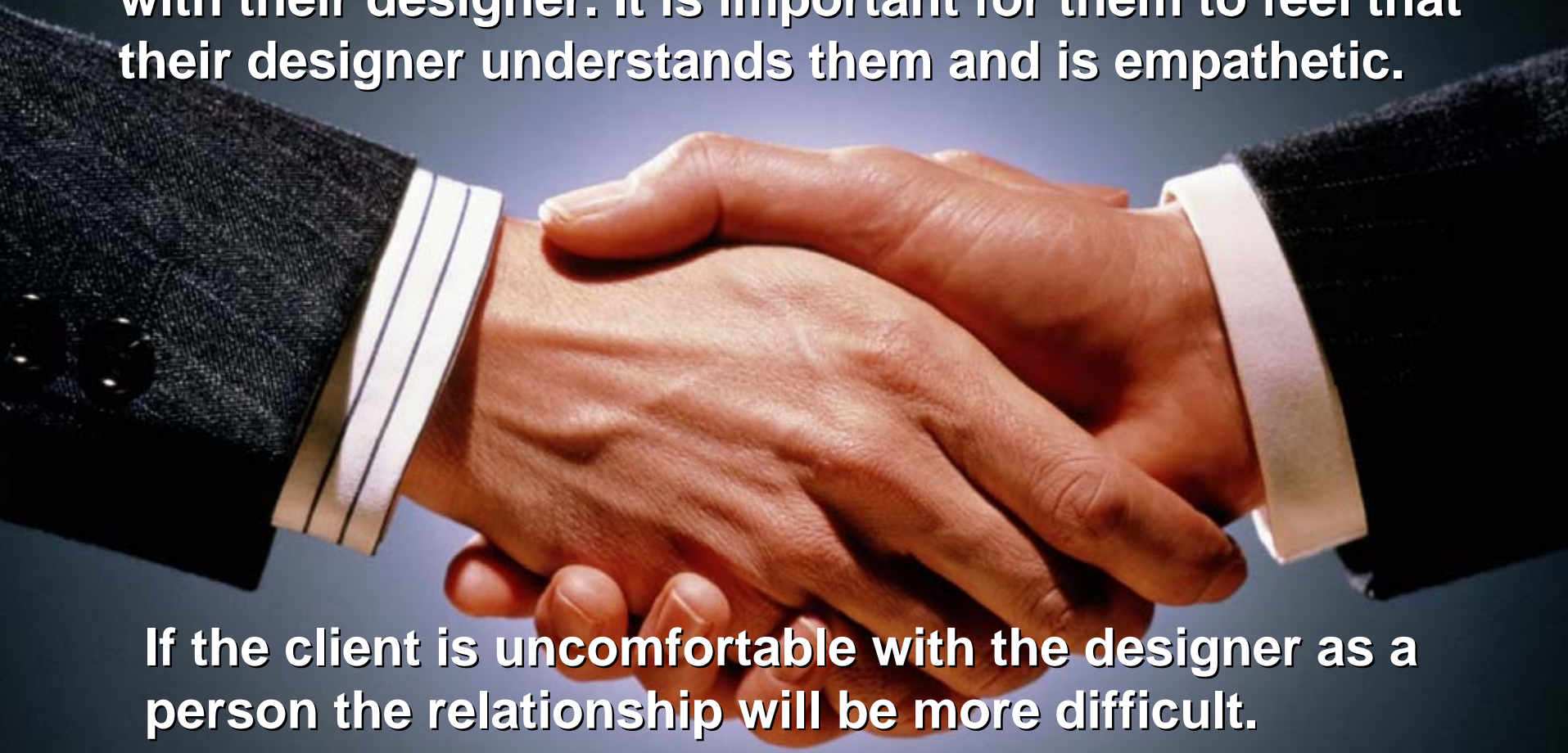
A photograph of a business meeting. In the foreground, a woman with blonde hair in a dark suit is shaking hands with another woman with blonde hair in a dark suit. To the right, a man in a light-colored suit and red tie is looking towards the women. In the background, another man in a dark suit is seated at a table. The setting appears to be an office or a meeting room with large windows and some plants.

People hire a landscape designer who:

- Is recommended by a someone they trust**
- Is someone they know personally**
- Has done work they have admired**
- Is known by reputation**

Clients try to form a personal connection with their designer. It is important for them to feel that their designer understands them and is empathetic.

