HOW TO HARDSCAPE

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Estimating and Quoting

Budgeting is the first step in understanding your business, the goals that you want to accomplish within a timeline, and how you will get there. Selling projects for your business to improve sales is what actually gets you there. However, without the proper knowledge of knowing how to price a project or knowing your numbers in your business you can quickly be putting yourself out of business with each and every project that you take on.

Whether you are estimating or quoting, this is a crucial part of the process in getting your numbers right when trying to land a project. For the purpose of this, the difference between estimates and quotes is that estimates are just that, an estimated price for the project depending on what the project may require, whereas quotes are specifically what the client will pay for the project. In our business, we only provide quotes and we stick to them unless the scope of the project changes as per the client's suggestion or something unexpected occurred such as in our excavation process we uncovered something that required more labor to remove. Our contract covers us in the case of this and we outline the scope of work in great detail so that there are no grey areas. There have been times that we did not account for something in the quoting process that needed to be added to the project, but we do not consider that a change order. We are professionals and we should be able to come up with a plan for the project. If we did not account for something, the cost is on us and not the client. A change order would be if the client suggests something that is outside the scope of work or we offer an upgrade and the client approves.

We will also be focusing on residential project estimating and quoting in this rather than commercial. Landing a residential project has a lot of factors that play into it, as you will likely be responsible for taking all of the measurements, creating a design, and executing on that design for the client while also presenting a number that is reasonable to them. Commercial contracting on the otherhand is a little bit different as the plans for the build are typically presented and bid upon by contractors that have access to this and the project is typically awarded to the lowest bidder. In this case, knowing how to read plans and knowing your numbers is extremely crucial to remaining in business if you take on commercial work. That is not to say that the same is not true for residential work.

Measurements

Taking accurate measurements will allow you to not only create a design and order the right amount of materials for a project so that you do not have to return or rush and order more, but it will also allow you to plan your project out to the cut to ensure efficiency on the job site.

You can lean on Google Earth to provide you with rough estimates on measurements, but it should not be relied upon in order to create a full design for a client. Instead, make sure that you have a measuring tape, measuring wheel, and high precision altimeter or rotary laser in order to measure square footage and elevations for a project.

Square Footage

Pavers are measured and typically sold by the square foot. Calculating the square foot of a square or rectangle is as simple as multiplying the length by the width using the same unit of measurement (either feet or inches) to provide the square feet:

Area = Length x Width

You cannot multiply inches and feet together, so you will need to be able to convert between the two if necessary. For example, if you measure 12 feet 6 inches you would convert that to 12.5 feet (6 inches is half of 1 foot). The easiest way to find that decimal value is to divide the number of inches that you measure by 12 because there are 12 inches in a foot (3 inches divided by 12 inches is 0.25). Alternatively if you want to go from feet to inches, you would multiply by 12 once again because there are 12 inches in a foot (10 feet x 12 = 120 inches).

If you multiply inches together to get the area, you do not have square feet but you have the square inches in that area. If you want to convert from square inches to square feet, you would divide this by 144. This is because there are 144 square inches in a square foot (12 inches x 12 inches = 144). For example, 1,440 square inches is 10 square feet (1440 / 144 = 10). If you want to convert from square feet to square inches, simply multiply the square feet by 144 rather than dividing (10 x 144 = 1,440).

Measuring square and rectangular patios are nice and simple when it comes to taking measurements and calculating for the square footage to be able to place an order for materials and to calculate the cost. If you have an area that is oddly shaped, but still square you can break that space into multiple squares and rectangles in order to add up the area of each of these.

If you have a rectangular patio, but you have a rectangular pool in the middle of it you can measure the entire outer dimensions of that patio to calculate the area of that entire space. Then you can measure the outer dimensions of that pool to calculate the area of that pool. Then simply subtract the pool dimensions from the outer dimensions of the space to provide you with the total square footage that the patio will include.

Calculating the area of a circle requires a different formula:

Area = 3.14 x (Radius x Radius)

This involves multiplying the value of pi by the radius of the circle squared. In doing so, you need to find the radius of the circle which is the measurement of the center point to the edge of the circle (diameter is the radius multiplied by 2 or the distance from one side of the circle to the other crossing through the center point and circumference is the measurement around the circle). With the radius measured in feet, multiply it by itself (Radius x Radius) and then multiply that value by pi or 3.14. This is the square footage of the circle.

