

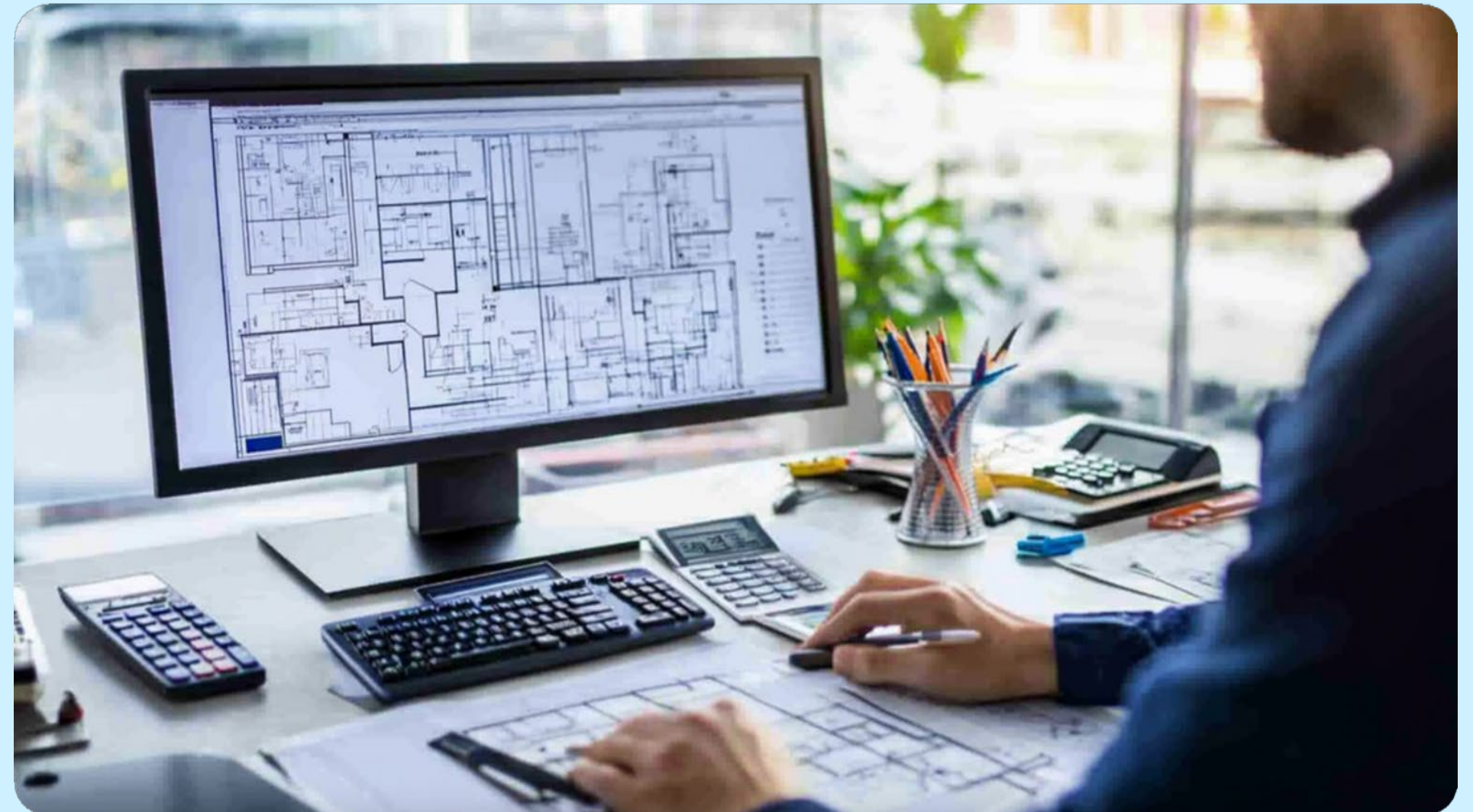
Future-Proof Your Profits: The Power of Strategic Estimating in an Unpredictable Market

Presented by:

Faizi Syed

Principal & Chief Strategist

Pinnacle Estimating Services



Introductions!



Faizi Syed
Principal & Chief Strategist
Pinnacle Estimating Services



Patrick Wiszowaty
President & Founder
Contemporary Painting Inc.



Brian Drucks
CEO & CoFounder
Where Trades Go
Drucks Inc.

