Budget ranges and bid builder worksheet

LoftyBiz 169 — Quote Projects That Leave a Profit: Budget Questions and Marked-Up Bids

These are examples, not promises. The people and businesses in this video are illustrative examples, and results vary. Figures are rough examples from the official script, not targets or forecasts. This is general business education, not financial, legal, HR or tax advice.

This week

- Write three budget ranges for your most common type of project.
- Practise the bracketing question out loud.
- Take your last quote and rebuild it from costs: direct costs, a buffer, a share of overheads, and a mark-up.
- Compare the two numbers. If the new number is higher, ask yourself where the missing money was going.
- Put your ranges and the rebuilt bid into Systex, so the same steps are waiting for the next quote.

Habits to keep

- Find the client's budget range early with bracketing questions, so they choose a range instead of naming a number.
- Build your bid from costs, not guessed hours: direct costs, a buffer, overheads, and then a mark-up.
- Know the difference between mark-up and margin.
- If the bid is over budget, change the scope, not your profit.
- Compare every finished job with its bid.
- Keep the price list, mark-ups and quoting steps in Systex so they stay easy to find.

Worked example: Rosalind, landscaping and garden design, Chattanooga

Setting	Rosalind, landscaping and garden design, Chattanooga, USA	
Clients	homeowners, plus a few small offices and cafés	
Old habit	"It depends," then a quote written in the dark	
What went wrong	quotes far above the budget, or far below what the client expected to spend	
Tool	bracketing questions: offer ranges, so the client chooses rather than names a number	
Range 1, in this example	a simple refresh, around $8,000–12,000	
Range 2, in this example	a full redesign, around $15,000–25,000	
Range 3, in this example	a large project with paving and lighting, $30,000 or more	
Follow-up question	stay near the bottom of the range, or is the top fine if the result is right?	
How she used the answer	wrote it at the top of her notes, so every later design choice could follow it	
How often the ranges were updated	the same three ranges for a whole season, then updated when her costs changed	

Rosalind runs a small landscaping and garden design company in Chattanooga. She loves design and hates talking about money. Most of her clients are homeowners, plus a few small offices and cafés. For years she would say, "It depends," and then write a quote in the dark. She started using bracketing questions. In this example, a simple refresh is around eight to twelve thousand dollars, a full redesign is around fifteen to twenty-five thousand, and a large project with paving and lighting can be thirty thousand or more. If a client picked a range, she asked whether they would rather stay near the bottom of that range, or whether the top of it was fine if the result was right. She practised the words and used the same three ranges for a whole season, updating them when her costs changed. These are illustrations, not a forecast for your business, and are examples, not promises.

Worked example: Emeka, kitchen and bathroom renovation, Milwaukee

Setting	Emeka, kitchen and bathroom renovation company, Milwaukee, USA	
Old habit	pricing jobs by guessing hours: a bathroom takes about a week, so forty hours at his rate	
What went wrong	the job took nine days, the tiles cost more than expected, and the profit vanished	
Cost lines	materials, labour, subcontractors, equipment hire, waste removal and travel	
Prices used	current supplier prices, not last year's memory; labour checked against similar past jobs	
Buffer, in this example	ten percent added to materials and labour	
Overheads	insurance, the van, the office, software, divided across the jobs he expected to do	
Direct costs, in this example	$11,000	
Buffer, in this example	$1,000	
Overhead share, in this example	$2,000	
Total cost, in this example	$14,000	
Mark-up on cost, in this example	20 percent	
Bid, in this example	$16,800	
Profit if the job goes to plan, in this example	$2,800	
Mark-up vs margin, in this example	20 percent added to cost gives a margin of about 17 percent of the final price	
If the bid is over budget	change the scope, not the profit: different tiles, a simpler shower, or two phases	
After each job	compare actual costs with the bid, then update the price list and mark-ups in Systex	

Emeka runs a small kitchen and bathroom renovation company in Milwaukee. He used to price jobs by guessing hours. "A bathroom takes about a week, so that is forty hours at my rate." Then the job took nine days, the tiles cost more than expected, and the profit vanished. He started with costs: materials, labour, subcontractors, equipment hire, waste removal and travel, using current supplier prices. For a bathroom, he added ten percent to materials and labour as a buffer, then a share of overheads. In this example, direct costs of eleven thousand dollars, a buffer of one thousand, and an overhead share of two thousand make fourteen thousand dollars of total cost. With a twenty percent mark-up on cost, the bid becomes sixteen thousand eight hundred dollars. The two thousand eight hundred is the profit, if the job goes to plan. A twenty percent mark-up on cost gives a margin of about seventeen percent of the final price. If the bid came out above the client's budget, he offered choices rather than cutting his profit. After each job he compared actual costs with the bid and stored the price list and mark-ups in Systex. These figures are examples, not promises of profit for your business.

Keep the checklist in one place

When you have your three budget ranges and a rebuilt bid, keep them in Systex, our own product. You can find Systex at loftybiz.net, and click the link in the description.

LoftyBiz · loftybiz.net · Systex is our own product. This worksheet sits under LoftyBiz 169. All figures are from the official script and are examples, not promises.