

Value Based Fees Series  
"Setting Fixed Fees"  
A case study with Valentina Cirasola



**Gail:** Good morning everyone and good afternoon if you're on the east coast. We are delighted to have you here with Design Success University. This is Gail Doby and today my guest is Valentina Cirasola.

Valentina currently lives in San Francisco but she is Italian by birth. She has been in the US for how long now?

**Valentina:** I would say about 11 years.

**Gail:** Fabulous. Both Valentina and I have a passion for construction design and that is a large part of her work. We've gotten to know each other over the last several months. Through this conversation, I have found out more about how she does business.

Today I'm happy to have her with us because she can answer some great questions about doing business with clients on a fixed fee basis. As we have found out, many of us have had experiences and challenges with our clients when we deal with an hourly fee.

Doing fixed fees is more of an art than a science. I hope that Valentina will shed some light on how she does it so you'll have some great insights about how to do this for your business.

This is one of a series of four calls for you, so we'll get more into the how to and the very last segment which I'll be doing on the 18<sup>th</sup> of November.

I'm delighted to have you with us today Valentina. Why don't you share a little about your background so everyone has a baseline about what you're about?

**Valentina:** I want to thank you for inviting me to this call. I'm happy to be here. I hope to be an inspiration for other colleagues and I hope this will work for them. It has worked for me, the way I accept my fees and conduct my business. I hope someone else can copy that and make their own style.

**Gail:** That is so helpful. You have been doing business as a designer for approximately 20 years?

**Valentina:** Nineteen years as an interior designer. Before that, I was a fashion designer and that's how I started my designing career. I went to the designing academy in Milan, Italy to learn how to be an interior designer. For about 12 - 15 years, I was a fashion designer.

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Because my fashion designing clients started me decorating their homes, I got to the point where I thought it needed to know more about interiors other than having a flare for the good stuff and putting together nice color and style. I needed to know more than that.

I thought if I have to abate one wall and behind it there is something I don't know, how do I face that? I went back to college again. Leisurely I took the second degree in interior designing while I was working in fashion. Then I decided I needed to do that faster because I like the field and especially the construction and architecture.

This is it. I didn't even know that I was changing a career practically. I've been doing interior designing for 19 years now.

**Gail:** You've got some great experience and that will help a lot of people understand how you've evolved as a designer and a businessperson too.

The first question is how do most of your clients come to you? Are they by referral or do you market? What is the best way?

**Valentina:** My clients come to me mostly by referral. When I understood that the advertising didn't work for me, I stopped spending the money and started working the people.

For me, working the people means calling all of the people I knew at the beginning and saying do you need anything. What can I do for you, your home, space, office or whatever? Whom do you know that can help me grow this business?

These are people I knew, in my database, around me, my family, my friends, everyone. I started asking and putting out cards. Wherever I go I tell everyone remember I'm here and here to help. Please send me clients. It doesn't matter where I go, even if I go to a social party, I tell them at the end of the night. By the way, I'm never too busy for your referrals.

**Gail:** Always be marketing. That is a very important lesson.

**Valentina:** Hold this thought. Who do you think pays for the big building of the banks and financial institutions, the ones with a lot of glass? Do you think the owner of this

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business pays for those buildings? No. Everybody else they serve pays for those buildings.

The same way for our business. If we are in business, somebody else has to pay us. We make our living with somebody else's money. If you don't tell people what you do and what you want, how are they supposed to help you?

**Gail:** Exactly. Let's get into the background. We're working our way into talking about the fees and how you go about setting those but I think it's important to set the stage first. Bare with us everyone as we talk about this.

When you are working with someone and maybe it's a referral and a prospect, is there a difference in establishing a relationship with someone who's a referral versus someone who doesn't know you or have any experience working with you or somebody who is coming from a client who has had experience with you?

**Valentina:** When someone refers you out it's because they've been happy with you otherwise they won't. They are happy with you and will do everything in their power to talk good about you.

Let's say you have a good hairdresser and someone says, "I like your hairstyle". Who is your hairdresser? The hair is the thing that women or men care the most because it's around their face and frames their face, right? They want to know who does the good hair that you have and you send them to your hairdresser.

The same way, if people feel comfortable in whatever space you're working on, they will tell other people. When I go to someone who's been referred, the job is always half told. I have one and a half feet into the door. The other half of the foot is my marketing.

The prospect doesn't have that luxury of hearing from someone who's been served well. They just find me for whatever reason, but they don't know how I work so with a prospect I have to market myself well.

**Gail:** When you're doing an explanation of how you work with a prospect that has come through someone that's worked with you, is the conversation different when you start talking to them about the way you work and how your fees are set up?

**Valentina:** Of course. The moment I have to market myself to the prospect that has not been referred it's a totally different Valentina. As a character I'm still the same, very

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friendly, I joke around and make myself like the person but I let them know that they're dealing with a professional person even though I joke around.

In the end I'm still a professional person they are hiring. As a professional I need to get paid for the work I'm doing for them and the value.

**Gail:** I'd like you to walk us through that conversation in each of those scenarios. When you are meeting with a prospect that doesn't know anything about the way you work, how would that conversation go?

**Valentina:** You have to start by thinking about the prospect when they meet you for the first time. Nowadays clients might be very well informed but you have to consider that they don't know more than you do. I've been going to various trainings from colleges, universities and trade trainings through the life that they don't have.

The only thing they know is their own situation, but I know many situations in many different people's life and in many different samples. I have experience in the right situations.