Today's Economy = UNPREDICTABLE

- Unoccupancy rate is 17% (CBRE, Cushman Wakefield)
 - Class B & C Buildings: hovering 16-24% unoccupancy in 2024 and 2025
- Companies downsizing to cut costs
- Subcontractors need to consider:
 - cost reductions and
 - reallocation of resources

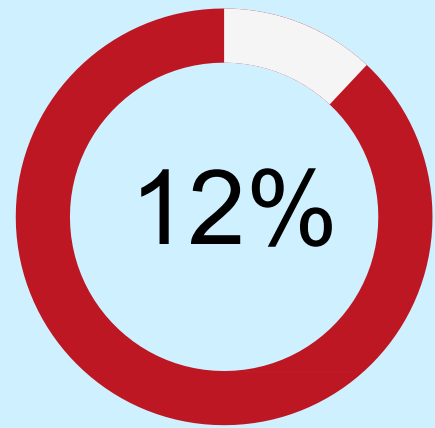


Snapshot of Construction

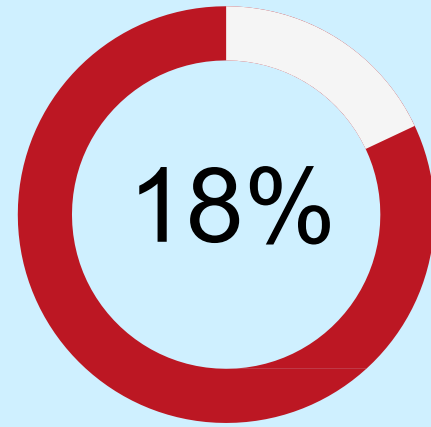


U.S. National Association of REALTORS (NAR), CBRE, Cushman & Wakefield

2024

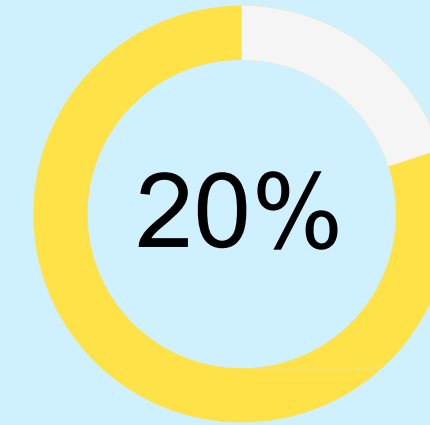


Commercial Vacancy Rate



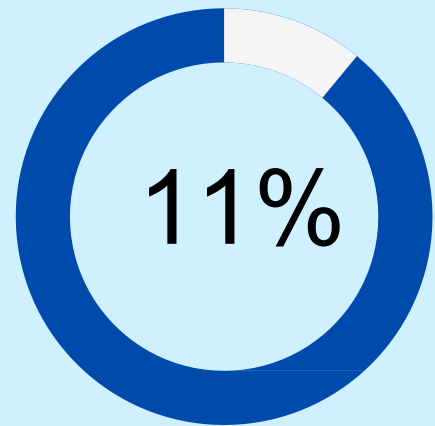
Office Vacancy Rate

2024

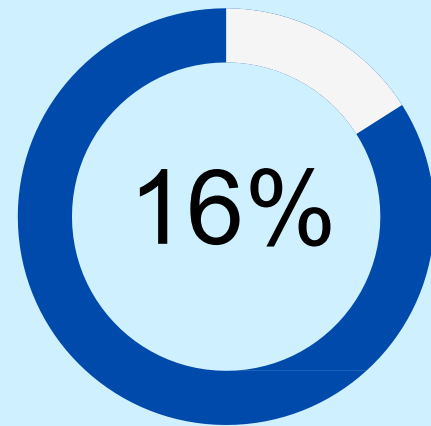


Retail Space Vacancy Rate

2025

