

The History of AV Production and Associated Technologies

Advanced AV Production Practicum

Calculating a Bid

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Objective:

Understand and identify overhead cost and be able to calculate the cost of doing business to determine what rates to charge the client. Apply rates to bids and estimates.

Calculating a Bid

– Students Will –

- * Calculate an assortment percentages, mark-ups and rates
- * Understand what constitutes overhead
- * Demonstrate proficiency with math calculations
- * Demonstrate reasoning and decision making skills

Calculating a Bid

- * Your teacher will give you a handout with the scenario on it
- * This scenario exemplifies what everyone in media needs to figure out for every job
- * Once you have figured out your overhead and understand how long it takes to complete a job, you can figure out the costs

Overhead

- * What is Overhead?
- * Rent, utilities, insurance, advertising and promotion
- * Can you think of anything else?

Equipment Costs

- * What are Equipment Costs?
- * Computers, software, peripherals like scanners and printers, cameras, audio equipment and office supplies
- * Can you think of anything else?

Materials Costs

- * What are Materials Costs?
- * Storyboards, pencils, recording media
- * How are materials or supplies different from equipment?
- * Can you think of anything else?

Professional Costs

- * What are Professional Costs?
- * Subcontractors, accountants, professional sound design and voice actors.
- * Can you think of anything else?

Meetings and Consultation Costs

- * What are Meetings and Consultation Costs?
- * Meetings, speculative work, concept design, preplanning, presentations and pitches.
- * Should a studio cost this as part of the bid?
Why and why not?
- * Can you think of anything else?

Production Costs

- * What are the costs specific to this production?
- * How long will it take to actually do the production?
- * What is the total labor per hour?
- * Can you think of anything else?

Client Revisions Costs

- * What are Client Revisions and Updates?
- * How many times can a client change their mind?
- * What if the client has an update?
- * What if the client sends the work back for quality problems?
- * Who pays for revisions? Who pays for quality issues?
- * Can you think of anything else?

Travel Costs

- * What are Travel Costs?
- * Should the client pay for plane tickets, meals, hotels?
- * What if the client is across town? Does the client pay for gas and a convenience store soda?
- * Can you think of anything else?

Final Edit Costs

- *What are the Final Edit and Rendering Costs?
- *How many distribution versions is the client paying for?
- *In what format will the work be delivered?
- *Can you think of anything else?

...and finally a Profit

- * How much should the Sonya make over cost?
- * What is competitive pricing?
- * What about residuals from copyrights?
Are they a factor at all or is that where the profit comes in?
- * Can you think of anything else?

Look at the numbers

In the handout, look at the numbers Sonya is using.

* Do you agree with them? Why or why not?

Problem 1

- * What is Sonya's monthly overhead to run her production business?
What is the daily and hourly overhead rate?
- * $\text{Rent} + \text{Equipment} + \text{Software} + \text{Overhead} = ?$
- * $\text{Cost per month} / 20 \text{ workdays per month} = \text{Daily rate}$
- * $\text{Daily rate} / 8 \text{ hours a day} = \text{Hourly rate}$

Problem 2

- * How long should it take Sonya to complete preproduction, production, and post production for this project?
- * What is the industry standard for the time it takes to do a video production?
Should you use this standard for all bids?
- * Who can she go ask to figure out time estimates?
- * She is adding 10% to the time for glitches?
Is that reasonable or too long or too short?

Problem 3

- * What is Sonya's hourly rate?
- * What can a beginning video producer expect to make a year?
*you can find this on O*net*
- * Should this number be *before* or *after* taxes?
- * SSI, Federal, State and Local Taxes

Problem 4

- * What is Sonya's business costs per hour?
- * Hourly Overhead + Hourly Salary
- * (Hourly Overhead + Hourly Salary)
number of hours it takes to do the project =
Cost of the project before added expenses and profit

Problem 5

- * What is Sonya's total cost of the project?
- * (Hourly Overhead + Hour Salary)
number of hours it takes to do the project =
Cost of the project before added expenses and profit
- * Add project specific expenses such as:
 - subcontractor costs
 - Traveling
 - special equipment
 - supplies
- * Add profit

Final Thoughts

- * Is this a reasonable number to charge for this project?
How do you find that out?
- * Being competitive *versus* making a living wage
- * What should YOU, a student, charge for a local project?