If the client is uncomfortable with the designer as a person the relationship will be more difficult.



A close-up photograph of a pair of weathered, brown hands cupping a small, vibrant green seedling with four leaves. The seedling is growing out of a mound of dark, rich soil. The background is a dark, textured surface, possibly more soil, which is out of focus. The lighting is dramatic, highlighting the texture of the hands and the freshness of the plant.

Is it possible for you to transform into the type of Landscape Designer that your target market is looking for?

A close-up photograph of a woman lying down in a spa, receiving a facial treatment. Her eyes are closed, and she has a relaxed expression. A therapist's hands are visible, gently touching her forehead and temples. The background is dark, and the lighting is soft, highlighting the woman's face and the therapist's hands. The overall atmosphere is calm and professional.

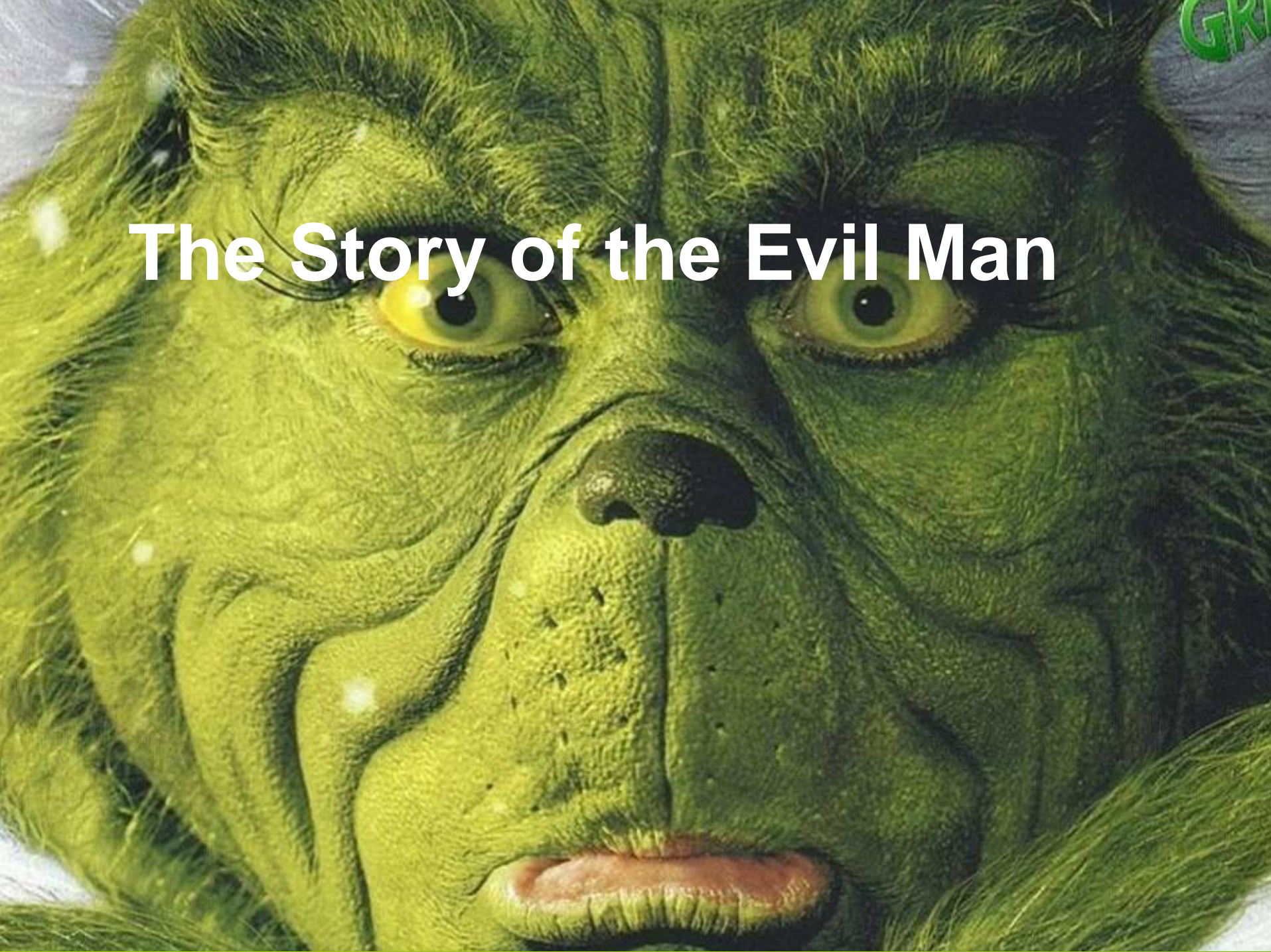
How do you become the person that your target clients want to hire?