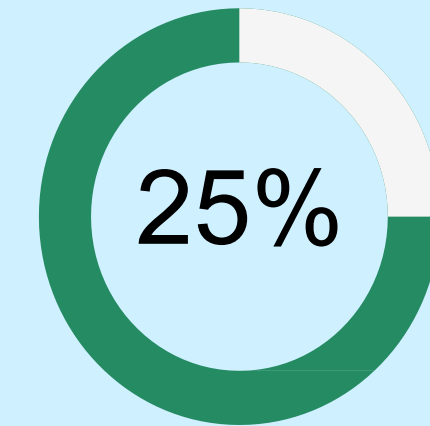


Commercial Vacancy Rate



Office Vacancy Rate

2025

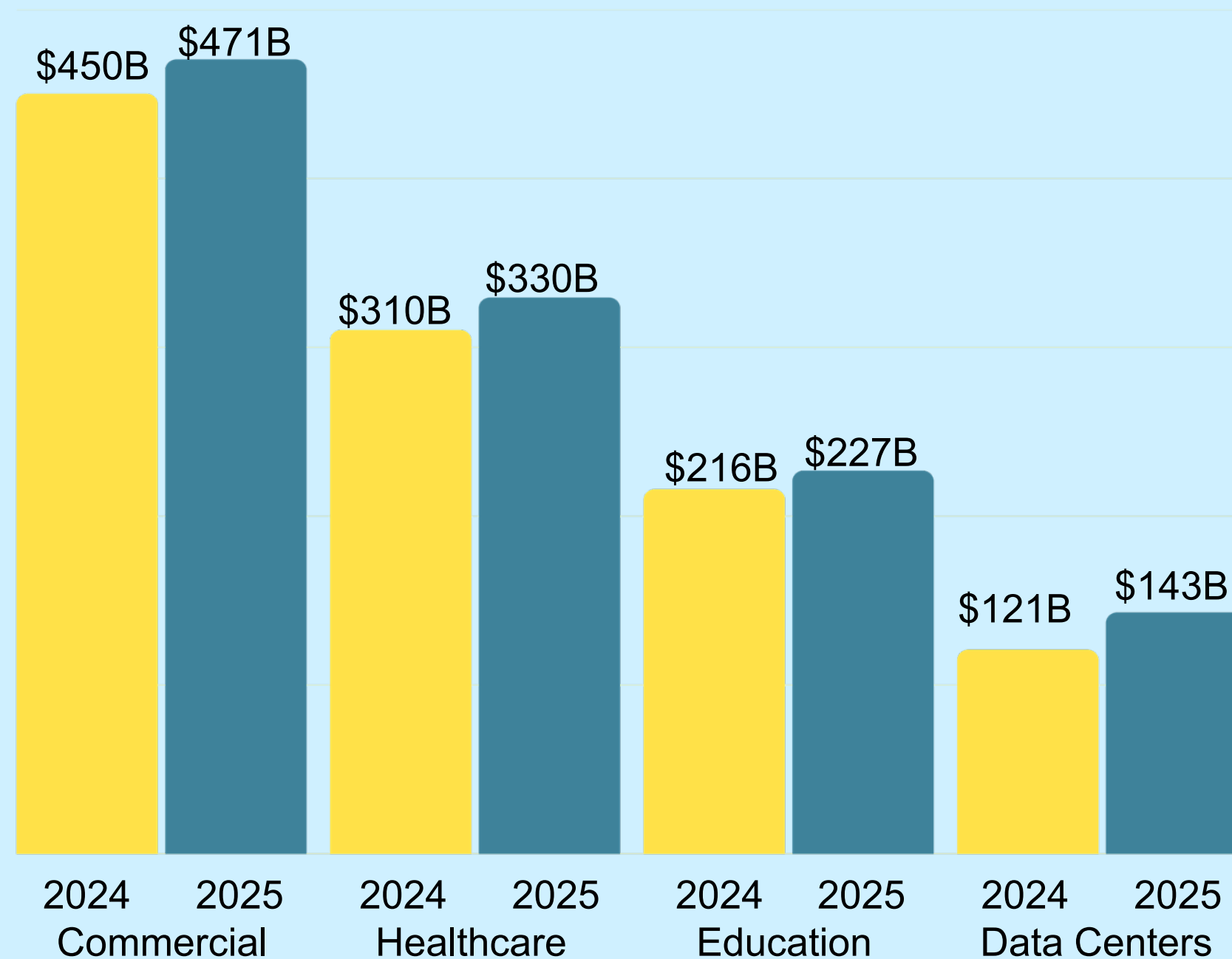


Retail Space Vacancy Rate

2025 Growth Projections & Industry Forecast



Sector-wise market growth projection in Billions USD



2024 vs 2025 Construction Growth

Commercial
+4.5%

Healthcare
+6.2%

Education
+5.1%

Data Centers
+18%

Insights from Your Peers:



1. What are your thoughts about the uncertainty of the economy and the vacancy rates?
2. Until things stabilize, what cost adjustments should subcontractors make to reduce overhead and increase efficiency?
3. Are you looking at other industry sectors for growth and stability?

