

Pricing Survey bids span wide range

Thousands separate high, low bids in seventh annual Small Shop Pricing Survey

by William Sampson
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How can two shops take the same information and come up with bids for the same project that are thousands of dollars apart? That's the underlying question each year of the *CabinetMaker* Small Shop Pricing Survey, and this year is no different.

For example, on just one project, an alder kitchen, bids ranged from a low of \$9,646 to a high of \$38,580. That means the high bid was four times as much as the lowest bid.

Of course, it's no surprise that bids for custom work range so widely, but why is that so?

This is the seventh year that we've tried to help answer that question with a national survey of how small shops price custom work. Each year, we take several real jobs, get the original bidding specifications from the shops that did those jobs and then send them out for new bids from volunteer bidders all across the country.

New this year were categories for software and CNC machines to see what bearing they have on pricing.

To better explain the variance in prices, we go back to the original bidders of the projects and ask them to comment on the results.

Clearly, the way shops arrive at final bids is not consistent, and part of that is the bidding process itself. No matter how specific bidding materials are, from a complete cut-

list and bill of materials to very basic specifications, there are variables based on how individual shops approach jobs and how they deal with their clients.

The North Carolina shop that provided the commercial project for this year's survey compares bidding to playing cards. What it costs doesn't necessarily equate to

what I can get in the market, he explains. Estimating just lets you know what your costs are. If you can sell it for more, go for it. But when you're playing cards, you have to know you're going to lose a few hands.

The regional factor

One of the things that is bound to influence pricing is the market for which the work is intended. Typically, work destined for a more affluent market is bound to command higher

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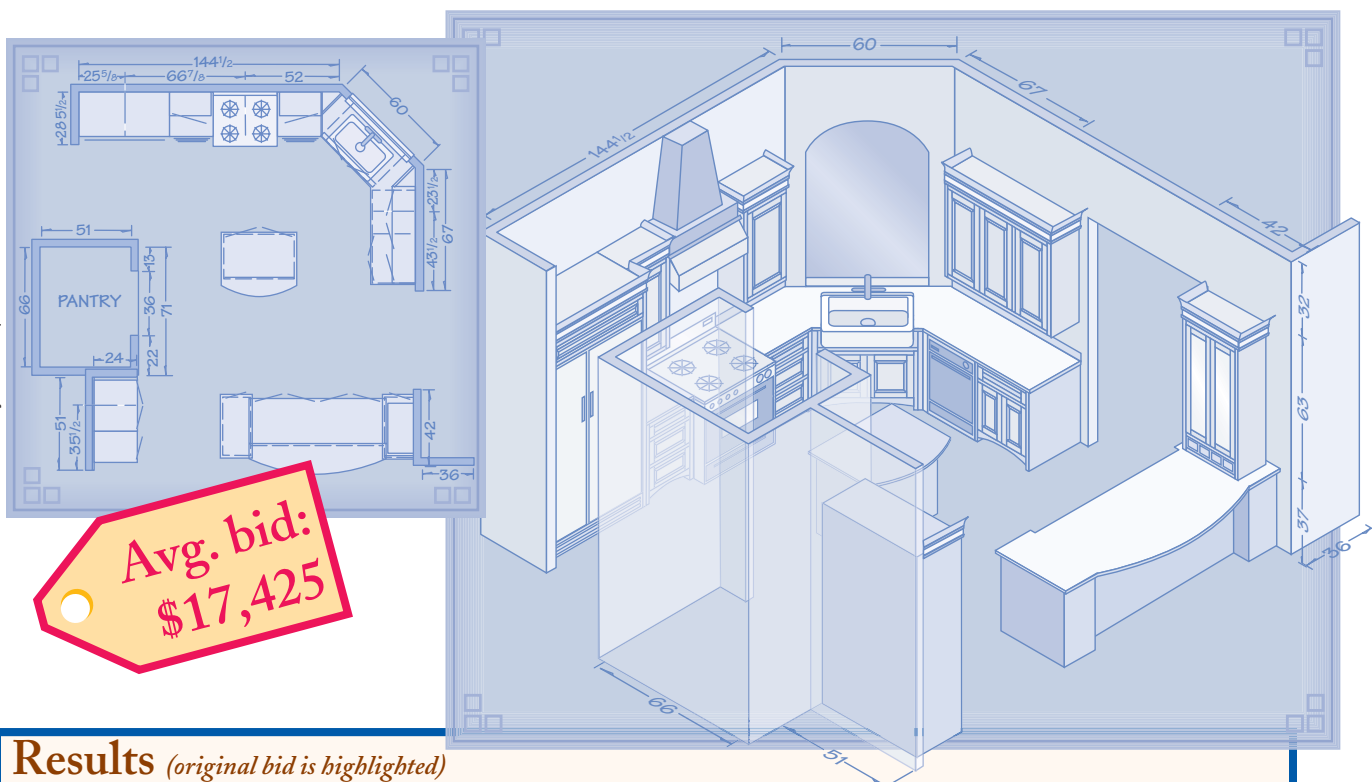
Alder kitchen