Curves become a little bit more tricky in calculating the total square footage for. However, whenever you are doing curves or circles of any sort we need to consider waste. This is because the pavers on the sides will all be cut in order to get those curves. Therefore, instead of trying to calculate the area of these curved spaces it is much easier to instead measure these as rectangles as this would help to account for that wasted material which would be required to order.

There is waste on every project and this needs to be accounted for when you price a project and order materials as well. Even if the project is square and laid to a full stone based on the measurements and planning for that project, it is still recommended to add an additional 5% to 10% for waste. This is because there could be a small amount of product damage included in the total amount of product ordered. This could be scuff marks on some pavers that expose the aggregate, chipped corners, or major product defects. Having the material already on site to replace those wasted materials will reduce the likelihood of wasted time ordering more materials and picking them up.

For the product that you receive that is damaged, especially if you are running short on materials that were ordered, you can use them for cuts if possible. Just ensure that the damaged part is waste after the cut and not used in the actual project.

Curved patios will have the most amount of waste as every paver along the curves is going to be cut. This is typically accounted for in the measuring as previously discussed. Typically this is an additional 15% to 25% for waste.

Continuing with our pool example above where we subtracted it from the total square footage to discover the area of the patio, a curved pool would be a little bit more difficult in order to calculate the true amount of area the pool takes up. However, we can also measure that pool as a rectangle or multiple rectangles if need be in order to get a rough area that the pool takes up. In this example, we would want to add waste for that pool patio where pavers will be cut along the pool coping.

When it comes to measuring multiple products for a paver patio, we need to consider the difference in area between the field and the border. To do this, we need to measure the area of the entire space and to calculate the area that the border will take up from that measurement. With these two measurements, we can subtract to then have an area calculated for the border and the field pavers.

To measure the area that the border will take up, we need to get the linear measurements where the border will be. With this linear measurement, we can multiply it by the amount to which the border paver will take up the space into the patio. This is not the linear measurement, but the measurement from the start of the border to the start of the field pavers. This is essentially the measurement of the length of the paver if you are laying a soldier course (pavers laid side-to-side) or the width of the paver if you are laying a sailor course (pavers laid front-to-back).

If the border stone is 12" in length and we are laying a soldier course, we would multiply the linear measurement by 1 (12 inches is 1 foot) to discover the total area that the border will take up. However, if this same border stone is 6" in width and we are laying a sailor course, we would multiply that linear measurement by 0.5 (6 inches is 0.5 of 1 foot). These are the total square foot amounts that you would order for the border pavers whether you lay a soldier or sailor course. With this amount, we would take our total area for that patio and subtract it from this measurement. This would provide us the entire space less the border which would be the total amount to order for the field pavers.

If you are laying a double border, you would then double this measurement. If you are laying an inlay, you would repeat a similar step but you would want to adapt your border measurements to being further into the patio and taking up less space for that as the length and width of this measurement would be less than that of the border pavers.

Face Footage and Linear Feet

Retaining walls are typically measured by the face foot (looking at the face of the wall, how much that face takes up by the square foot). In order to calculate this, you need two measurements: the linear feet of the wall and the height of the wall. Much like calculating the square feet, we will multiply those two measurements using the same unit of measurement either feet or inches.

For example, a retaining wall that is 20 feet long and 3 feet high would be 60 face feet total (20 x 3 = 60). However, with retaining walls there is always a minimum of 6" as an embedded course. In that case, our calculation would be an additional 6" or 0.5' in height multiplied by the length of the wall.

When it comes to curved retaining walls, it is best to plan curves to the capability of the segmental retaining wall block that you are installing otherwise you may need to cut each piece to accomplish the custom curve. In order to plan this, consult with the manufacturer's specifications of the blocks in order to find the specific radius that their blocks can create. From that, you can measure the linear feet of the retaining wall preferably using a measuring wheel and find the face feet using the height of the wall.

Caps may be a separate material that needs to be measured for and calculated into the total height of the wall. They are typically calculated by the linear foot and ordered by the piece, much like curbs and edging would be as well.

To calculate how many pieces you would need of either of these materials, you would measure the linear foot of a project such as a wall. You would find the cap (or curb / edging unit) that you are installing and get the length of that unit. You would then divide these two numbers. For example, if you have a 30' linear wall and your caps are 16" in length we would need to convert these to the same unit of measurement first. 30' is 360" (30 x 12 = 360) or 16" is 1.33' (16 / 12 = 1.33). Therefore, 360 / 16 = 22.5 caps. We would then need to order 23 units and cut one in half.