1st Poll Question-Answer in the Chat



How are you dealing with the uncertainty in the market?

- A. Considering layoffs
- B. Submitting more bids
- C. Branching into other industry sectors
- D. Looking for other ways to reduce overhead & increase efficiency

How do you adapt to this wait-and-see unpredictable market?

- How can you maximize your team's time?
- What can you do to keep your profit margins at the same rate?
- What other industry sectors can you pivot into and how much additional bidding will that require?



A Case Study on Estimating Costs



Study Conducted by a Joint Task Force:

- Fuse Alliance and Starnet Flooring
- National contracting associations (with approx. 350 flooring members and 550 combined locations)

Goals:

- Streamline estimating processes
- Suggest best practices for members' increased profitability
- **Primary goal was to lower estimating costs by at least 30%**



Focus - Analysis of:

- hard-bid projects across the United States
 - (note: did not analyze negotiated bids)
- bid submissions compared to win rates
- estimating costs for each submission
- no-cost change orders

Summary of Findings



Findings:

- Average win rate on hard bid projects = 10-12%
- Average cost of estimating is 3-4%
- No cost change orders are a key factor in costs

Therefore, **for a contractor with sales revenue of \$10 million:**

Sales Revenue	Average Win Ratio	Need to Bid	Cost of Bidding
\$10 Million	10%	\$100 Million	3 to 4%

MEANS

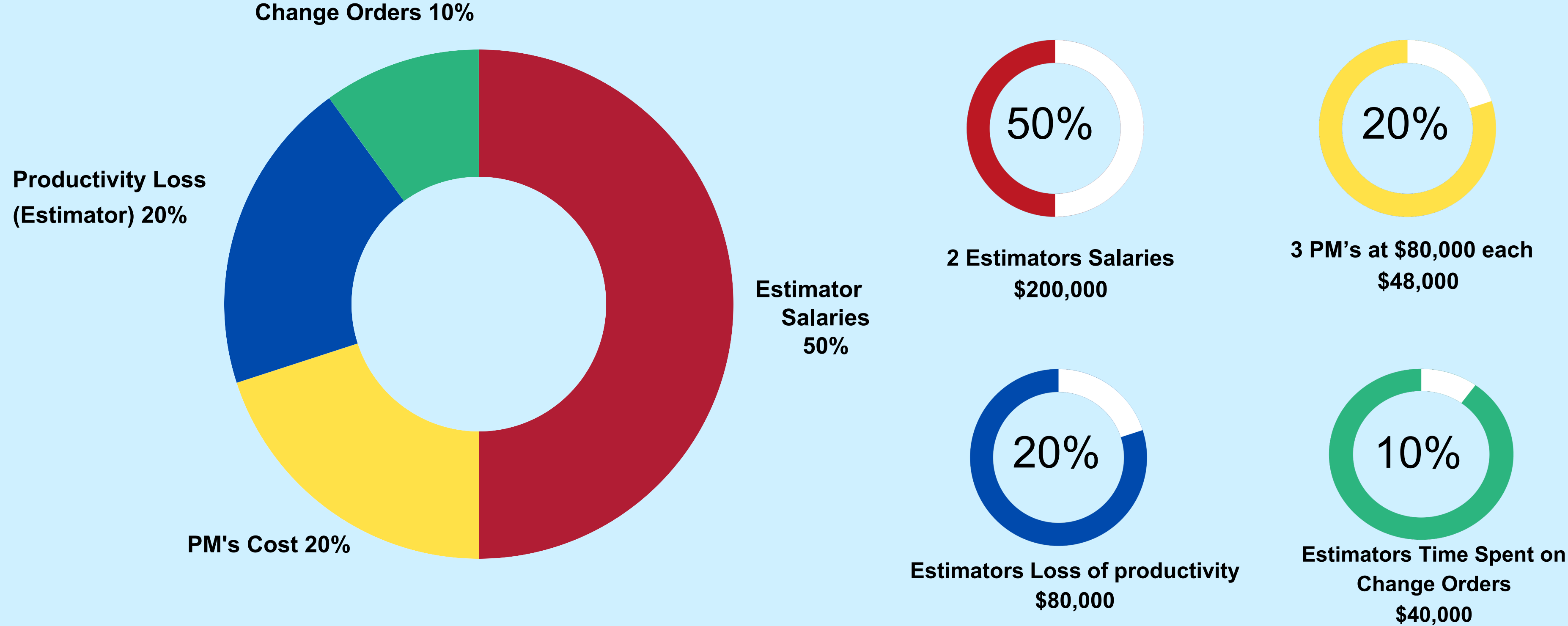
**Spending \$300,000 to \$400,000
in Bidding Costs!**