This country-styled kitchen features a lot of furniture-styled treatments and moulding details. The wood is clear alder finished with a chestnut glaze. Doors are square raised-panel style with a beaded face frame. Countertops were done with 1-1/4-inch granite slabs.



Analysis

The low bid for this job came from a California shop at just \$9,646. The highest bid, which was four times higher at \$38,580, came from a Maryland shop. Those compare to the average bid of \$17,425, which is just a bit lower than the actual bid for the job, which was \$17,967 from a shop in Utah. The owner of that shop thinks low bidders may not have taken the complexity of the job into account. He was amazed at the materials quote from the highest bidder. "Alder is an inexpensive raw material, so I don't know how someone could have \$12,000 in material costs," he says. "Even if everything was outsourced, including cabinet parts, face frames, doors and drawers, there is no way it could add up to \$12,000." As for his own price, the Utah shop owner says, "We maintained a good profit margin at the price we have figured and I would not have any problem using the same price if I were to bid the same project again."



Results *(original bid is highlighted)*

Bidder	State	Design/ Plans	Materials	Shop rate	Const. hours	Install rate	Install hours	Finish rate	Finish hours	Total bid	Software	CNC	Notes
1	CA		\$2,500	\$35	40	\$35	12	900 sub bid	sub bid	\$9,646.00	Cabinet Vision	no	No granite tops.
2	CA									\$13,000.00	no	no	Based on \$200 linear foot price.
3	MS	n/c	\$5,000	\$35	100	\$737	40	\$3,002	45	\$13,315.00	no	no	No granite tops or pantry cabinets; \$5 knob/pull allowance.
4	WA	\$150	\$4,500	\$35	180	\$35	20	\$35	60	\$13,750.00	no	no	Bids by linear foot + extras, etc.; counter-tops not included.
5	GA									\$13,752.00	no	no	Granite tops included.
6	TX	included	\$5,111	\$50	120	\$50	30	\$50	24	\$13,910.00	Kitchen Builder	no	Bid per foot + doors, drawers, trim; birch ply construction.
7	OR	\$756	\$2,251	\$63	169	\$55	45	\$63	27	\$14,596.00	no	yes	Doors outsourced.
8	MA	\$350	\$6,000	\$42	250	\$42	20	\$42	40	\$16,325.00	no	no	Drawer boxes out sourced; no countertops.
9	UT	\$2,000	\$4,067	\$50	141	\$50	38	\$50	59	\$17,967.00	Cabnetware	yes	Countertops not included.
10	GA		\$5,100	\$40	200	\$45	48	\$35	24	\$18,821.00	no	no	Linear foot price for standard cabinets then add upgrades.
11	IN	\$100	\$1,200	\$50	100	\$40	24	\$50	16	\$18,860.00	KCDW	no	
12	GA	3.5 hours	\$9,152	\$36	114.5	\$40	78	\$36	26	\$20,436.00	Cabinet Vision DOS version	no	No granite tops
13	IN	\$125	\$5,260	\$25	216	\$40	64	\$25	78	\$20,996.00	20/20	yes	Substituted maple for alder due to geography.
14	MD	\$3,800	\$12,000	\$85	188	\$85	40	\$85	40	\$38,580.00	Excel spreadsheet	no	Includes granite tops.
Averages		\$1,040	\$5,178	\$46	152	\$105	38	\$316	40	\$17,425.29			Variance factor: 4.00