Through my career experience I've resolved many problems and that's why they seek me as a problem solver. Start thinking about these things. These are the things you should tell them first. You shouldn't tell them that they didn't go to school like I did, but let them know the extent of your training.

Then you tell them about the fees because they will ask you how you charge. When I go into my fee some people have a reaction and some don't. Some understand why my fees are the way they are.

Think about a doctor and a McDonald's worker and this is what I tell them all the time. When you go to a doctor you don't pay the doctor by the hour. You pay them by the result that he produced for your health. I am the doctor of a home.

I cure the health of the home by doing what? Creating a larger space, a more harmonious space, a space that will nurture their soul and make them feel better. They can live better in the space I'll create for them. I bring value to their live. Start talking about the value.

This is not to offend anyone, but the McDonald's worker is the one that gets paid by the hour. Why? Because their hamburgers and French fries are the same in Tokyo, New York or Rome. Same color, same cooking time, same weight, same texture. That is the value they produce, it's only that and nothing more.

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They are paid by the hour because they must produce as much as they can. It's quantity.

I don't produce in quantity, I produce value. I tell them that I get paid for the value I bring into the project and the result I produce for you.

Then I go into the general questions everyone asks. One thing I don't talk about is budget. The reason is because budget is limiting thinking. The client or prospect, when they hear about budget, if I ask if they have a budget they will think there she goes, she wants to spend all of my money. It's very negative.

Instead, I talk about investing. I ask them how much they are willing to invest in the result I will bring to your home to improve your life? That is a different way of seeing things.

**Gail:** The wording is very important. What is the typical response you get when you ask that question?

**Valentina:** Obviously some people still don't see that they want to invest so those don't become my clients. I can see it right away. Well, I don't know. Think about it. Whatever you can invest is what we'll work with.

Those who see the value right away and see the importance of talking about investing, because remember, when you do interiors, the fashion of interiors doesn't change but every ten years. If they spend money today, in ten years or maybe 15 years from now they might redo it again.

If you do those kind of interiors that are timeless you might never see that client for another 20 years, so that is the value that in 15 or 20 more years you're not going to spend any more money on this.

**Gail:** That is the conversation you're having with them at the very beginning. Explain to them that the value you're bringing is timeless design that will last them for many more years than something that is trendier.

**Valentina:** Absolutely, but you can do trendier interiors also. Sure you spend the money today and in three or four years they might want to change it again, but in that case you bring the value into the space.

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If you're doing a kitchen, it doesn't get changed in three years. Maybe the great room attached to the kitchen might change because the woman changes her taste from stripes to floral.

If you have a trendier interior you work on the value of the space, whether you make it larger, more luminous, more windows, this is what I'm talking about.

**Gail:** When you first started in the business, did you bill by the hour or as a fixed fee?

**Valentina:** In the beginning, because I wanted to get everybody, I didn't charge by the hour. I didn't want to start with a low fee because I was new in the business.

I've always found that if you put a good price on your fee people think they will know you're good. It supersedes and perceives knowledge. If you cost much you must be good. I didn't want to do that. I just wanted my work to talk for me in the beginning.

I always told them if you give me your project I won't charge you the gas mileage or gas for traveling, phone calls, mark ups on products, just a flat fee of this much. I had a lump sum in which they saw value. I did that for a few years and once I realized how to do it I did it much better.

**Gail:** Take us through that evolution of how you figured out what to charge them. If you started that way from the beginning, how did you know how long it would take to do the project and whether you were getting paid well enough?

**Valentina:** Exactly, especially at the beginning when you don't have anything to measure because you are at your first job. You don't know what you're going through.

After about three or four years of charging a lump sum like this, then I decided that I'm going to do exactly what those big building builders in every city in the world do. I told you before that we make money with other people's money.

Let's say I work in an office. Who's going to pay for my rent or mortgage for this office and fixed fees of telephone, fax, satellite, whatever? Put that in. All of my expenses are divided by 12 months.

The one thing that is fixed is the monthly mortgage and for at least one month I have someone paying for the mortgage. That's the way it is.

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If a person has \$10,000 worth of mortgage every month I don't think you can do that. You can divide that by 12 months and that will be your mortgage for one month, but my mortgage is not \$10,000 a month so I put a full month in. Then I put in all of my fixed expenses divided by 12 months, telephone, fax, cellular, whatever.

Then I have an assistant. How much does that assistant cost me? I divide that by 12 months and that goes into my fee. Then I have a cleaning lady for the office and I divide that by 12 months.

Then I add all the other things. When I do a project I produce some miscellaneous expenses like I copy the drawing for the client, contractor, lighting guy, etc. All of those expenses are my expenses so I put it in.

Drawing copies, photographs I might develop. Today we have digital cameras so I don't develop any pictures but nonetheless I put that in because it's an extra event. I put in toll road fees and bridges and all the miscellaneous expenses. Every project will have that and whether I produce them or not, I put it in. If I order and pay for samples I also put that in.

Then I put in how many hours I spend in showrooms. Most showrooms I go to are marble, stone, flooring, paint, etc. I go there often and I know how much time I spend in these showrooms, which is no more than an hour each time. There is a reason for that, that I will explain to you later.

Put your time in all the showrooms because every project does the same thing whether you're doing furniture, lighting, whatever it is, you still have to spend your time looking for material. Put your hours in.

This is your budget for you that someone else will pay. That is your fee. Put in your mileage also to and from showrooms. I go to showrooms where I build relationships.

