

Pricing for Profitability



Women Impacting Public Policy

Presented by: Marsha Lindquist

Session 2: The Basics



WIPP is a national nonpartisan organization advocating on behalf of women entrepreneurs—strengthening their impact on our nation’s public policy, creating economic opportunities, and forging alliances with other business organizations.

WIPP was founded in 2001 and is recognized as a national, nonpartisan voice for women business owners, advocating on behalf of its coalition of 79 business organizations. WIPP identifies important trends and opportunities and provides a collaborative model for the public and private sectors to advance the economic empowerment of women.

www.WIPP.org



Give Me 5

- National program from WIPP & American Express OPEN designed to educate women business owners on how to apply for and secure federal procurement opportunities.
- Give Me 5 works to increase the representation of Women Business Owners that win government contracts. We provide accessible business education tools to assist both new and experienced federal contractors.
- Women Business Owners could gain more than \$4 billion in annual revenues if the 5% contracting goal set by Congress was reached.



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About Marsha

- Contracts, Accounting & Pricing - 35 years
- Consultant 21 years- Scientific & High Technology Industries
- NCMA Fellow
- APMP Practitioner Certified
- Hike & train Ziva



Pricing for Profitability

- What we will talk about
 - Why knowing each project's costs is so important
 - What is fringe, overhead & G&A
 - Direct labor rates
 - Escalation



Why Knowing Each Project's Costs Is So Important

- Project cost vary
- You can lost money on one project & make a pile on another
- If you bid to win & lose money you defeat your purpose!
- Knowing each project's detailed costs = \$



Key: Know Your Project Costs so you Bid to Win Money on Each Project Every Time!

What is Fringe, Overhead & G&A?

- Fringe = benefits & payroll taxes
- Overhead = costs associated with running your projects
- G&A = corporate costs
- The combined fringe, overhead & G&A are called indirect costs - -→ because they are specific to a project
- Why do you care? Manage these as well as project direct costs. They impact project bottom line.



Key: Manage Fringe, Overhead & G&A Like They Are Project Costs & You Will Make \$!

Direct Labor Rates

- Real people
 - Actual salaries
 - Representative of key personnel
- Salary surveys
 - Dynamic - paid for
 - Actual salaries not wishes
 - Meet minimum requirements
 - Western Management Group or Mercer = well respected paid surveys



Key: Manage Direct Labor Rates with Good Information of Actual Salaries Paid!

Escalation



- Get bona fide authoritative source
- Congressional Budget Office projections
- Examine historical trends - BLS Occupation Employment Statistics (OES) - Employment Costs Index (ECI)
- Global Insight/McGraw Hill = paid for data\$
- Vary by contract year
- Vary by labor category - high/low demand



Key: Strike the Right Balance of Historical Grounded Escalation & Well-Founded Authoritative¹ Source Information to Prove Your \$!

Take Aways

- Knowing each project's costs is so important because you can lost money on one project & make a pile on another
- Manage fringe, overhead & G&A like they are project costs & you will make \$!
- Get solid direct labor rate information with actual salary survey information
- Strike the right balance of historical grounded escalation & well-founded authoritative source information

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- Make your voice heard - become a member of our national Instant Impact Advocacy Team
- Participate in our educational series – unlimited opportunities for you and your staff
- Receive weekly policy updates and briefings

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