Price survey

prices, but by how much?

It's hard to get an answer to that from the survey because the size of the sample is really not large enough, but there are hints.

A Maryland shop that submitted bids for all the jobs in the survey was the highest or second-highest bid in every case. And the Ohio shop that provided this year's entertainment center project was not surprised that the Maryland shop bid \$11,520 for the same job the Ohio shop sold for \$3,402.

The Ohio shop owner says he feels he is low for his local market, and he's done some commercial work in Maryland that went for three times what he could have gotten for it in Ohio.

Similarly, the owner of a Canadian shop who contributed the most popular project of this year's survey, a cherry kitchen, was pleased to see his price compared favorably to another Ontario shop that bid.

Leaving things out

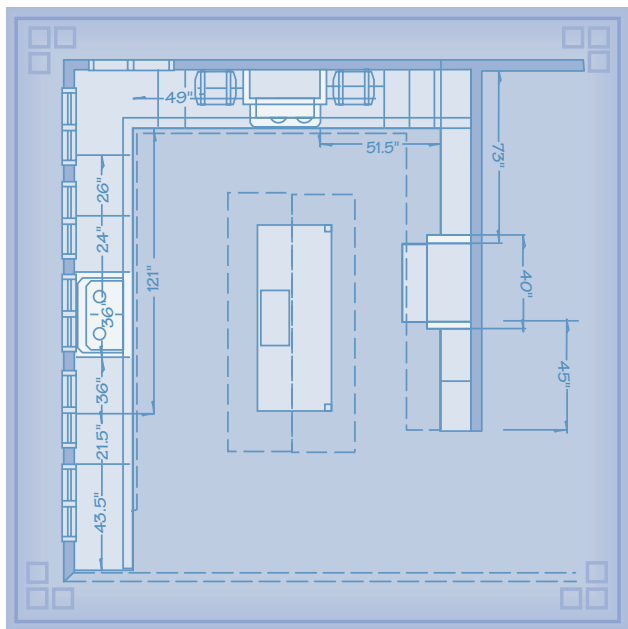
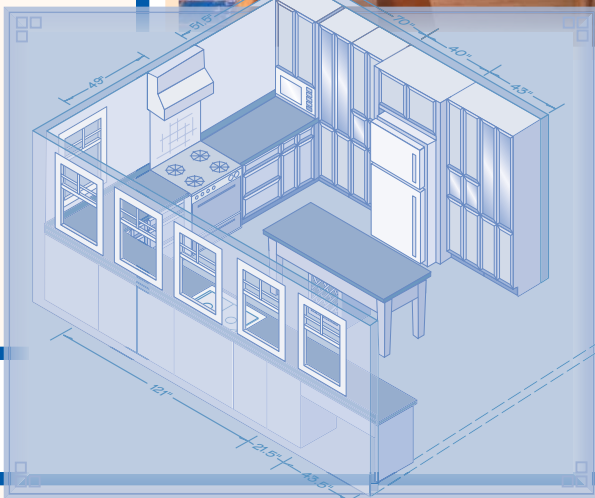
Beyond any regional differences, probably the single biggest factor in the wide variance in bids is shops not taking something into account. For example, shops that price by the linear foot may come up short in highly

continued



Cherry kitchen

This Shaker-style cherry kitchen features a number of special details, including 4x4 turned cherry legs on the island work table. That island also has two full-extension drawers left and right of center. All the doors in the project were solid panel Shaker-style. There was a 4-inch symmetrical crown moulding with a 2-inch frieze board. The tile countertops were done by the owner, but the cabinet shop prepped with 3/4-inch plywood and 1-1/2-inch x 3/4-inch cherry edging. All woodwork was finished in natural lacquer.