Cost Breakdown

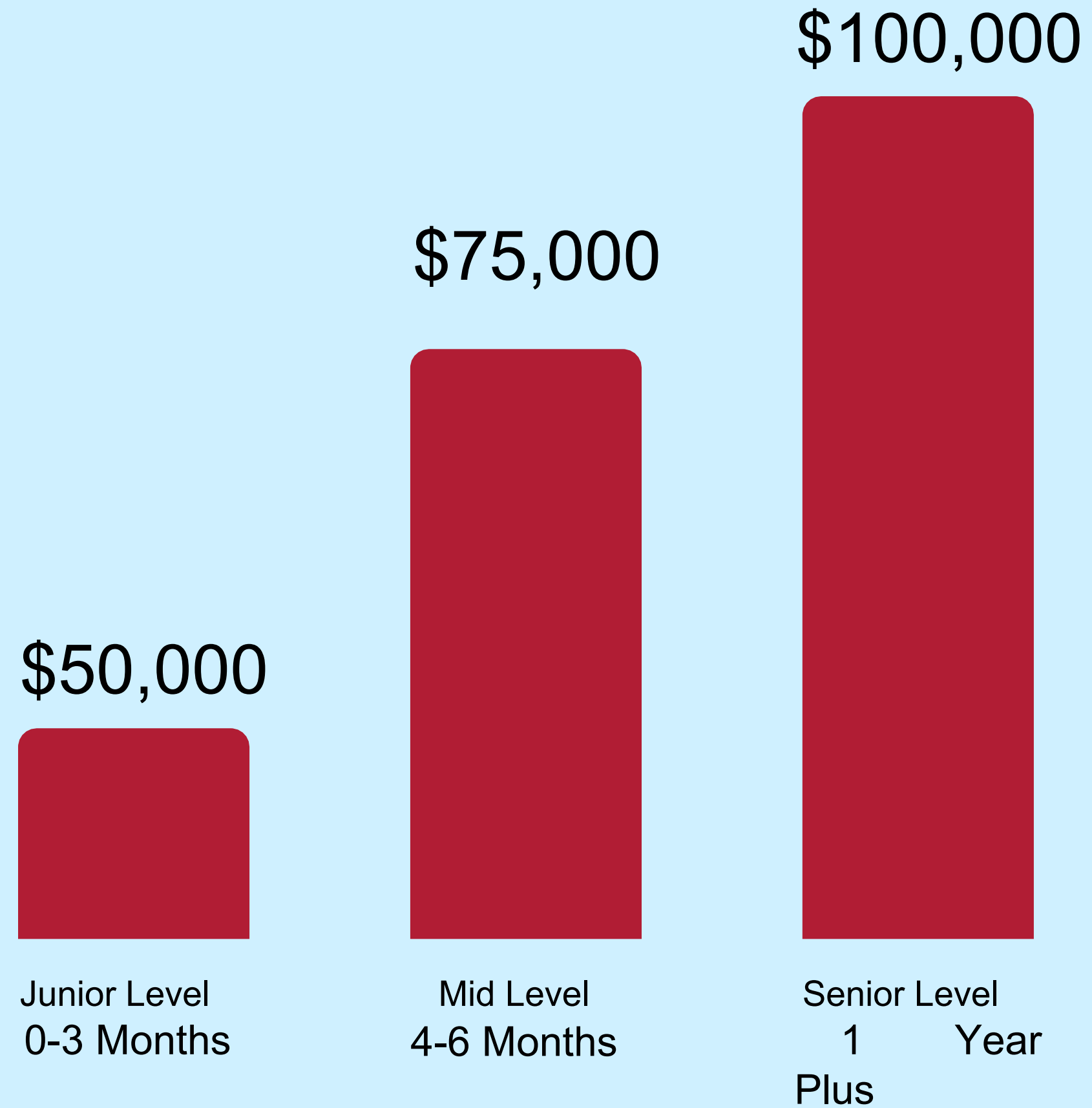


Cost of Estimation = \$400,000 per Year

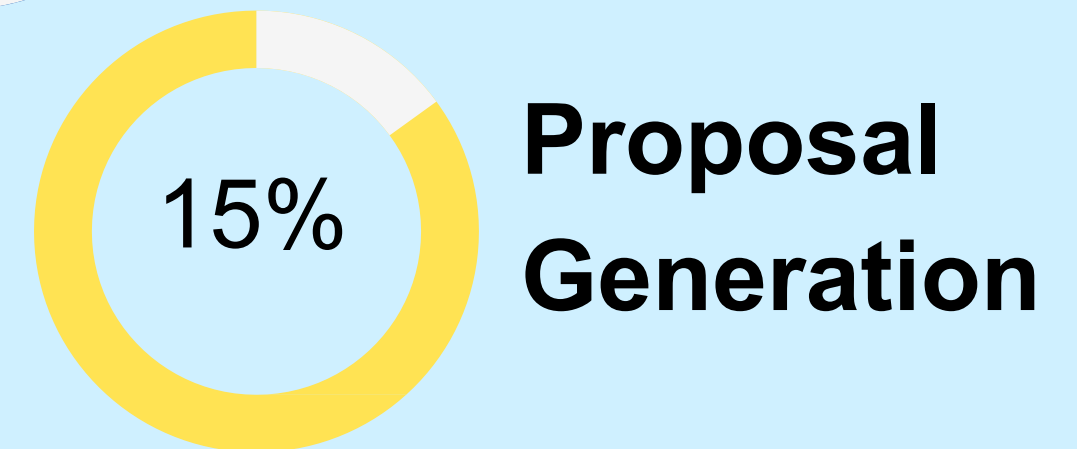
