



Your Design Contract or Retainer: Is it working for you?

By Shawn McCadden CR, CLC

Before using or offering a design contract for your company's design services, you must first decide what you will offer within your process. This is important because pricing your services needs to be based on and defined by what will be included. Without knowing what you will typically offer clients, you may fall into the trap of doing it differently each time. You may even end up doing it by the client's process rather than your own. How can it be your design process if they control it? How can you control the cost if someone else controls the course of action?

I suggest you begin by strategizing and then testing it with clients. By starting this way, you can access clients' reactions as well as your success. Make adjustments as needed to improve your method and slowly raise your fees. Over time, you and your team will evolve to a procedure you are confident with and that serves your customers well. By the time you become confident in your process and customers experience its benefits, you should eventually gain the confidence to charge enough to make it profitable.

From my experience, I suggest you measure the success of the process in four important ways:

1. Did it create a solution that solved the need?
2. Did the client enjoy and participate willingly?
3. Did the client buy your solution?
4. Did you make any gross profit?

Be careful not to become an unpaid consultant. If you are not being paid yet for what you do, decide how much you will give to the client without a formal commitment to go forward. I once experienced another remodeler standing next to me at the building department applying for a permit using the plans and specs I left with a prospect who didn't buy from me. Be honest with yourself and don't make excuses. If you justify the low price you sell your design services at as a marketing expense, is it already in your budget and therefore part of the markup you use to price and sell projects?

Shawn McCadden is one of the most prominent figures in the remodeling industry. He obtained his builder's license by age 18; founded, operated, and sold a successful employee-managed design/build firm; co-founded the Residential Design/Build Institute; and went on to become director of education for a major national bath and kitchen remodeling company. Today he speaks frequently at industry conferences and trade shows, consults with remodeling companies, and writes a monthly column for Remodeling magazine.

To find out about the services he offers to serious remodelers, e-mail Shawn at shawnm@charter.net or call him at 978-272-1182.



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