Pricing

Once you have all of your measurements and a design ready, you can then use that information to begin your pricing process. In order to do this, you will need to calculate two things: materials and how long the job is going to take you. You can then apply that to your budget and the formulas that were discussed in our Budgeting course in order to calculate the exact quote for a project.

In this section, we are going to discuss calculating the total amount of materials or costs of sale for a project step-by-step. Please note that we are not including the labor in this section.

Excavation is calculated by the amount of fill that is excavated and the disposal rate of that. Remember when excavating you will need to remove all organic material. It does not hurt to dig a test hole or take a soil sample prior to providing a quote to ensure that your excavation depth is going to remove all organic material. This is especially important for a synthetic base installation where you are only removing about 4" of fill before building your base. You also want to ensure that you include the base extension measurement in this and not just the measurement of that patio or wall.

The formula for this is:

Total Number Yards =
[(Square Feet or Length in Feet x Width in Feet) x Depth in Inches] x 0.003

Once you know the number of yards, you can then calculate the number of trips it will take you to dispose of that much material or if you rent bins to have this material picked up you can multiply the number of bins you would need by the cost of each of those bins. It never hurts to add one more than you would actually need just in case. Especially considering the soil has likely been there for many years and has been compacted over that time. Once you excavate, you are adding air to that soil and causing its volume to increase. Therefore, you are increasing the volume that would need to be disposed of. This is typically at least a 20% increase in the volume.

Base Preparation is calculated with the same formula in terms of how much material you are bringing into the project. Remember that you need to calculate two different aggregates for most base preparation methods. One is for the base and the other for the bedding. You also want to make sure that you are calculating for the base extensions in paver and segmental retaining wall projects.

For paver projects, the base extends past the final paver the depth of the base. That means if a 10' x 10' patio has a 6" base, we would extend that patio calculation out 6" on every side meaning calculating our base material would actually be 11' x 11' unless one or more sides are up against a foundation.

For retaining walls, we would calculate the trench of our wall as a minimum of 6" before the wall, the depth of our wall block, and a minimum of 12" beyond our wall. This equals a minimum of 26" or 2.16' and we would multiply that by the length of our wall in order to get the square foot amount for that calculation. In addition to this, we would then need to calculate the amount of backfill aggregate that would be required. This would involve calculating the width of the trench which is a minimum of 12" behind the wall or 1' and multiply that by the length of the wall to provide the square foot amount to complete that calculation, multiplying that number by the height of the wall in inches or to where the final height of that backfill will be on the wall. You will also want to calculate the amount of yards that will need to be removed from this backfilled area depending on if you are cutting into a slope or filling. If you are cutting, you are removing more material and if you are filling you are removing less material.

For ordering base material, it is important to remember that different aggregates compact at different rates. Similar to excavating soil, there will be a factor that aggregates will have air mixed in with them and when compacted will consolidate losing volume. We calculate at least a 20% or more compaction rate for dense graded aggregate whereas open graded aggregate has 15% or less compaction rate.

Product is calculated using the previously mentioned square footage calculations and adding in any waste that may be required depending on the shape and size of the project.

These products include, but may not be limited to:

- **Pavers**: Calculated as a square foot amount.
- **Segmental Retaining Wall Block**: Calculated as a face foot amount.
- **Caps**: Calculated by the piece.
- **Geotextiles and Geogrids**: Calculated by the square foot amount, though it comes in predetermined lengths of rolls. You will need to lay out what the rolls will cover depending on the dimensions of your project and plan for a minimum of 12" overlap from one piece to another as well as the fabric wrapping up the sides of the excavation. For Geogrids, follow the manufacturer's specifications for retaining wall installation or follow the same installation method of Geotextiles if installing into the base for a paver project.
- **Edge Restraint System / Spikes / Screws / Adhesive**: Calculated by the linear foot amount along projects, but not including along solid surfaces like foundations and walls (fences require edge restraint).
- **Jointing Compound**: The amount of this material depends on the square foot amount, size of the stone, and joint widths. In order to calculate this accurately, consult with the manufacturer's specifications for that specific product and see what the amount of jointing compound is required in pounds to fill a specific square footage amount. For example, if the manufacturer calls for 50 pounds of sand (typically 1 bag of polymeric sand) for every 70 square feet, you will divide your project's total square foot amount by 70 square feet to find how many bags of sand you would need. If your project is 750 square feet, your calculation would be 750 / 70 = 10.71 and therefore you would order 11 bags of sand.
- **Any Additional Features and Components**: This will depend entirely on your project if you require lighting, outdoor grill islands, gas fire features, water features, etc. One thing to consider for every project is the final touches such as sod or repair work for any areas that were destroyed by equipment coming in and out of the yard.