Analysis

This was the most popular project in the survey, with more than two dozen bids. Although the original project was done in Canada, we've converted all prices to U.S. dollars to avoid exchange rate differences. Prices ranged from a low of just \$7,266 from a shop in Texas to a high of \$31,600 from a shop in Maryland. The average bid was \$15,575, which was about \$1,000 more than the price in U.S. dollars of \$14,582 that the original shop charged. That compares favorably to another Ontario shop that bid the project about \$1,400 higher. It is interesting to note that while there is a wide range in the materials quoted for the job — \$2,200 to \$10,000 — those numbers don't necessarily correlate with the bids. The highest materials cost was not the highest bid.

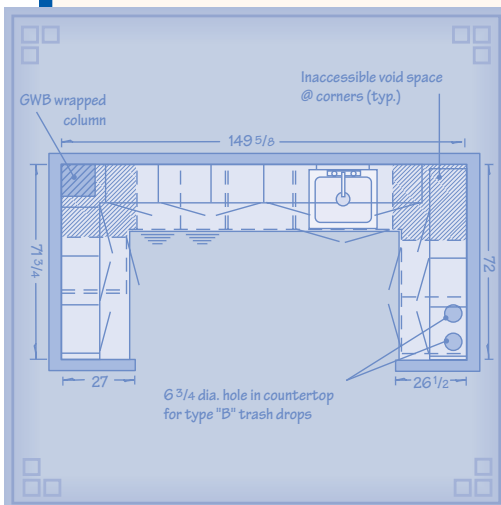
Results *(original bid is highlighted)*

Bidder	State	Design/ Plans	Materials	Shop rate	Const. hours	Install rate	Install hours	Finish rate	Finish hours	Total bid	Software	CNC	Notes
1	TX	\$250	\$2,200	\$28	110	\$28	40	\$28	22	\$7,266.00	no	no	
2	TX									\$8,999.00	Kitchen Builder	no	Bid per foot + doors, drawers, trim; birch ply construction.
3	GA									\$9,103.00	no	no	
4	GA		\$2,600	\$40	120	\$45	20	\$35	16	\$10,763.00	no	no	
5	MS	n/c	\$5,000	\$35	100	\$1,173	40	\$2,346	45	\$12,905.00	no	no	No tile; plywood deck, cherry edge; \$5 knob/pull allowance.
6	CA									\$13,000.00	no	no	
7	IN	\$100	\$6,600	\$50	87	\$40	27	\$50	33	\$13,780.00	KCDW	no	
8	WA	\$150	\$5,500	\$35	180	\$35	18	\$35	45	\$14,150.00	no	no	Normal bid by linear foot + extras, etc.
9	NV									\$14,291.00	True32 Business Partner	no	
10	OR	\$882	\$2,491	\$63	179	\$55	48	\$63	21	\$14,451.00	no	yes	Doors outsourced.
11	CA		\$4,500	\$35	70	\$35	18	\$1,200	sub bid	\$14,460.00	Cabinet Vision	no	
12	Ont.		\$5,104	\$36	220	\$36	60	\$36	40	\$14,582.00	20/20	no	Total \$20,000 Canadian; tops out-sourced (\$1,823 U.S., \$2,500 Canadian).
13	MO		\$8,420	\$40	40	\$30	25	\$40	50	\$14,790.00	KCDW	no	Solid maple dovetail drawers, Blum Tandem slides, no countertops.
14	GA	\$200	\$5,900	\$65	61	\$65	39	\$65	31	\$15,213.73	Cabnetware	yes	
15	KY		\$6,798							\$15,432.00	True32 Business Partner	no	Labor \$2,899; delivery \$469
16	GA	3.75 hrs	\$6,022	\$36	121	\$40	59	\$36	18	\$15,602.00	Cabinet Vision	no	
17	Ont.									\$15,980.30	spreadsheet	no	Price in Canadian dollars: \$21,914.96
18	ME		\$4,300	\$32	190	\$30	56	\$32	70	\$16,027.00	KCDW	no	
19	TX	\$250	\$7,358	\$35	90	\$35	32	\$35	40	\$16,098.51	eCabinet Systems	no	Outsourced finish, doors, drawers; lazy susan and vent hood included.
20	CA				5 wking days					\$16,368.00	True32 Business Partner	no	\$15,411 without installation; price includes \$495 delivery, 7.75% tax
21	IN	\$125	\$3,627	\$25	169	\$40	54	\$25	63	\$16,409.00	20/20	yes	Solid cherry island top included.
22	MA	\$568	\$7,140	\$50	63	\$50	32	\$50	12	\$18,380.00	True32 Business Partner		Used KCDW for design; includes delivery, paneled ends, no tops.
23	VA	\$1,500	\$10,000	\$75	104	\$75	28	\$75	16	\$23,220.00	True32 Business Partner	yes	Outsourced CNC work.
24	MA	\$425	\$7,500	\$42	325	\$42	32	\$42	32	\$26,500.00	no	no	Drawer boxes outsourced; no countertops.
25	MD	\$2,200	\$9,000	\$85	160	\$85	40	\$85	40	\$31,600.00	Excel spreadsheet		No countertops.
Averages		\$605	\$5,793	\$45	133	\$108	37	\$181	34.91	\$15,574.82			Variance factor: 4.35