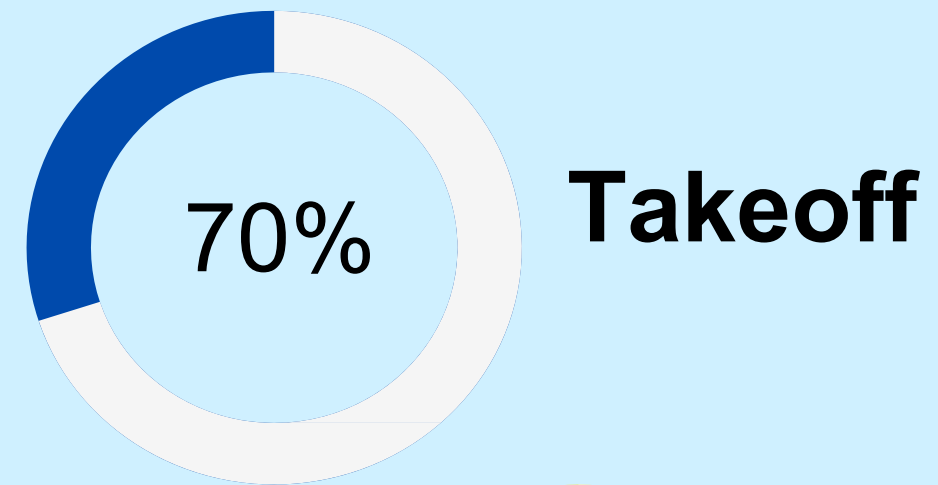
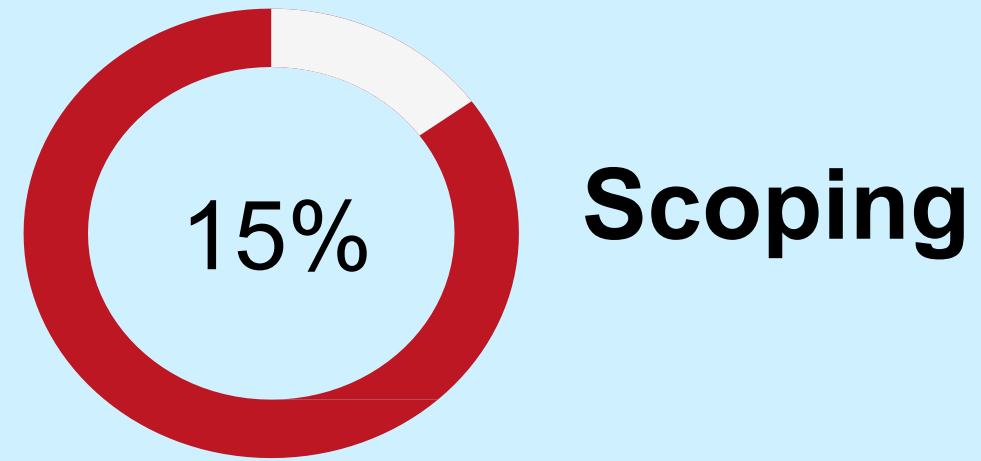
Breakdown of Bidding Costs (Percentages)