Delivery is likely less expensive than having to pick up all of this material for a project. Add this cost to your quote. This may include multiple deliveries as well if you are going to get aggregate dumped on site and a flatbed dropping off pallets of product.

Rental is also a cost of sale item rather than equipment cost that goes into this part of the quoting process which is also one of the benefits of renting equipment. Get a quote from a local rental shop in your area to determine how much a piece of

equipment costs you for a day or multiple days on a project. Depending on how many days you need it, multiply that by the cost and consider the delivery and pick up fee as well with that rental.

Subcontractors play a role in some projects including plumbing, electrical, or other structures that you are not interested in or not yet building in your business. When completing a quote, make sure you get a quote from a subcontractor for that portion of the project and add a markup to this cost of sale item. Coordinating with a subcontractor takes time away from you and you should be making some money on that transaction in order to recoup that cost.

Mobilization and demobilization is not a cost of sale item, but worth exploring as your company grows and as you have more equipment to move around. The start and end of a project takes time to move that equipment to the project and to take it off of the project upon completion. This time should be included when you get to calculating your labor.

Square Footage Pricing

The easiest way to price a project is to add up the square footage and multiply it by a multiple that you find you can charge for. Potential clients will reach out to you asking you for your square footage pricing. Not only are these not good leads as they are likely immediately shopping for the best price rather than quality, pricing by the square foot will not lead your business to success.

Though you can likely find an average square foot price from previous projects, it is just that. An average. Sometimes you will be priced above that average and other times you will be priced below that average. If you are always pricing at that average when you should have been pricing it above, you are losing money. If you are pricing at that average when you should be pricing it below, you may not be landing those projects based on your price. This is because of the multiple factors that play into a project beyond just a simple square foot multiple.

You also will not be able to identify where the money is coming from for that project, where the money is being allocated to, and to properly job cost for the project to see what went right and what went wrong. Accuracy in your quoting and to be able to compare the estimated numbers to your actual numbers after a job is completed is the most impactful way to identify inefficiencies in your business and to improve those inefficiencies.

One of those inefficiencies could be in your quoting process. Breaking down a quote into overhead expenses, material costs, labor costs, and profit will allow you to understand the financial aspects of your business and where each of those aspects are included into a quote. Once the job is completed, you can assess each of those

aspects of your business based on what actually happened on that project and you can address the shortcomings in your business.

With square footage pricing, you will not be able to accomplish this same task.

Additionally, there are project-specific factors to assess. Does the square footage cost of a front walkway differ to that of a side walkway or backyard walkway? It should because of the difference in access to each of these areas. What about quoting a square patio versus a curved patio? The amount of cuts and waste for a curved patio will cause the price to increase for labor and material. When quoting a retaining wall, are you needing to cut into a slope causing more disposal or filling in causing the need to bring in more material? These and many other factors are incredibly important to the quoting process which is why quoting by a basic square foot rate does not incorporate all of these different factors.

Production Rates

Production rates are the best way to calculate how much time it will take you to complete a project. It involves some work and time to evaluate and average out your production rates in order to take them into consideration when estimating a project, but once you have this data and can continue to refine it you are able to streamline your estimation process and even hand over this process to somebody else rather than spending your time on it. This allows you to get one step closer to working on your business rather than working in your business.

Production rates in construction can be broken down into the various stages of the project in order to average the amount of time it takes to complete each step of the process in a project. Each of these processes can then be added to a project and you can insert the amount of area that is being installed or completed to provide how much time it will take you to complete that step and ultimately that project.

You should be keeping track of your own production rates in the field by each step of the process that you want to factor into your estimate. For example, as a hardscaper we record our excavation, base preparation, bedding layer preparation, laying pavers, and installing polymeric sand. However, each of these can be further broken down into various categories. For example, our excavation can be broken down by depth, front yard or back yard, the machine we are using, and so on. It is important to take notes on the size of area and any other necessary information when recording your production rates in the field to be able to bring them back to the office and categorize them correctly.