When I make an appointment, they know Valentina is coming and I have a person attached to me for an hour. I don't roam around talking and waiting for sales people to help me. They know I'm coming and put themselves at my disposal. For me to go to that showroom from my office I count round trip mileage.

If I go to a project, whether I see a client of a construction guy, I put that in, round trip from my office to the job and back. That is my mileage so everything is accounted for. Time on your computer, time to do your drawings, time preparing for the presentation, all of that comes out.

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You now have a flat fee. You don't have to ask for anything else.

I don't mark up anything and there is a reason for that. My contract states Valentina Interiors and Design is not your bank in big letters. I don't mark up anything for a reason. I don't want to be stuck with people who for whatever reason, don't want to pay.

People's lives change and they have events in their life. I don't want to be part of their events. They lose money in the stock market and they decide not to pay me anymore. No, no.

This is what I have been doing ever since I realized that it is good to do it this way. Let's say I'm buying some furniture. First of all, as I said, I'm not involved in the purchasing of anything and that's why I can't mark up anything.

When I tell the client this is what I would like for you to consider, I'm only doing the sourcing for them. I source the material, the furniture, lighting, whatever is going into the project. This is where it is and this is what the retail price is. Period. You pay for it, I source it and that's why my hours are not spent in showrooms because I'm not there to do the ordering, I'm just choosing it.

I tell the client that you have two things you can do. If you want to buy it through me, I can give you my designer discount and you give me half of the designer discount as a bonus.

Let's supposed that my designer discount is 30%. I pass that to them. They save 15% on the price and I get 15% as a bonus from them so I attach that 15% to their invoice. That is what I also take to my tax man because it's an income of 15% that I earned. Then I buy the furniture if they want to buy it through me.

There is one rule; they must pay in full. I don't play with my money ever. They pay in full and if they need three months to pay their furniture in full that's when I place their order, three months later. I don't ever do anything before I have the money. I don't generate any paper, because once I pay the manufacturer and showroom in full, there is no generation of paper and nobody I need to pay to keep up with all of this paperwork.

My invoice only reflects what I buy, the bonus I get from them and their discount and it reads paid in full.

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**Gail:** Do they handle all of the paying for a receiver and delivery?

**Valentina:** No, I do that. If they buy it through me, even if they don't buy it through me, I get paid to do the order because I've already put that into my time to do the ordering. If they don't expect to do that through me to buy the furniture or whatever material through me and they don't expect me to make 15% from whatever their discount will be, they can buy it on their own at full retail price.

From the showroom I get a certain commission for bringing the client in and that commission is attached to their price and they will never know. At the end of the year the showroom will send me a 1099 to pay the tax on that commission. It's nothing under the table, it's transparent.

**Gail:** Let me go back to how you're figuring your fee. How do you know in advance? I assume that when you meet with a client originally and find out the scope of the work, that you probably take some time to figure out what your fee is going to be before you present that to them?

**Valentina:** When I meet them for the first time I don't ever tell them the price. I say let me go to my drawing board and then see what is involved in this project. I'll come back with a contract that we will both read, discuss and sign.

The moment they sign the contract, everything is specified in there and I've already made my calculations. Based on the square footage and scope of the work, how big the job is and what it entails, I go back to similar projects and see what I've done for them and I do the same, less or better, it depends. When I sign the contract with the client I know for a fact that I am not going to short myself.

**Gail:** Let me ask you a few more questions about this because I know everyone is going to have the same questions I have in my mind. Obviously it took you some time to understand what it takes to create a project. The more experience you have, the more you're able to handle what's going to come up.

You talked about covering all of your overhead expenses but I assume you're figuring in a profit for yourself and a certain amount of money you want to make above that.

**Valentina:** My hourly fee is my profit. Since I don't buy anything, the only thing I can profit from is my hourly fee. If I see the project as small I put the hourly fee a little higher.

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**Gail:** In other words, it's all figured into the fixed fee based on what you want to charge for your time.

**Valentina:** Exactly.

**Gail:** They don't see what your hourly fee is.

**Valentina:** No. If they ask me I tell them that I don't think you want me to charge you by the hour because this project is going to take six, eight months, etc. It will be better for me definitely, but I don't think you would like that. They don't ever ask me after they hear the hourly fee and then see the total project price for my design fee, not for anything else, just for my design fee, and then they don't have any problem.

**Gail:** When you are figuring that fee, do you collect 100% of that fee up front?

**Valentina:** At the signing of the contract I ask for 30% of the total. Then if the project lasts five months, I divide the rest by five. Every month on the same date I send an invoice. My invoice states the date, what they've paid up to that point with down payments and all and the balance. Under the balance it says, please pay on receipt and they know that's serious. Then it says thank you for your business and I'm never too busy for your referral.

I tell them upfront if they pay their invoice on time, they might get a big surprise from me. They don't know what it is. I can give them 5% every time, take them to lunch one day, I don't know. I do something for them. It's necessary that you do something for your client. That is also counted in. At least take your client to lunch once during the project.

**Gail:** Do you give a gift to your client at the end of the project?

**Valentina:** I give a gift and it is related to what they've done. If it's a kitchen I give them a kitchen whatever, a fancy cheese cutter, something fun that they will use and remember me and not just a bottle of wine. If I'm redoing a kitchen, the anybody I demolish the kitchen is the best day for me because I see all of this ugly old stuff going, I see the walls open and it becomes an open canvas.