Price survey

Medical cabinets

This tray preparation area was part of a large dental fit-up for a second-floor commercial space, where walls were 5/8-inch Sheetrock, steel stud construction. It features flush overlay 32mm frameless cabinetry, white melamine interiors, laminate countertops, laminate doors, some with glass, and Grass Zargen Unigrass drawer systems.



Avg. bid:
\$7,274

intricate or labor-intensive work if they don't have some means of calculating that variable.

Several shops that contributed projects for this year's survey said that compiling historical data on past jobs is an important factor in their pricing. That helps them avoid underbidding and improves their confidence going into new work.

The owner of the Massachusetts shop who contributed a media center project for this year's survey says there is no shortcut to accurate pricing.

I used to use an Excel spreadsheet, but I've gotten away from that. It just was not precise enough, he says. It pays off to go through cutlist software to generate an accurate bill of materials. Then I extrapolate from similar projects. It takes longer, but it has me thinking about the project longer.

The owner of the Ohio shop who contributed the entertainment center project has also decided to invest more time in his pricing and estimat-

ing process. I used to take the cost of a job, materials, etc. and double it to get a price, he says. Lately we've been tracking more historical data.

The computer factor

Using computers to help bid, and in some cases help build, should affect pricing. But it is hard to draw solid conclusions from the survey data. Shops that use computer software programs in their estimating process show up in both the high and low ranges of the bids. However, the majority of shops in the lower bid ranges do not use software. That might suggest that software helps many shops to include more factors in their bids and account for all of their costs more consistently.

As for CNC machinery affecting prices, it is interesting to note that while most of the CNC shops in this year's survey show up in the middle to higher end of the price range, a couple of the CNC shops show up as the rock bottom low bidders.

It has been suggested by at least one CNC manufacturer that some small shops don't reap the full profitability of CNC equipment. Rather than enjoying more profits from the increased productivity of the CNC

equipment, these shops simply pass the savings on to their customers. While this may make those shops more competitive in their markets, it also means they must do more work to make more money and justify the equipment.

What does it all mean?

In going over the survey results, it's best not to concentrate so much on the total numbers. Rather you should plug in your shop's numbers for materials, hours and shop rate, and then see where you stand. On just one number, shop rate, it is interesting to note the average shop rate reported this year was \$44.97, compared to \$41.39 last year.