Other factors that we include in our production rates is the number of people involved in the process and how many total hours went into that. However, some may change that to total man hours. For example, we could say that three people

took 2 hours to complete a 100 square foot excavation at 8" depth in the backyard using a mini skidsteer and wheelbarrows. Or we could change that to 6 man hours to complete the same. However, on another project of the same depth and in the backyard that measured 200 square feet took 3 hours with the same number of people or 9 man hours. This data would allow us to take an average of this. Add up the total square feet between those two projects and the total hours (or man hours) and divide those two numbers. 300 square feet / 5 hours for 3 people (15 man hours) = 60 square feet per hour on average for three people (20 square feet per man hour).

Then when you continue through quoting a project for 1000 square feet that is in the backyard at 8" depth with the same equipment, you can divide that by 60 to understand how many hours that excavation step will take you for that three person crew meaning it will take you 16.66 hours to complete that step in the process. Alternatively you can divide that 1000 square feet by 15 man hours to provide the total number man hours of 50 man hours.

The reason why I prefer to lean towards recording the number of people on a crew and try to keep that consistent rather than man hours is that adding more people to bring down those man hours does not necessarily lead to more production. In this example above, I know that my 3 person crew will take 16.66 hours to complete that excavation which will equal 50 man hours. However, I also know that in my business my production for excavation maxes out at 3 people. Adding another person will diminish my return of efficiency. Creating a crew of 50 people to complete that excavation in 1 hour (50 man hours) is not reasonable. Though if you are keeping consistent with either your crew sizes and the number of hours involved or the number of man hours involved, you can complete your production rates as you see fit and can always convert between the two as we have shown in this example.

As you continue to collect data and refine your production rates. As you grow, keeping the number of people in each crew and equipping them with similar equipment will help you to keep your production rates consistent through each of those crews. Or you could use different production rates for different crews based on your foreman and what results you typically see with them when equipping them with a laborer or two. Whatever it looks like in your business, you can refine the process of production rate collecting to fit your business.

This is how production rates work when you are calculating an estimate. Other things that would need to be factored as your business grows is how many people are on those crews that you are recording the production rates of.

You can then use these production rates to calculate the total amount of time that you will be quoting for that project. You will want to add an efficiency factor to this

total number of hours (not total man hours) that takes into factor the drive time after an employee is clocked in and before they are clocked out to the job site and any lunches and breaks.

This number gets applied to all hourly employees that will be on that project and their costs associated with those employees including any known costs and a labor burden percentage. In addition to that, we can apply this to our non-productive labor such as office staff and any salary employees as well as overhead expenses as these can be calculated together the same way. This is done using this calculation:

Total Overhead and Salary Employee and / or Non-Productive Labor Costs = (Hours Quoted for Project ÷ Yearly Budgeted Hours) x Yearly Overhead Cost and Salary Employees and / or Non-Productive Labor Costs

This is added to the labor costs for the project, material costs, and profit margin in order to come to a quoted price prior to adding any sales tax associated with where you are doing business.

Market vs Cost-Based Pricing

The question behind providing a quote is this: do you charge what your market can afford or do you charge what your costs are as a business? The answer is a mixture of both.

Ultimately you can charge what the services that you provide are worth in the market that you provide it in, but when looking at your market you may be providing more or less than what similar companies are providing or even completely unique projects that no one else does in your area.

If you do higher quality work and you can make that apparent to potential clients, you can likely charge more for your services than another company that does not do quality work. This needs to be obvious to your client though in terms of a unique and creative design, features that most companies do not include, or the installation process highlighted on your social media or website.

If you provide incredible service to your clients and you can make that very apparent to potential clients, you can likely charge more for your services than another company of similar build quality. This also needs to be obvious to your client and can typically be done by asking previous clients for reviews so that when a potential client searches for your company they can see that you provide great service.

Of course the best way for your business to get clients that understand your business does quality work and provides incredible service is through word-of-mouth. Those are the clients that already have a good image in mind of your

business and know what you are all about. They are also typically not shopping around for the best price, rather they already have you in mind for the project.

If you can do this, you can typically charge more than what your market can afford and add to the costs of your business leaning more towards a cost-based approach rather than a market-based approach in pricing. Ultimately, you want to find where that threshold is in your market and adjust your budget to meet that, whether that is finding areas to scale your business, increasing the overhead expenses or labor costs, or increasing the profits in your business.