That day, I give the clients a certificate to a restaurant so go out to dinner. It's very stressful for a client to see their kitchen dismantled. If it's a bathroom, go to a day spa and have a massage today. On the day I dismantle something I treat them to the same idea. If it's a kitchen, go eat somewhere, if it's a bathroom, get a massage.

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**Gail:** You have become very clear about how you're charging them. We'll get into some questions from the audience but I want to go through and ask as many questions I can think of ahead of time.

You've taken what you are planning to charge someone and I'll have you walk me through an example. As you're doing this, it's very clear to your client exactly how you're going to be paid and how things are going to be done. Have you had difficulties getting paid by your clients?

**Valentina:** No, never. The only difficulty I might have is the beginning whether they want to sign the contract because they feel attacked. I said I'm sorry. I've been in business for many years to know better than not signing a contract. If you don't sign a contract you don't want to work with me. It's plain and simple. I'm just brutal.

They might try to get me into a discount and this is a bit too much. I tell them to look at it this way. If your boss or client if they have a business, wants to cut down on your fees, will you accept it? There is a moment of silence and they say, no. Okay, then why should I?

When I buy groceries I cannot take a piece of your project and buy my groceries. That shuts them up. If they decide to work with me they will come back again. If not, I haven't lost much.

**Gail:** How much time does it take you to figure out exactly what your fees are for a project?

**Valentina:** About half an hour.

**Gail:** You have enough experience with it that you're able to tell what it's going to be like?

**Valentina:** Yes.

**Gail:** What happens when you have a client who is indecisive about what it is they want to do? How do you account for that and know that when you're first meeting with them?

**Valentina:** Do you mean after they have signed the contract?

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**Gail:** Yes, in terms of making decisions about the selections. Some people have a hard time making decisions.

**Valentina:** Right. It is true, but you don't give them many choices. This is a country that has many fabulous choices because of so many things available. I find that people with a lot of money have a lot more choices. People who have a limited amount of money to spend don't have that many choices.

The difficult people might be the very wealthy one because they have a lot of choices for the money they have. Give them few choices. Black or white. Don't give them five choices.

Make them decide colors. If you do a color analysis you should know that at the beginning. When I interview them on the first day I always talk about color. Please tell me your color that you dislike and absolutely love. I already know that.

For example, I had a lady that I did not know. She called me and I went to see her. She wanted a pink downstairs area of the house. She was pregnant.

I thought oh gosh. She said I will have a girl. She started seeing the world in pink. I hate pink. I really do.

I asked her who lives in this house. Are they women or men? She said she has three boys and a husband. I said, wow. Good luck. All the livable area downstairs in pink. Okay. That is what she wanted, only pink.

When I did a color analysis for her I didn't have just pink, the actual pink that she wanted was very little in the accents. All the rest, I went from light to dark purples and even into the grays and gun metals. I had this coloration, this variety of shades, tint and tones of the pink. It was absolutely beautiful at the end but you should know that when you work with a person.

Don't make them lose your time. Your time is the only thing you can't recycle. Once it's lost, it's lost.

Say to the client, okay, you want pink, these are my choices. What do you think? Well, I don't know. Let's put them in the light. Okay. While you put them in the light I'll go do something else and I'll be back. Then you tell me on the phone your result.

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I don't have time to stay around the light in the window, putting this in the light and see how this would work. You can do this by yourself. You don't need me to see if you like that in the light or not.

I make them responsible for their decisions. You have to tell them that you're there to direct you. You're not there to decide. Their decision is always the final one.

Another thing is please remember to make them sign on every decision they make. Make them sign.

In the case of the woman and the pink, she had to sign my color analysis which I had done in the sequence of pages; she had to sign every page. When it went up on the wall or in the furniture or accents, she couldn't say I don't like this. You signed it.

**Gail:** In this situation, obviously she has a husband. Was he involved, a part of the contract and does he sign off on every single one of your papers?

**Valentina:** If they're both involved in the project, yes, they both sign. If not, whoever is the key player, that's the person that signs. In this case, that woman was the key player and her husband was there just to listen to her and to listen to me.

At the end of everything I said, I asked him what do you think. Do you like it? Do you have any questions? Yes I like it or no I don't. It was a process. Sometimes their kids were in the process too because that was the downstairs living quarters. The boys live in that house too so they were involved. They didn't care much but they had their say so too.

**Gail:** We can relate to that very well. We have a client that I've worked with for 12 years. If I were to work on a fixed fee basis with her I would never make any money. She is so indecisive. She must analyze and nitpick every single decision and think about it every possible way. I can't figure out how I would have dealt with her if I had been on a fixed fee basis. I'd be out of business.

**Valentina:** On a fixed fee basis, people tend to waste your time. I have learned another strategy that has worked for me. It doesn't matter where I go, if there is a construction day, showroom day, a client appointment, I have a kitchen timer in my purse. You can use a stop watch, a fancy gadget but I'm simple.

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When life is simple, God answers. I have a kitchen timer set for an hour. When it rings it's time for me to go.

**Gail:** Do you warn your clients about this ahead of time? Do they know you're going to do that?

**Valentina:** Sometimes. They don't have to know it in advance. It's not important but I set my timer. Sometimes I just send them an email before I go to the appointment or a phone call. Tomorrow our appointment will be from one to two. Make sure you are okay with that. If you need 10 more minutes, please let me know.

Remember, your time is set by the quarter. Every quarter of the hour is considered almost an hour. When I make my appointment I don't get an appointment for one hour from the one hour mark. I make it for 1:15 to 2:15. It's a psychological thing.

