

## Using a Static Indirect Bid Item in your Bids

### Executive Summary

Create a static bid item in all of your bids to serve as a checklist for indirect costs – both jobsite and corporate indirects!

### The bid items in a job.

Whether you make up the bid items in your proposal, or the client gives them to you, or you just turn in a lump sum bid – there's always room for a static indirect bid item. This is for all construction companies and their lead estimators.



### What are indirects?

Indirect costs are the costs within your bid to your client that are not part of the direct work. For instance, laying a pipe takes an excavator, shoring, a guy in the ditch, and some backfill. Where does the project manager come in? Or the jobsite toilets? These are indirect costs.

### We talking job or corporate indirects?

We're talking about both. Jobsite indirects may include the following:

- Site management – project manager, engineer, administrative support, and their vehicles
- Site services – permits, soil/concrete testing, plan copying, computers, engineering fees
- Site utilities – power, construction water, internet, phones
- Site equipment support – mobilizations in and out for equipment, on-site maintenance facility and labor, equipment utilization adjustments

Corporate indirects may include:

- General corporate overhead
- General liability, railroad, and builders risk insurance
- Bond

- Small tools and safety supplies
- Travel
- Cost of money

## How do I put these in a bid item?

When you create a new estimate, you likely do not start completely from scratch. You use a source estimate. This source estimate should contain an “extra” bid item called General Conditions or Overhead or something along those lines. This bid item is in every project you bid and serves as a checklist. And each item in the checklist is given a quantity and an adjusted unit price on every single bid. Your starter list was provided in the previous section.

It is not a bid item the owner sees. This item is only for your eyes and the value of the bid item must be distributed back into the bid.

## My Story

I train estimators. I’ve trained hundreds of them. I don’t only teach takeoff and the transformation of those quantities into dollars – I teach estimating theory and principles. And I’ve had many great discussions and banter on subjects like this one: the use of an Indirect bid item. With very little exception, I’m all in favor of it.

The worst thing about it is that you may realize once you get it set up and running that you’ve been leaving way too much money out of your bids!

## Work Safe!