The concept of personal transformation

Internal Spa Treatment

GR

The Story of the Evil Man



The Story of personal transformation is quite a common one.





My Fair Lady





Scrooge



Change can be slow and difficult

You need to be happy with the person you are

Don't be a phony, people will see right through you

Sell what you have to people who want to buy it



Some thoughts about collecting accounts

There will always be clients who will refuse to pay you.

Remember, the client who doesn't pay is worth very little

You can reduce the number of delinquent accounts by:


- **Having a clear agreement in advance of starting the work**
- **Collect a retainer before you start**
- **Bill in stages (milestones) rather one large sum at the end**
- **Maintain a good relationship with the client**
- **Re-enforce the value of the service**
- **Treat the client in a professional manner**
- **Develop a regular follow-up procedure**
- **Keep careful records**

A close-up photograph of a person's hands and arms. The person is wearing a white short-sleeved shirt and is holding a silver pen in their right hand, pointing it at a document. The document is filled with text and has some handwritten notes and a signature. The background is slightly blurred, showing what appears to be a desk or table.

Agreements

A written Agreement should be prepared which covers as a minimum the scope of assignment, schedule of execution, basis of fee and payment conditions.

For residential projects a letter agreement works well

The background of the slide features a close-up, shallow depth-of-field photograph of an hourglass. The hourglass is made of a dark, polished metal, possibly brass or bronze, and is positioned vertically. It is surrounded by a large quantity of gold coins, which are scattered across the surface. The lighting is warm and golden, creating a rich, textured appearance. The coins are in various orientations, some showing their heads and others their tails. The overall composition suggests a connection between time and financial value.

The recommended method of payment is by monthly invoicing by the Landscape Architect for payment within thirty (30) days of the billing date.

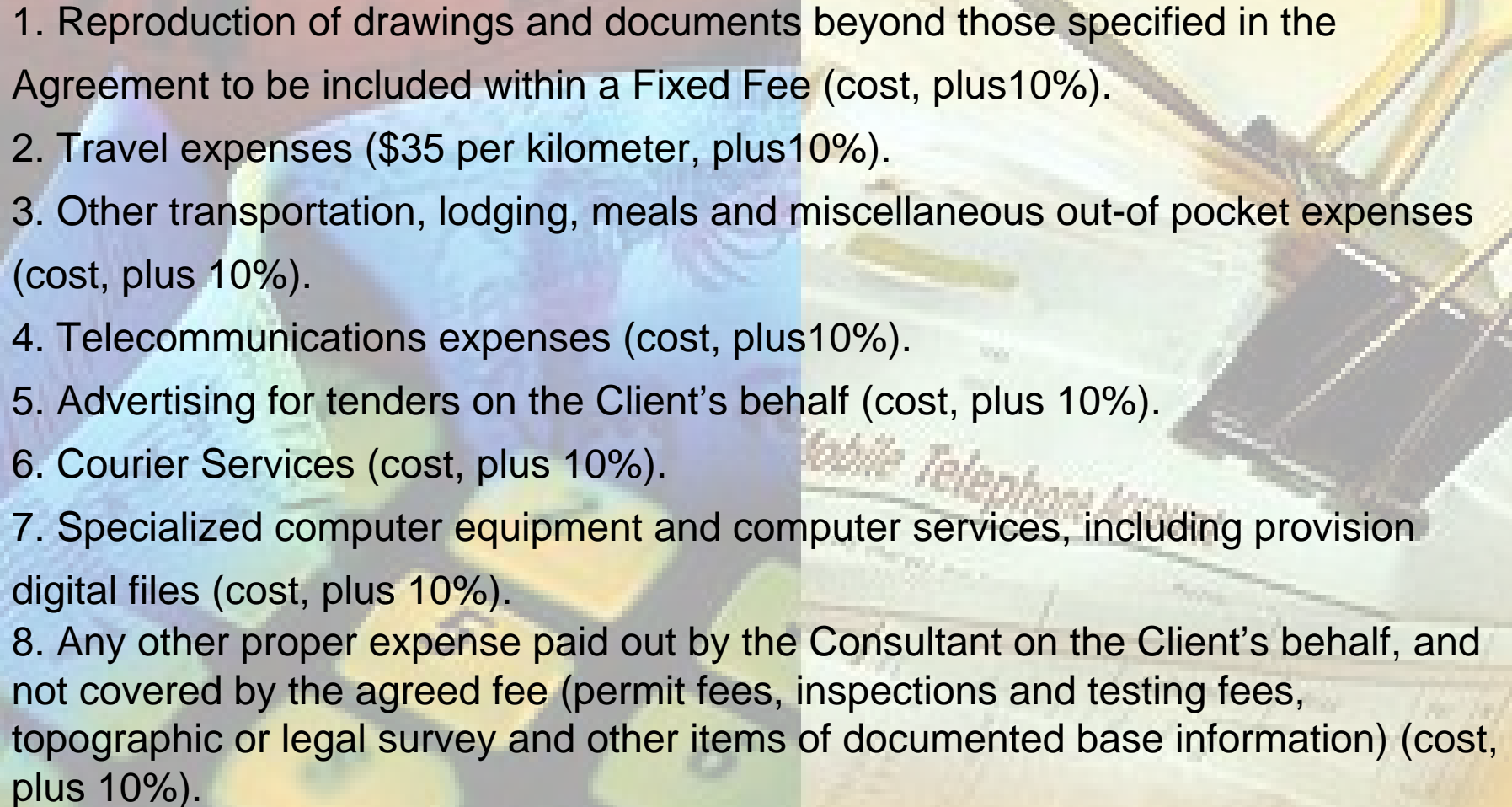
Late payments may be subject to interest charges at the prevailing rates.

