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# *The 10%-90% rule of estimating dictates who you hire to estimate*



The *10-90* rule of an *estimating strategy* is— ten percent of your efforts will be spent on *hard numbers*, and *ninety percent* of your efforts will be spent on *soft issues*. *Continue >*





## The 10% part

So what do we mean by this? Ten percent of your estimating effectiveness is going to be on the hard numbers—how much concrete the job will use, how much sand or base will the sub-grade take, how much will it cost to excavate the footings, how much labor will be used, how much rebar, how much tractor time, and how much equipment do we need on the job. That's the ten percent.

An ***estimator*** with common sense in  
**math will *know* something is wrong.**

To do well on the ten percent requires the estimator to be thorough and precise in his takeoffs. An estimator with common sense in mathematics is also necessary. If your estimator can't visually pick out (without a calculator or spreadsheet) that something is wrong when  $40 * 500$  is showing a result of 2000- that's a problem. An estimator with common sense in math will know something is wrong because it only takes four 500's to make 2000. He does that type of math in his head with ease.





## The 90% part

The ninety percent of the estimating strategy, and the most challenging, yet rewarding, are the “soft issues” of estimating.

### 1. Estimating labor

It seems so easy. There are 4000 lineal feet of forms to set— it should cost X. There are 18,000 square feet of slab to pour— it should cost X. There are 25,000 square feet of surface preparation to do— it should cost X.

We all know the truth is that it never costs X. It ends up costing much more than X or if the job conditions are just right it costs much less than X.

The estimator you want working on your behalf knows this stuff and does his best to get jobs where the conditions are just right (or they can influence the conditions to make right). Of course, it doesn't work out all the time- but your estimator gets it right most of the time, getting your company the best jobs – and leaving your competition with trouble.

It's easier to bid against firms that use unit prices, because you can get all the easier, higher profit jobs- and leave competition with the jobs where the regular unit price of labor is not going to cut it. Unit price bidding is the lazy man's way.





Listen to the Audio Version of this Guide [here](#) on the Concrete Network.

## 2. Deciding what the company is all about and backing it up in everything you do.

What are you selling? Are you high production, are you reliability, or are you low pricing? In the end, answering what you are all about will be the foundation for nearly every important decision you will make regarding your future business (so...as the Sherpa likes to say...choose wisely)

It's easy to fool yourself into believing you can be all things to all people; believe me you can't and still make money.

# *The **truth** is that it never costs **X!***

Let me give you an example of a strategy that worked for the company, High Grade Form, Inc., located in Perris, California in the heart of the Inland Empire's housing boom. Early in the history of High Grade Form, a decision was made to sell reliability

Choosing reliability was something that became central to how the entire company operated. For instance, when faced with a decision to add another project to an already very busy schedule, the company consistently asked—"Can we take on this project and still be reliable?" Often the answer was no. Reality is important—the company did not want to be like the other guys, who in many cases overbooked, made empty promises they couldn't keep, and as a result disappointed their customers.





Reliability has played positively for High Grade Form, Inc. in a couple of different ways. When your customers learn you say reliability and deliver reliability, and they need what you do, they will call you first. In the business where customers are selling homes in Southern California in a rapidly expanding housing market, reliability is very important. Being reliable got High Grade more business because customers knew they would deliver on their promises. They often got it at a higher price, as well, because of the value they provided in being able to deliver.

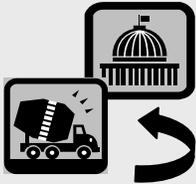
*Being reliable got us business because customers  
knew we would deliver on our promises.*

Conversely, if a business is not reliable, but they have good prices, the customer often does not know what to expect, so they preface each job by saying, “How much can you drop your price—What can you do for us? “ You’re now stuck in a constant conversation regarding price, and it’s a simple truth—if one is forced to talk price, their price will drop.





*For more information on the type of estimator you want- read Sherpa's The Estimator as President.*



*Click here to view!*

### 3. The estimator must know what things should look like at “the end”.

Your estimator, the one good at the 90% stuff, seems to know a lot of stuff. He has price protection on the concrete a month past when he really needs it. He won't get caught with an increase by surprise. He knows this excavation is a little tricky and talked to the foreman about it ahead of time. He knew the customer is finicky about the paperwork that is needed when turning in the invoice and he made sure it all happened properly.

In a nutshell, this guy anticipates, seemingly naturally, all the things that have to happen to make things go smooth and plays quarterback. A little nudge here, a push there—he makes things seem easy and everyone wonders if all construction is this easy. Compare this to the guy to which everything is a surprise. He stays in his little corner and watches as bad things just happen.