**Gail:** You're very clear and very controlled about how you handle your client meetings so they don't take advantage of your time.

**Valentina:** Absolutely. If I don't have anything to do afterwards, it's none of their business. I don't ask them what they do after I leave. I don't care. They shouldn't care where I go after I leave them.

If I set an hour, that's what it is. If they need two hours I want to know. After the first hour, the kitchen timer rings and I set it again for another hour because they've already told me they need two hours.

**Gail:** If you've done a fixed fee, that is coming out of your pocket for that extra hour?

**Valentina:** No, I do account in more hours than I need to in my fixed fee. Let's say we have a one month project. I have to be there once a week for one hour. I would count eight hours, not four hours.

**Gail:** You're very careful about how you estimate your time but you do have a certain amount over. That is your prerogative because you must be able to cover the fees and all the potential expenses that might come up.

For anyone that's listening, it's something you must work on. For some people who are a little bit more loosey goosey and let the time go, you're taking money out of your own pocket so it's important to be in control.

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**Valentina:** That’s correct. Once you’ve lost that time, you’ve lost it. It’s your time. Nobody is going to pay you if you lose it. I’m pretty brutal about it. My clients don’t have to know that but I’m brutal with myself and it’s because I like to talk. I’m a very sociable person. I like to get into their problems. How is your kid, is he sick? I want to know everything.

Once I become friendly with a person, I am very sociable. Then what do I do, just joke around all day? I don’t think so. I have to set these things for myself first and then for the client so they won’t waste my time.

**Gail:** It’s not time management, it’s self management.

**Valentina:** Yes.

**Gail:** Let’s walk through an actual scenario. Let me give you an example. You’re going to do a renovation of a 5,000 square foot house. When you see their project and get a sense of the scope of the work, you probably have a good idea from all of your experience what you are going to charge for that.

Can you walk us through an exact example? I know this is pulling something out of the air.

**Valentina:** Absolutely. There are a variety of ways of setting your fees for a flat fee. This is the way I have described it to you, everything that’s included in what I pay for my living. Somewhere must pay for my living. This is what I do for work.

Since I don’t work for somebody I don’t have a salary so someone must pay for my living. I include everything necessary in my monthly life. You can do it different. You can charge by the square foot of the house.

Let’s say you are renovating the whole 6,000 square foot home, you can charge by the square foot like some of the contractors do. Perhaps \$10, \$20, \$50 a square foot and that will be your fee. It’s plain and simple. Is that enough?

If your house is 5,000 and you charge \$20 a square foot it’s \$100,000. Is that good enough? That solves all the problems.

**Gail:** You never have any push back from your clients when you give them a large fee like that? I think that is one of the things that scares a lot of designers, telling someone this fee will be \$100,000 for this project.

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**Valentina:** For a 5,000 square foot, including everything from the construction? You know. First you must draw the house for space planning. There is an architect and when they leave the project they leave you with a kitchen area, not with a fitted kitchen with all appliances and islands. It's a space for the kitchen, a space for the bathroom.

They don't tell you where the tub goes and all of that so I have to do all of that space planning. Then I must select the windows, shingles, roof, lighting and do the drawings, talk to the showroom, supervision of contractors, etc. Is it bad to charge a client \$100,000? I don't think so.

**Gail:** No. In fact, that is the reality. You're going to make a much better living when you do that. Here is something else to keep in mind. If you are doing the purchasing for other people and you're billing by the hour it takes so much time to get those orders together, handle the process, do the expediting and all of those different things.

If you're billing them by the hour, they're going to be unhappy with the bill. Quite frankly, if you're not in the middle of purchasing you're much better off, have more control over your time and you are not as dependent on the client for all of the details. These days with showrooms having financial problems, I don't like to be in the middle of purchasing if I can avoid it.

**Valentina:** When I go to a showroom, it doesn't matter if it's furniture, lighting, marble, stone, whatever I'm buying for the project, I take pictures of a particular item and the tag if there is a tag attached with a digital camera. If not, the tag usually has measurements, and sometimes they don't.

I upload those pictures to my computer and send them to the sales person that I'm dealing with. They will look for sizes, measurements, color, variation of fabric, description and then send it back to me in an email. They work for me because in that moment I am the client.

I don't go with a client shopping anywhere. It's my rule; clients don't shop with me. I shop with my friends, not with clients. This is work for me. When someone calls me and asks where do we go shopping, I don't want to be rude but I don't shop with clients. I'm doing the sourcing.

I go to the showroom, take pictures of everything I want. You must build a relationship with everyone in the showroom. I always go to the same person, I

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know when they're working and not. I say to them I will upload my pictures and you send me the information. Thank you.

I don't want anything in the fax and I want no paperwork in my hands. You can lose paperwork or misplace it. I sent them an email and that's my time saved.

When I go buy a fabric because that's probably where people will spend more time, fabric for me is so much and you can really lose your day and you can't charge your client for it. I have my drawings done.

Let's say I'm going to do some furnishing. I know what my furniture plan looks like. Here will go stripes, here floral, here solid, I already know the color scheme in my head and I go with these ideas to the showroom. I don't roam around in the showroom into areas that don't belong in my drawing.

If I want stripes in my drawing, I will look for only stripes, not anything else. If I want solids, I go to the solids. I know what kind of fabric I want and go directly to those fabrics. I take a picture and tell the sales person to send me information. If I need samples they will order it for me and send it to my office.

It's easy and that way I don't lose the time, but I have to do the drawings before I go buy the fabric. That is the way it works.