REIMBURSEABLE EXPENSES

Unless otherwise agreed between the Consultant and the Client, disbursements incurred by the Consultant in completing an assignment are chargeable to the Client. Following are categories of expenses that are reimbursable in all Fee Basis options at cost multiplied by an agreed disbursement factor:

Expense Table Example:
You would pay the following expenses, including the maximum sales charge, on a \$1,000 investment in a Fund assuming (1) a 5% annual return and (2) full redemption at the end of each time period.

	1 Year	3 Years	5 Years	10 Years
63	125	142	\$ 306	
65	95	132	265	
62	101	180	233	
58	93	129	329	
59	81	139	225	
66	106	126	246	
45	112	219	176	
	79	189		

- 
1. Reproduction of drawings and documents beyond those specified in the Agreement to be included within a Fixed Fee (cost, plus 10%).
 2. Travel expenses (\$35 per kilometer, plus 10%).
 3. Other transportation, lodging, meals and miscellaneous out-of-pocket expenses (cost, plus 10%).
 4. Telecommunications expenses (cost, plus 10%).
 5. Advertising for tenders on the Client's behalf (cost, plus 10%).
 6. Courier Services (cost, plus 10%).
 7. Specialized computer equipment and computer services, including provision digital files (cost, plus 10%).
 8. Any other proper expense paid out by the Consultant on the Client's behalf, and not covered by the agreed fee (permit fees, inspections and testing fees, topographic or legal survey and other items of documented base information) (cost, plus 10%).



Landscape Design fees generally include minor allowances to complete normally anticipated revisions to designs during the course of a project.

Where revisions requested by the client are significant, and beyond the control of the Landscape Designer, the client shall compensate the Landscape Designer for completing such revisions on a Time Basis, supplementary to the original consulting agreement.

Abandonment of Project

If a project is abandoned or suspended, through no fault of the Consultant, services provided by the Consultant should be determined on a Time Basis to reflect an appropriate allowance for costs resulting from the suspension.