Training Costs and Time



Estimate Preparation Time



Reasons for No-Cost Change Orders

Overlooking Details in Scope Sheets

- Not studying structural drawings and details
- Failing to identify missing scope items
- Not submitting RFI's on time
- Not picking up costly accessories
- Using the wrong scale



Impact of these mistakes = Scope errors lead to 35% of no-cost change orders! (FMI Corporation)

Insights from Your Peers on this Case Study



- What are your thoughts on the study?
- How do you think no-cost change orders impact contractors?
- By partnering with a US-based estimating company, has that helped your company reduce no-cost change orders?

2nd Poll Question-Answer in the Chat



How much of your work is negotiated vs. hard-bid?

A. Less than 10%

B. 10-20%

C. 20-30%

D. More than 30%--Congrats!

3rd Poll Question-Answer in the Chat



Of your hard-bid work, what is your close rate?

- A. 0-5%
- B. 6-10%
- C. 10-15%

Benefits of Strategic Partnering with a US-Based Estimating Firm



- Instant access to **experienced estimators** (no need for training AND no learning curve)
- Estimators **provide their own project management**
- **Real-time communication** if using United States-based partner
- **Increased scalability and flexibility** without fear of overexpansion of staff
- Increasing levels of **trust** - they know your business and can be relied upon

Impact on Your Business Growth of Outsourcing Your Estimating



Will result in:

- Increased accuracy (fewer omissions, challenged assumptions)
- More detailed estimates
- Reduction in no-cost change orders
- Strategic increase of your bid volume





**Overall impact on your business =
increased chances to win projects**

Impact on Your Company's Client Retention



When partnering with a US-based estimating company, your team can focus on more important tasks

Project Managers:

-  time spent supporting estimations
-  reducing bid revision cycles

Sales/Account Managers:

- can expect clear and precise estimates they can understand in less than 1 hour
- Can focus more on clients



Overall impact: firms that allocate more time to client interactions see a 25% improvement in client retention (Forrester Research)

4th Poll Question-Answer in the Chat



If you have not partnered with an estimating service, why not? What fears have held you back?

- A. Fear of increased costs
- B. Fear of decreased accuracy
- C. Inability to communicate quickly enough
- D. Changing to a new concept/method

Insights from Your Peers on Outsourcing Estimating Services



1. You have both partnered with a US-based estimation company- did you (or your teams) have any fears beforehand and how did you overcome those?

1. How has the partnership changed:
 - the way your team spends their time?
 - your company's relationships with your current clients?
 - your bids to new clients?

Insights from Your Peers on Outsourcing Estimation Services



3. Do you think the fact you partnered with a US-based company been significant to your partnership?

4. What would you suggest subcontractors considering outsourcing their estimating look for in a partner?

5 Best Practices for Success in this Uncertain Economy!



1. Join Peer Groups and Associations

You'll learn efficiencies and new ideas from others.

2. Consider Offering Additional Services

Offering additional services can help increase your ability to win projects and increase your profitability. (Consider: moisture mitigation, floor levelling, concrete pouring, and concrete polishing)

3. Reduce Time Spent on Estimates (and Errors)

Minimizing interruptions and revisions can **reduce project delays by 15-20%** (Deloitte Construction Report) AND submitting timely bids **increases your bid success rate by 10-15%** (Bid Clerk)

5 Best Practices (Continued)



4. Increase time spent with customers and prospects

You'll get to know their growth plans and have a better chance of winning their business

5. Partner with a U.S.-based estimating service

Rely on your estimating partner to take over one of your biggest pain points.

Free up you and your other team members' time to focus more on your customers.

You could enjoy:

- **a cost savings of 20-30% (ConstructConnect)**
- **30% increase in your bid capacity**



Thank You! Q&A:



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**Ready to try it for yourself?
Scan here for one free
estimating project!**