**Gail:** You are very efficient in the way you run your business. You also have coached your clients from the beginning so they know how you work. They understand they're not going to shop with you. You're going to bring them options and they'll choose from those.

**Valentina:** My options are never more than three. Never. You can't do that to yourself because there is too much out there. You narrow it down by the price, color and texture. If the client has a lot of money, obviously you cannot bring the whole store because they might be able to buy the whole store.

Three in the price range they want to spend. High price, medium, low. In those three choices you must include the color, texture and style. Three choices include everything, price range, color range, texture and style. Three is a perfect number and that's all you need.

**Gail:** You're very disciplined. I want to ask some questions. Some of these are coming from our listeners.

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One of the things we talked about is you have some very specific questions and a questionnaire that you have developed to ask your clients. Do you ask them to fill out a form or do you just walk them through this verbally?

**Valentina:** I have it prepared. I take it with me to my first interview. I read them and ask them questions. If they need to think about this, I leave it with them and ask them to send it to me when it's completed.

I give them a time also. I need this by this date, three days. Please help me because I have a lot of people that I'm serving and I need to get into compilation of your contract right away so please in three days, send this to me via email.

**Gail:** It's three days and three choices.

**Valentina:** Yes. It's my perfect number.

**Gail:** The magic is three. Do you have any red flag questions that tell you that someone is not a good fit for you or your services? Obviously if they're hesitant or want to change your contract and not willing to accept what you have to offer that's an issue. What are some other red flag questions you have?

**Valentina:** Generally my red flag is the contract. If they don't want to sign the contract or have problems and this and that, sometimes there are things in the contract, in the legalese that are common to all jobs. It doesn't matter if I just do a color consultation or construction, the legalese doesn't change. It's the same for everyone.

They say this doesn't pertain to me, can we erase this? No. If it doesn't pertain to you, you shouldn't be concerned. Those things stay in there and there is a reason. I tell them this is to protect you and me.

At the moment you meet someone new you don't know who this person is. We all try to put on a nice face in the beginning. We get up in the morning, put on a mask and go out the door. You don't really know who that person is until it's too late.

I tell them that's the way it is. The legalese will stay there and if it doesn't pertain to you, you don't have to worry about it. You have to worry about changing their prices. If they have a problem with pricing, sometimes you must negotiate and be flexible. It's important if you want to keep a good job and good project.

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Don't go much lower. Remember I've always had double my prices for everything they do so if they want to cut down on something I can be flexible. There is room to be flexible.

**Gail:** Is that with your fee or are you talking specifically about the cost of material.

**Valentina:** From my fee. The cost of materials are not my cost. That is what I have to give them from whoever gives me those prices. Those are not my prices and I'm not responsible for them.

**Gail:** Okay. Next question. I'm assuming that some of these people may or may not have had experience working with a designer or doing a renovation project. They may not have a clear picture of what it's going to cost or what is reasonable to budget for a project. How do you educate them?

**Valentina:** Not everyone has worked with designers. Many people are scared to work with a designer. They think they're going to spend their money. You can talk about the value and the money you can save them, the time they'll save. Those are important items for the client.

When you tell them you make them save the money because you take on a lot of the responsibility for things they now don't have to do you take their stress and put it on you. That is a huge value. They don't have to deal with mistakes that happen on the job or with orders. You order red and green arrives. They don't have to deal with that. When you take on their stress it's already a lot of value.

I believe a designer is one who directs you in a field in which they don't know much. I direct you. I don't choose for you. Your decision is important and it's the last decision. Make them responsible.

Also they need to know that they are important. You're not the prim Donna on the job. She said to put that there but I don't like it. Have you ever heard that? Many times, I'm in showrooms and I see designers with clients and they argue. You need to get this because it's good, because it has harmony, blah, blah, blah. The client says I don't like it.

I feel for that client. The designer doesn't live in the house after it's finished. The clients live there and they must be happy with the selections from the beginning.

If a client is unhappy at the end, they'll never refer you anywhere and will talk so bad about you. She did that and look at what kind of stuff she did.

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**Gail:** It sounds like you have a very clear process of how to work with them. You are listening to them and not dictating.

**Valentina:** Absolutely.

**Gail:** If someone has not worked with a designer before how do they know what it's going to cost to remodel a 5,000 square foot house? How do you educate them about that?

**Valentina:** I tell them that the biggest expense is the contractor and not even the architect. The contractor brings in all of the other trades, the electrical, floor, plumbers. That is the biggest part. I'm not responsible for that part, only my part.

If they can budget for me to be in the project plus all the other people then it's easy. Educating them is, this is my value, this is what I bring to you, these are my results. It would be helpful to tell them what kind of challenges you have resolved in the past, if you have worked for prominent people or people well known in the town.

Tell them stories. People love stories. When you tell them your stories are good, have a good ending and a good resolve, generally people won't have a problem. When they call you, it's because they're either lost, don't know how to do it, don't have time to do it and are seeking help just like when they go to the doctor. It's the same thing.

**Gail:** Let me be a little more specific about the budget. I understand how you explain your budget and what you're paying you, but what about the cost of the construction and materials?

**Valentina:** I don't take that on.

**Gail:** Right but you do have to prepare them for what those costs might be for a project.

**Valentina:** No, I don't. My contract says that I am the client's representative. I don't work as a contractor, architect, I'm just a client's representative as a designer. The price and fee that I give is all my fee.

Remember, they might not hire anyone I know or trust so if they hire someone they know and trust, I have no way to know what that other person will charge.