If you want to really compare your pricing with the survey bidders, you can download a copy of the same bid package they used at www.cabinetmakeronline.com.

But no matter how much work goes into pricing, there is an important issue that shops should never forget. The North Carolina shop that contributed the medical cabinet project for this year's survey perhaps said it best: It's not how much you charge, it's how much you keep.

Analysis

Although bidding specifications for this project were the most elaborate and complete of any of the projects offered in the survey, that did not narrow the bid range. The low bid of \$3,452 from a Georgia shop was about one-fifth of the high bid of \$16,905 from a Maryland shop. The North Carolina

shop that originally did this job as part of a much larger project said it would have charged just \$8,202 to do this separately. That's nearly \$1,000 more than the average bid of \$7,274. The original maker expected the average to fall at about \$6,500, saying that his market is a little higher than average.

Survey projects wanted

Would you like to see how shops all across the country would bid the work you do? Now is your chance. We are looking for projects to include in next year's survey. The idea is to collect a wide range of projects, including both residential and commercial work, representing the range of work done by **CabinetMaker** readers.

Each project must include photographs of the finish work suitable for publication, as well as all bidding specifications and appropriate drawings. The project maker and bidders names are kept confidential; only the state or province is revealed. Preference is given to submissions from shops that have participated in the Pricing Survey in the past.

To submit a project for the 2004 survey, contact William Sampson by e-mail at wsampson@chartcomm.com or phone 203/270-0025.

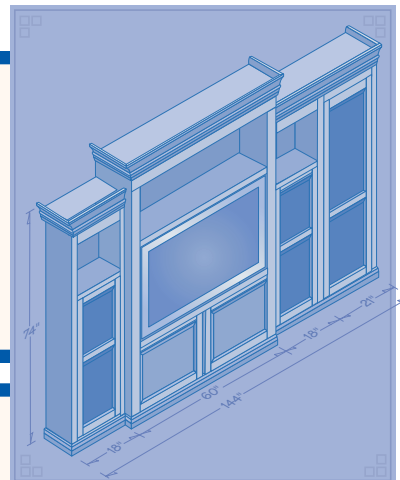
Results *(original bid is highlighted)*

Bidder	State	Design/ Plans	Materials	Shop rate	Const. hours	Install rate	Install hours	Finish rate	Finish hours	Total bid	Software	CNC	Notes
1	GA	\$100	\$1,329	\$65	16	\$250	4	\$65	7	\$3,452.60	Cabnetware	yes	
2	TX	\$200	\$850	\$28	50	\$28	25	\$28	25	\$3,850.00	no	no	P. lam. work is considered finished work.
3	CA		\$2,000	\$35	45	\$35	16	N/A	N/A	\$5,000.00	Cabinet Vision	no	
4	IA		\$1,893	\$60	45	N/A	N/A	N/A	N/A	\$5,285.00	Excel spreadsheet	no	Install by others; no charge for shop drawings.
5	TX									\$5,520.00	Cabinet Vision	no	\$200 per wall foot; tops \$720; melamine interior, Nevamar laminate.
6	MS	n/c	\$1,000	\$35	80	\$943	20	N/A	10	\$5,656.00	no	no	Does not include glass; \$5 knob/pull allowance.
7	IN		\$2,721	\$25	73	\$40	30	N/A	N/A	\$5,935.00	no	yes	
8	WA	\$150	\$2,440	\$35	96	\$35	32	\$35	0	\$7,070.00	no	no	Normal bid by linear foot + extras, etc.
9	NC			\$55	42	\$55	14	\$55	0	\$8,202.00	QuickBooksPro	no	Was part of much larger project.
10	Ont.									\$8,495.86	spreadsheet	no	
11	MA	\$350	\$3,750	\$42	95	\$42	20	\$42	0	\$8,950.00	no	no	
12	GA	4 hours	\$4,381	\$36	94	\$40	40	\$36	6	\$10,240.00	Cabinet Vision DOS version	no	
13	MD	\$1,200	\$2,105	\$85	120	\$85	40	N/A	N/A	\$16,905.00	Excel spreadsheet	no	
Averages		\$400	\$2,247	\$46	69	\$155	24	\$44	7	\$7,273.96			Variance factor: 4.90

