Before outsourcing your takeoff, there are several factors to consider:

**Expertise:** Ensure the company or individual you're outsourcing to has expertise in your trade. Many companies will promote their wide range of experience in multiple construction trades. Becoming an expert in your trade takes years of experience. Does the estimating firm you’re speaking with have the experience to find the nuances that affect your bid? For example, do they review the structural drawings and verify the depth of the depressed slab when installing wood flooring?

**Scope of Work:** A good takeoff covers more than calculating quantities. It ensures that all aspects of your scope of work have been considered. Is the takeoff you’ll be provided limited to a report from a software package with quantities? Will it include a review of the contractual obligations, demolition plans, structural, electrical, HVAC, etc. which may affect your bid? Your takeoff company should not only be an expert in your area of expertise, they should be a second set of eyes to help you minimize missing something that erodes your profitability.

**Accuracy:** Many companies will promote their accuracy, frequently mentioning their accuracy percentage or the win rate of their customers. While these high percentages are initially appealing, you should dig deeper. When an accuracy rate is quoted, how are they measuring the accuracy? The same question should be asked on win rates, how is this measured? You don’t want to be winning bids to lose profits because the takeoff was inaccurate.

**Reputation and References:** New estimating companies seem to appear overnight. What is their reputation in the marketplace and how long have they been operating? Google reviews can be a good independent source to verify their work. Ask them how long their customers have used their service and see if they will provide you with references for someone in your specific trade to verify their work.

**Resources:** One of the largest bottle necks in the estimating process is the estimator! A key benefit of outsourcing is gaining access to an additional resource during the peak times when many bids are due within a few days. Ask about the size of the estimating team. Does the company you’re considering have the employees to handle multiple projects in a short window or are they a single provided with limited capacity to scale up and down? Does the company outsource the work to another country?

**Communication:** When you hand off a project to someone else, you want to know it’s be handled. Just like an internal team, your estimating company should be communicating regularly with you on the project. If they have questions on the project, will they contact you to clarify assumptions? After you receive the takeoff, who will you be able to contact if you have questions?

**RFI:** Most projects will have missing information or conflicts that need to be addressed. How will your estimating firm handle these items? Our estimators prepare an RFI schedule for the discrepancies noted on the project which can be forwarded to the general contractor or architect and used to clarify our customer’s bid.

**Turnaround time:** Each company has their own process to prepare their estimate and bid. When you outsource you need to consider your internal time needed to prepare your bid. Clarify the expectation with the estimating company and ensure they are able to meet your internal timelines.

**Data security and privacy:** As phishing and other fraudulent activity increases, it’s important that your estimating company has security in place to protect your reputation and data. Ask about the security layer the company provides to protect their information and your company’s email addresses and other sensitive data. Does the company use multi-factor authentication? Is there information stored on local servers or stored in the cloud?

**Risk:** Inevitably, even the best estimator will miss something. When that occurs, how will the estimating company respond to the error? Depending on the size of the error, it could lead to erosion of profits or a devastating impact on your cash. Does the estimating company carry a professional liability insurance policy to mitigate your risk?

**Budget:** When you outsource takeoffs and estimating, you are replacing the internal cost of an estimator with a third party and are leasing an estimator on demand. Depending on the volume of projects you bid the cost of leasing an estimator could be more or less than an internal employee. It’s important to consider your budget and determine the cost of hiring an internal estimator (salary or hourly rate, benefits, training, and overhead) with the fee charged by the estimating company. Remember the estimating company is likely paying the same costs plus their profit. Therefore, outsourcing is generally beneficial when you need less than a full-time estimator or need more capacity then your estimating team has available today.

**Pricing structure:** There are generally three pricing structures used in the market today, each with its benefits and risks: price per item, hourly rate, and retainer.

***Price per item:*** This pricing structure is calculated using a fixed price per item (e.g. linear foot or square foot). The **benefit** of this structure is you price increases or decreases with the size of the project. It minimizes the risk of a surprise charge as you can roughly calculate your cost ahead of the work. The **risk** of this structure is the estimating company will want to work as quickly as possible to complete the project and may skip or overlook important elements you need to consider for your bid.

***Hourly rate:*** As the name implies this pricing is calculated based on hours worked. The **benefit** of this approach is the estimator is likely to take the time needed to review all of the documents and minimize the risk that an essential item is missed. The **risk** of this approach is that the estimator spends more time on the project than you anticipated and your costs may exceed your budget.

***Retainer:*** With a retainer, you are paying a monthly fee for a set volume of work. The **benefit** of this approach is you’re ability to manage your budget and set the retainer at an amount that works in your budget. The **risk** of this approach is that you may run into a scenario where you have more projects to bid than is available under the retainer. In this case the work may not be completed or may need to be completed at a higher price above the cost of the retainer.

**Contract:** Finally, inquire about the contract the company will require you to sign. Review the document for minimum commitments, cancelation clauses, additional fees that you may incur, limitations on liability in the case of an error.

Outsourcing can be a mechanism to help accelerate your business growth. We have seen our customers grow more quickly when they outsource the time consuming task of takeoffs. While it may not be a fit for your organization now, you should continually assess whether it would help you reduce cost or accelerate your growth. If we can assist you in learning more about outsourcing or if you’re looking for a trusted partner, please contact us.