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**Gail:** In this case, you might have an idea for a 5,000 square foot home you should be budgeting maybe \$500,000 for this renovation plus my fee. Can you give them that kind of an idea?

**Valentina:** I give them an idea. I say, my contractors, generally for a project like this, will ask from this price to this price, a range. If they hire someone else that is cheaper or higher, I can't tell.

If you hire my contractor, you'll pay directly to him, you don't pay me for hiring him and I don't make any money on the trade people either. I don't like that. I don't like it if someone was making money off me.

**Gail:** In California I think you're restricted too.

**Valentina:** Yes, but I know many people do, designers or contractors. If I put you on the job, you give me a piece of the cake. Well, I'm sorry, I don't work like that. I don't want anyone to take a piece of my cake.

**Gail:** It's your cake.

**Valentina:** I cannot account for someone else's work. Let's say a 5,000 square foot home will cost you this to hire me as a designer. On top of that you must account for the contractor and all of the trades. I give them a range.

**Gail:** That's important. Some of these are new concepts to people who have been dealing with hourly fees and mark ups for product. Let's go back to the conversation about the value with a client. What are the first five to ten things that establish the value proposition about you with a client? What are the things you discuss every single time?

**Valentina:** Establishing the value is where you have been and what you've done so far. The first thing I tell them after hi, nice to meet you, and thank you for inviting me to your beautiful home, is let's see if I can make it better.

We sit down and they might offer me some coffee but I never accept anything ever. It's not a social time for me. I want to be focused. Thank you so much but I don't need it. I only have one hour.

I start by telling where I started and where I came from, what I've done and my schooling so they know I'm a professional. I have this many degrees, I've had these awards.

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At this point, are you interested in seeing either a video of my projects which last 20 minutes or pictures in my portfolio? Which do you prefer? They decide and then we go through whatever they decide.

If it's a video I tell them to sit down and we'll watch a movie and comment. If not we'll look at the pictures and comment.

Tell them the results and challenges you've had. I always tell them a story about a lady that I had I my college. She was Russian and trained under very strict rules of designing. She was superb in her quality of work and her idea. We were competing with each other badly. We were beating each other down to the ground every time.

That to me, is always a good story to tell because there are twists and turns in that story and they love to hear it. In their mind it puts the idea that whatever challenges she has, she can beat it.

Then I tell them about the people I work with, the trusted professionals I work with and how they respond to me. Then we go into the fees. Now, would you like to hear what all of this is going to cost you? Well, not right away because the fee is not on the first day. I never talk about the fees on the first day.

They need to tell me about the project, what they like and don't like, what they expect from me in my next presentation, what they expect me to do for them.

There is one question I do ask at the end. What is their zodiac sign. I want to know if we'll get along or not. If they're not and they still want to work, I'm not going to tell them that your sign is not in tune with my sign but I know things that I need to do to get around that problem.

**Gail:** What else would you cover in that meeting? Are there other issues that would be a part of that?

**Valentina:** The last thing is we talk about the contract. I'll return in three days and will come with a contract. You can read everything I'm proposing to do for you and what it will cost. I go back three days later and I go for a half an hour. We discuss the contract and the fees, they sign and I leave.

My first interview is a paid interview. I tell them the reason for this is first of all, that is the only time I charge by the hour and you don't lose that money. It goes

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toward your contract when you hire me. The reason is my time is as precious on the first appointment as it is on the second. If you decide not to hire me you are willing, free to pick my brain and get all of my ideas but you pay for my time.

**Gail:** When you go to the first meeting what do you charge?

**Valentina:** For the first time I charge \$250 for one hour. I say you can keep me for two hours and never hire me and you still pay \$500 for two hours. You can take all of my ideas and run with them or you can keep me there and hire me and that money will go towards your contract. You don't get any better the second time you see the client. You're just as good the first time.

Let's supposed the client lives 100 miles away. What do I do? I drive 100 miles to and then from, for 100 miles in one day. Then the hour you're there and who pays for that?

**Gail:** Do you have any issues when you tell them that up front? Do they object to paying that at that time?

**Valentina:** If they do it's because they don't want to work with me. Those who don't want to part with \$250 the first time are not serious in hiring me. They're trying to be cheap, nickel and dime me. When we speak they say you charge on the first appointment? I say yes. I'm good the first day, the second day and the third day.

If they do pay me it's because they do want to work with me. Those are the serious people and this method will weed out all those that you don't want in your life. Difficult is not what I like.

**Gail:** It's not the easiest way to do business and we have enough challenges without that.

**Valentina:** When people say they will pay the consultation fee and make an appointment, I'll make the appointment for a week later because I need to send them a pre-appointment letter.

In it, I tell them what I will do that day with them. I will dedicate to you one hour of my time and this is what we'll discuss as we said on the phone. If I'm going there to look at windows, we're going to look at windows and not tables.

**Gail:** You have a very good process. Some people may have some issue with it being so strong, the way you go about doing it, but you have a lot of practice doing this and

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the clients also get that sense about you. You're very professional, you know what you're doing and that you're not there to waste time, but to do a job

**Valentina:** Yes. The most important thing is time. It cannot be recycled.

**Gail:** Let's talk about something important to those on the line who are doing an hourly fee and a mark up. What do you recommend to these designers who are considering going to a fixed fee? Are there suggestions, recommendations, things you should avoid? What can you do to help these people to understand how valuable this is and how to go about transitioning into this?