Price survey

Entertainment center

This freestanding entertainment center was built with birch veneered plywood, stained with Minwax Red Mahogany and finished with M.L. Campbell Magnalac satin finish. The interior of all boxes was stained and finished to match the exterior. The project also included 120-volt halogen lighting on a hidden switch and grommets in all cabinet backs for wires.



Analysis

The second most popular project in the survey with 20 bidders, this was also the project that earned the widest range in bids. The highest bid was more than six times the lowest bid. An Indiana shop said they could do this job for just \$1,850. That compares to a Maryland shop that would charge \$11,520 for the same project. The original maker, a shop in Ohio, says his price of \$3,402 may be a little low for his market, and it was almost \$1,000 lower than the average bid of \$4,367. The original maker was also interested to note that there was a cluster of bids close to his price and another cluster of bids a bit higher.

Avg. bid:
\$4,367

Results *(original bid is highlighted)*

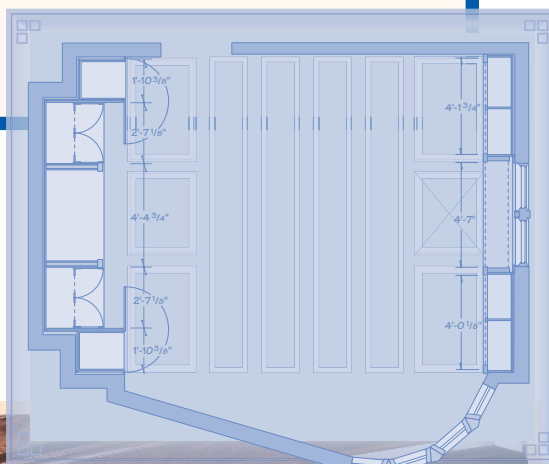
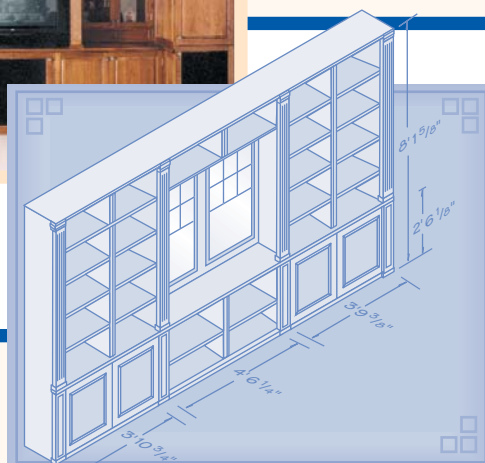
Bidder	State	Design/ Plans	Materials	Shop rate	Const. hours	Install rate	Install hours	Finish rate	Finish hours	Total bid	Software	CNC	Notes
1	IN		\$425	\$25	35	\$40	5	\$25	14	\$1,850.00	no	yes	
2	TX	75	\$850	\$28	25	\$28	6	\$28	8	\$1,942.00	no	no	
3	GA									\$2,235.00	no	no	
4	IN	100	\$575	\$50	30	\$40	4	\$50	4	\$2,535.00	KCDW	no	
5	TX									\$2,700.00 Builder	Kitchen	no	\$225 per foot; includes lighting, hardware, finish, delivery, installation.
6	TX	75	\$1,002	\$36	30	\$35	4	\$35	20	\$3,067.44	eCabinet Systems	no	Finish quoted by subcontractor.
7	WA		\$900	\$35	42	\$35	4	\$35	23	\$3,315.00	no	no	Normal bid by linear foot + extras, etc.
8	GA		\$800	\$40	30	\$45	16	\$35	8	\$3,355.00	no	no	
9	OH		\$844	\$45	19.5	\$45	2	\$45	8	\$3,402.00	Excel spreadsheet	no	Also uses Cutlist by Bridgewood and older version of Cabinet Vision.
10	MS	n/c	\$1,250	\$35	30	\$312	20	\$625	12	\$3,426.00	no	no	Does not include lighting or switch; \$5 knob/pull allowance.
11	ID		\$1,707	\$50	40	\$25	4	\$15	18	\$3,478.52	Cabnetware	no	
12	MA	250	\$800	\$42	40	\$42	8	\$42	16	\$3,750.00	no	no	
13	GA	2.5 hours	\$1,256	\$36	42.3	\$40	16	\$36	12	\$4,121.00	Cabinet Vision	no	
14	CA									\$5,000.00	no	no	
15	OR	252	\$937	\$63	84	\$55	15	\$63	8	\$5,609.00	no	yes	
16	CA		\$780	\$35	25	\$35	6	\$250	sub bid	\$5,895.00	Cabinet Vision	no	
17	MA	210	\$2,093	\$50	35.5	\$50	8	\$50	8	\$6,561.00	True32 Business Partner	no	Frameless construction; lights not included; KCDW for design.
18	Ont.									\$6,577.58	spreadsheet	no	
19	NV									\$6,993.00	True32 Business Partner	no	
20	MD	750	\$1,250	\$85	80	\$85	8	\$85	24	\$11,520.00	Excel spreadsheet	no	
Averages			\$245	\$1,031	\$44	39	\$61	8	\$84	13	\$4,366.63		Variance factor: 6.23