In this sense, the market for every business is different depending on their reputation in that market. Therefore, there is a balance between market-based and cost-based pricing but you can always adjust your cost-based pricing to fit what your market can afford and identify areas in your business to which you can grow. An owner-operator business with one truck is in a different market than a business with multiple crews and equipment at their disposal with a front office to support, even if they offer the same or similar services to their clients. You cannot just decide to splurge in your business without the work to back it up and charge higher than what the market can afford.

This is why comparing your cost-based estimating to what your market can afford is important. This can be done by keeping track of your numbers and your closing rates on projects. How much percent are you closing from clients that you actually provide a quote to? I would argue that you do not want to be close to 100%, otherwise your market can probably handle a price increase on your quotes. 50% would likely be on the lower end of that scale where you may need to look back at your numbers and decide what you could do to improve your pricing IF it is truely pricing that is the reason why these potential clients are not signing up with your business.

You are not comparing this to the low-ballers in your area. Those are not the clients that you are after. There is a market for that and that is filled by those companies that provide less quality. Those clients are not able to afford the quality and therefore shop for price versus quality. There is no point in trying to convert those potential clients into paying what quality is worth, they are not in the same market as your business.

What you want to compare your pricing to are the companies in your area that are doing high quality work. Write down a list of five of those companies that are steps ahead of you in business and try reaching out to one or two of them at a time. This may not work, but you would be surprised by how many people are willing to help new companies. Ask if you can do a shop visit or job site visit and ask some questions while you're there. You may be able to get a lot of insight from them.

Every time you provide a quote, follow up with that client and if they decide to go with someone else you should try and get as much information out of them that you possibly can in terms of who they went with and what were the deciding factors including how much more or less they were priced than you. This can only be done if you have built some sort of rapport with that person and you should word the email along the lines of, "this will help me improve on my process and help me in my business."

Line Item Pricing vs Lump Sum Pricing

Line item pricing involves iteming every single piece of the project out for a client down to the cost of every material listed out, how much will be ordered, and what the price is. Lump sum pricing skips this and presents a client with a single amount for the project that includes all aspects of the project.

When it comes to line item versus lump sum pricing, this will depend entirely on your own business and yourself. Some very successful contractors prefer to line item everything to their client in order to provide full transparency. Personally, lump sum pricing along with a detailed scope of work and approximate measurements for the project is everything the client really needs to know. This can be broken down into different work areas if necessary such as $X amount for the patio, $X amount for the outdoor kitchen, $X amount for the lighting, etc. This allows your potential client to pick and choose which features they may want to include and leave out while providing transparency in their choices.

Providing line item pricing can really overwhelm a potential client even if it is something that they may prefer to see. Ultimately, you do not want those types of clients anyways. You want the client that will trust you as a contractor to know what they are doing and to be the professional in the situation. If they do ask for line item pricing, you can simply say that your calculations are proprietary information and you do not disclose your financials. This is especially true if they are asking how much you are charging for labor. If you disclose those numbers, you are not only going to overwhelm them with how much labor costs, but it is also disclosing your business financials in terms of how much overhead you need to recover on every hour on site. If they want to know how much materials cost, let them know that it is a lump sum calculated for the project as a whole or direct them to a supplier for their pricing.

We never accept materials from a client or proceed with a client that wants to purchase their own materials. We want our name on the invoices so that if anything were to happen in terms of a warranty claim or the product shows up damaged, we can take control of the situation. If it is in our client's name, we then need to put them in control which could take much longer to remedy. This is just one of the reasons why we do this and it is what we tell the client if they bring up purchasing their own materials. If they want to know if we mark up materials, we say that we receive

contractor pricing at a discounted rate and pass that savings along to them. Ultimately with lump sum pricing whether we markup materials or we do not, but we markup something else to equal value is arbitrary. The client does not need to know what we are making on their project.

Think of it this way. When you go eat a burger and fries at a restaurant and you get a bill, you do not see how much the breakdown of every condiment that was on that burger, the ketchup that you used for the fries, the rent and wages the restaurant paid and how much the food was marked up in order to cover those expenses along with any other, and all the costs that went into producing that burger and fries. You will be lucky to see the burger and fries separated on the bill. But essentially that is what lump sum pricing is doing along with a breakdown of different work areas if you want to break that bill down further by separating the burger and the fries as different line items.