Delays

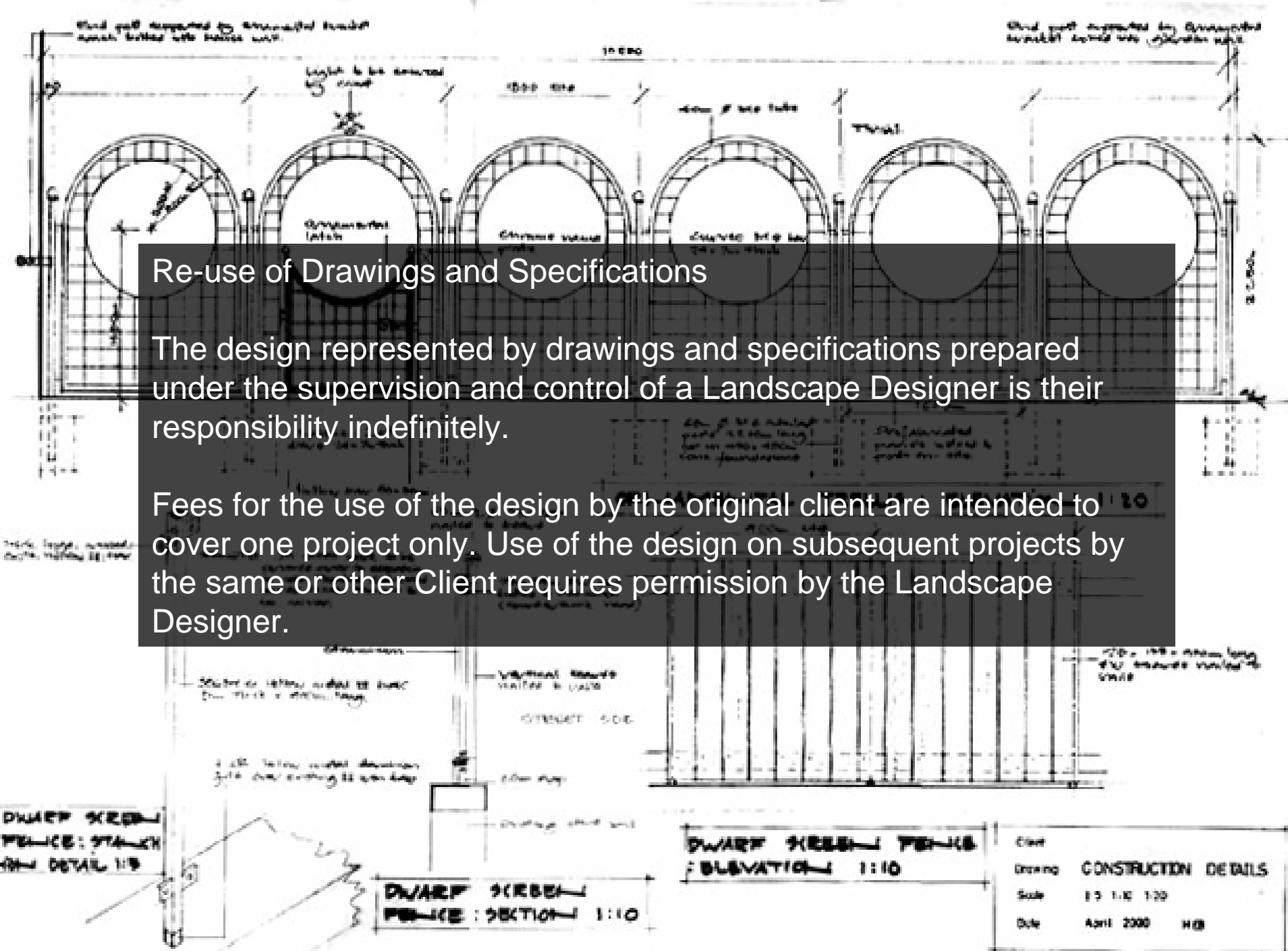


Delays beyond the Consultant's control that cause an increase in required services provided by the Consultant, should be compensated for on a Time Basis.

Re-use of Drawings and Specifications

The design represented by drawings and specifications prepared under the supervision and control of a Landscape Designer is their responsibility indefinitely.

Fees for the use of the design by the original client are intended to cover one project only. Use of the design on subsequent projects by the same or other Client requires permission by the Landscape Designer.



The background of the slide is a close-up photograph of bright green maple leaves. The leaves are in sharp focus in the foreground, with some showing detailed vein patterns. The background is softly blurred, creating a bokeh effect of light and green. The overall lighting is bright and natural, suggesting a sunny day.

Finally

Thank you

For copies of this presentation contact me at:

ron@rkla.ca



