

My Pricing Model

My Pricing Model

$$\text{Flat Design Fee} + \text{Margin on furnishings} = \text{Profit}$$

Our target profit margin on furnishings is 40% - that means our markup is 66.66% on average. Our contract states that we charge reasonable retail pricing on furnishings.

We have more margin with wholesale accounts and less margin when necessary (fine art, antiques, etc.)

**My business is based on a flat
design fee up front and all
purchasing and execution goes
through my firm**

Language from my Interior Design Services Agreement:

"Please note that this fee structure is based on all purchasing and execution going through House of Funk as set forth in 3(C) below."

*We never discuss margin or markup percentages with clients.

"(3 C) Purchasing and Execution Through House of Funk.

CLIENT purchases of interior design items, i.e. furniture, tile, fixtures, fabrics and other design materials, through House of Funk will serve as payment to House of Funk for its Services rendered to CLIENT during the Purchasing and Execution Phase.

CLIENT understands and agrees that House of Funk is charging commercially reasonable "retail" prices for said purchased items and is not required in any way to disclose and/or pass through to CLIENT any "trade discount" received by House of Funk."

3. PAYMENT FOR DESIGN FIRM DESIGN SERVICES

All payments shall be made by CLIENT via:

Check:

ACH Transfer:

Credit Card:

CLIENT agrees to pay DESIGN FIRM as follows:

(A) **Flat Design Fees.** Flat Design Fee(s) covering all work by DESIGN FIRM for the Conceptual Design Phase and Detailed Design Phase as set forth in Paragraph 2 above and is subject to the terms and conditions set forth therein and in this Agreement.

Room/Scope \$ _____

Room/Scope \$ _____

Room/Scope \$ _____

TOTAL FLAT DESIGN FEES: \$ _____

In two payments of \$ _____ each.

EXHIBIT "A"

INVESTMENT ESTIMATE

Room/Scope \$ _____
Room/Scope \$ _____
Room/Scope \$ _____

Freight: \$ _____
Tax: \$ _____

Investment Estimate is based on our historical data of furnishing expenditures for rooms of a similar size and scope.

This Estimate does NOT include contract labor for renovations. An estimate for contract labor will be provided at the Conceptual Design Meeting.

Investment Estimate:

DESIGN FIRM and CLIENT agree that the Investment Estimate for the above referenced Project shall be as shown above.

CLIENT understands and acknowledges that in light of the many contingencies that affect design projects, DESIGN FIRM does not make any representations that actual prices for merchandise and other costs of services or labor, will not vary from any Investment Estimate that CLIENT and DESIGN FIRM propose, establish and/or approve. CLIENT understands and agrees that actual Project costs may vary from any such Investment Estimate. CLIENT understands that the above is a *desired* Project Scope and Investment Estimate, and that the Conceptual Design Phase will procure quotes to verify the feasibility of the above.