***To help you focus and choose a strategy, here is some sound advice stolen from Jim Collin's best selling book Good to Great (available at fine book stores everywhere). To paraphrase Jim— Pick a strategy you are passionate about; pick a strategy you can be the best in your area (ok, you're a dreamer - the world) at doing; and finally pick a strategy that makes you some ugly money (yes, contrary to what most of you think, it is easier to run a business that makes ugly money, than one that doesn't). Ugly money means the business makes lots of money.***



**4. The estimator has great relationships. Relationships are the grease that gets things done and makes the business fun.**

No man is an island. To make things happen others are going to have to *want* to help you. Notice the emphasis on the word *want*. You can't yell or bully people to get things done- at least not for the long term.

In a nutshell, this guy anticipates, seemingly naturally, all the things that have to happen to make things go smooth and plays quarterback.

The estimator you want gets so much done- yet it seems seamless. Because he has so many people on his side—the clients' project manager returns his calls and answers his questions because he has been so helpful; your job foreman knows the estimator wants him to do well on the job and has done everything possible to make that happen- the foreman returns the favor; the hardware supplier makes a Herculean effort to deliver a last minute order because your estimator asked them to and normally doesn't need last minute favors, and so on.

Things go easier for this guy because he is straight up, friendly, and is effective at getting the job done. A potent combination.





## *Sherpa info*

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# Sherpa info

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## SUMMIT DATE

This document reached the summit (was created) on December 20, 2004 and is based on the best information available to the Sherpa at that time. To check for updates please click here <http://www.ConcreteSherpa.com/10-90estimating>.

## NAVIGATION & USER TIPS

You can move around this guide by using your mouse or keyboard arrows. Left mouse button goes to the next page, right mouse button goes to previous page. Click on the right arrow ( → ) for the next page and the left arrow ( ← ) to go the previous page.

## KEYBOARD SHORT CUTS

	PC	MAC
Zoom in (Larger)	[Ctrl] [+]	[⌘] [+]
Zoom out	[Ctrl] [-]	[⌘] [-]
Full screen/normal screen view	[Ctrl] [L]	[⌘] [L]

## ABOUT THE CONCRETE SHERPA

The Concrete Sherpa is a team of people that represent the experience, teaching and learning of our team members and other industry leaders *on a mission to make life better for the concrete contractor*. We are an idea center striving to deliver thought provoking ideas based on “Concrete Advice for Business and Life” to stimulate you to reach new heights. As a user, you should remember to consider all information you receive, here at the Concrete Sherpa or elsewhere, not as a *cast in concrete* recommendation, but rather as an idea for you to consider and ponder.



## *Sherpa info*

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### THE JOURNEY LEADING TO THE CONCRETE SHERPA PROJECT

The Concrete Sherpa Project (A [Sherpa](#) is a “guide”) was born at The Concrete Network in mid 2004. Here is how it happened:

The biggest surprise, or gift, since starting The Concrete Network in 1999 has been the concrete contractor friends from around the country we’ve made and witnessing the passion they have for what they do. These people include Dave Pettigrew, up in the San Francisco Bay Area, or the Verlennich brothers in Minnesota, or Bob Harris in Georgia, the list goes on and on. It’s quite inspiring.

We were once asked, “How are you so excited every day about concrete?” Well the answer is simple, it is impossible to not be excited about concrete when you have the job we do—interacting with hundreds of concrete contractors from every state in the country.

The thing we’ve learned about concrete contractors is that most are passionate *craftsmen*—they are often less passionate and experienced in the “office stuff”. Human nature channels us to do what we are most comfortable with; learning how to use a new saw-cutting tool is comfortable; learning and implementing a new estimating strategy, or job management tool, is not so comfortable.



## *Sherpa info*

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### THE JOURNEY CONTINUES...

So Sherpa was born to provide FREE and easy to use information on topics many Contractors are not too comfortable with.

- Concrete Sherpa is here to provide help to contractors who are often 'Lone Rangers' and don't have anyone to get solid business advice from.
- Concrete Sherpa is here to provide help for contractors who have to work too hard and too many hours in their business, and one day realize they need to work *on their business, not in their business*.
- Have fun with Concrete Sherpa and go faster towards reaching success than you might have on your own.
- To skeptics who think something free can't be valuable, or there must be a trick- visit Concrete Sherpa and decide for yourself.

We hope you make great use of the Concrete Sherpa and it helps you to become an awesome success for yourself, your family, your church, and your community.

### VISIT THE CONCRETE SHERPA

To visit the Concrete Sherpa click here <http://www.ConcreteSherpa.com>.

