BASE PAY

HOW TO DETERMINE COST

See the Base Pay Proposal Worksheet template. You will go through each step and determine how many hours you need to complete each step. If you have multiple people working on a project, you will estimate hours for each person on each step. We recommend using 1 hour per job for market pricing.

At the bottom of the spreadsheet, the hours will total for each person and there is a formula that calculates cost for the project. You will need to modify the formulas that calculate cost based on your per hour rate to clients.

Then you will decide if you want to add a percentage for administrative costs. This helps covers all of those quick emails and phone calls you find hard to track or even overages that occur. The administrative fee gives you some contingency time.

Finally, you will add a referral fee (percent of project) if you are paying a referral fee to someone who may have sent you the client.

Your grand total for the project then calculates. Evaluate if you feel this cost is appropriate for the project based on the size of the organization, complexity of the organization, how many people you will be working with at the client's organization.

Be sure you are charging enough for the value you are delivering. There is no formula for knowing this. You will get better at it over time. We recommend you set up an excel spreadsheet to track all of these types of projects to include number of employees, number of jobs, and what you charged until you get more comfortable with what to charge.

You will also want separate tracking for the total time each person on your team puts into the project and the cost (what you pay each of those who work on the project on an hourly basis) so that you can find your true cost at the completion of the project to what you charged as well as you can see how it compares to the time you estimated to do the project. See the Base Pay Client Time Tracking template.

When you set your hourly rate, you will want to take into consideration what hourly rate you pay anyone on your team who works on the project as well as your hourly value plus what rate you will have to pay in taxes, any overhead costs, and also allow some percentage for profitability.