Price survey

Media center/library

This project had three parts: the media cabinet/network, the bookcases on the opposite side of the room and the beamed ceiling in between. The job is done in cherry throughout, which was stained and finished on site by others. One part of

the job that made things a bit easier on the installation was that it was a new addition, so it wasn't necessary to be careful about any existing carpet or furniture.



Analysis

In most of the projects in this year's survey, the actual price paid for the project has shown up in the middle range of bids, but not so with this job. The original bidder's price of \$31,862 is dramatically higher than the submitted survey bids, which range from a low of \$8,412 from an Indiana shop to \$17,640 from Maryland. The original maker, a shop in Massachusetts, considers his pricing to be in the high middle for his area. He thinks other bidders underestimated the complexity of the project. He said installation alone was about one-third of the job.



Avg. bid:
\$15,550

Results *(original bid is highlighted)*

Bidder	State	Design/ Plans	Materials	Shop rate	Const. hours	Install rate	Install hours	Finish rate	Finish hours	Total bid	Software	CNC	Notes
1	IN		\$4,100	\$25	93	\$40	50	N/A	N/A	\$8,412.00	no	yes	
2	CA									\$10,000.00	no	no	
3	MA	\$700	\$3,750	\$42	120	\$42	28	N/A	N/A	\$11,500.00	no	no	Finishing not included.
4	CA		\$3,500	\$35	80	\$35	20	\$1,200 sub bid	sub bid	\$12,000.00	Cabinet Vision	no	
5	WA	\$200	\$5,400	\$35	192	\$35	60	\$35	45	\$15,975.00	no	no	Normal bid by linear foot + extras, etc.
6	MS	n/c	\$8,000	\$35	80	\$2,220	80	\$2,960 flat rate	60	\$17,010.00	no	no	Wood tops on media center, book case cabinets; \$5 knob/pull allowance.
7	MD	\$1,200	\$2,500	\$85	100	\$85	32	\$85	32	\$17,640.00	Excel spreadsheet	no	
8	MA		\$11,000	\$60	225	\$60	60	\$60	subbed	\$31,862.00	Cutlist	no	Materials, including finish and installation help came to \$18,232.
Averages		\$700	\$5,464	\$45	127	\$360	47	\$60	46	\$15,549.88			Variance factor: 3.79