**Valentina:** If you have been charging by the hour and then going to a flat fee it's going to feel funny at the beginning. They might not know enough about how to produce their fees so they might cut themselves short. Don't be afraid of being brutal with your own time. You don't do that to the client, you do it to yourself.

I need to tell people to be responsible for your actions. If you account for one hour in your flat fee and you give your client three hours, it's your fault. You're not going to make your money. The system works but you must know how to do it well. Be brutal with your time and carry a kitchen timer with you.

Let them ring and let them hear it. Sorry I have to go. I have another appointment. This is a reminder for myself.

Count your time when you are in showrooms. Don't go roaming around in places that you don't need to.

Doubting yourself is another thing. Designers do doubt themselves because the choices are there for us too. You must keep in mind what the client can spend and what it is you can give them in the money they've made available to you.

Once you have that fixed in your mind, when you go to choose the material, you already know if the client wants modern, contemporary, traditional. You don't look at contemporary if the client wants traditional. Know exactly where you're going to look for your material, furniture and color. Once you have that in your mind it will save you time.

**Gail:** That helps. This is a process of learning. If you're just starting it will be a little awkward and difficult to feel comfortable, especially if you're asking for a large fee up front. There is a fee that many designers will have which is what happens if I give them this big fee and they have sticker shock? What do I do then?

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**Valentina:** To avoid that, give them your price as you think is right for you. Then say, because you are my first time client, I want to treat you and this instead is my price. I'll take 10% or 15% of this price, only because you're my first time client.

Give them the offer. Don't call it a discount because it's not a good word. It's an offer, a token. Call it a present or whatever but don't call it a discount. This is a token from me to you because you're a first time client, 20% off. Done.

That way, they don't have time to think you're spending all of their money. You're giving them a present.

Be assertive. They have called in a professional that is going to resolve their problems and challenges. You must be very assertive.

The first time I met my lawyer I didn't say, are you good enough to do this job? I trusted him because he was telling me about things of which I had no idea. This sounded good to me and I said okay, this is a good professional. Be assertive.

We're not the worker at the hourly base. My cleaning lady is so very dear but she gets paid by the hour, not by the results she produces. Sometimes the windows are dirtier than when she came to wash them but I still have to pay her for being here and make my windows dirty.

**Gail:** I'm hearing that it's all about confidence. You're not dictating a design on them without carefully considering what it is they want. You're not telling them but you've done a good job of listening and asking the right questions in your initial interview so you're designing something that fits their particular desires and tastes. You're managing the process in an efficient way.

**Valentina:** That's right. I am a designer because that's what I do for a living. That is my trade. I design space and things that people don't know how to do. If I'm designing for myself I am the one telling me that I like this and like that. I live in that house. I'm my own client.

My clients are not like me. They have to like what they like even if it's pink and I don't like it. I direct and manage them, do the ordering for them, assist them in the choice and selection but they have to make the choice.

Obviously you will find sometimes a person that will lose your time. You must understand why this person is making me lose time. What is it in this selection

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that you don't like? The reason they don't make decisions easy is because there is some type of blockage of their vision or mind. Perhaps your designs are too avant-garde or too out there.

You must ask what is it about this choice that is stopping you from making this decision. You've got to be a bit of a psychologist too as well as a designer.

**Gail:** We are at the end of the interview time. We wanted to give you some time for questions and we have lots of them. Let's try to get through as many as we can.

From Marlene in Glendale, CA. Isn't one large number for a fee more intimidating than an hourly rate?

**Valentina:** What if your hourly rate is \$500? Wouldn't that be more intimidating if you know the project is going to last you six months? Wouldn't that intimidate the clients?

I know people in my area where I live and work, in San Francisco some charge \$500 an hour. It's however you perceive the charge that people will perceive it too. It's whatever you transmit to them.

**Gail:** It goes back to the confidence and that's important. Here's another question from Seattle. It's Amily.

How do you keep a set fee contract from becoming an indentured servant situation. So many projects take turns and expand that unless a fixed fee contract is confined by hours which makes it affectively hourly, you end up getting hired to do a living room and you're expected to do the whole house. I know you can do change orders for changes in scope but then the clients get frustrated by the change orders.

Could you please share a solution for us?

**Valentina:** This is a good one. When you decided what the fee is going to include you also include the timing of the flat fee that is going to work for you. If you say this flat fee will be good for three months. After three months we will review the contract.

You explain to them because you might find me so good that you want to do the rest of the house. This fee is only good for the three months I will be on this particular work and nothing else.

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After three or four months, whatever time you think is good for you to finish that project, then you review your contract and add more money to it if you need to.

Your contract has to specify exactly what you're working on. If they ask you to do a side job, so sorry, this is not in my contract. Would you like me to review it and rewrite it for this other part?

They should not say no because they've been working with you for that part of the project they've hired you for and they like you so far so they won't have any problem. Don't make it threatening to them. No, I don't trust you for the rest. No, call them by name. This is not in our contract. This is a different thing so let's rewrite it.

**Gail:** You do that as a rewrite or as a change order, a separate contract, how do you do that?

**Valentina:** No change order. You just do it as a separate contract.

**Gail:** Do you also collect a percentage of that on the front end just like you would normally?

**Valentina:** Yes, absolutely.

**Gail:** Here is a question from Trish. If you can purchase furniture and accessories at cost for your clients do you charge them that cost or mark it up?

**Valentina:** Considering that I don't buy anything for them, but if I would it is because they agreed to give me part of their discount percentage. If I purchase for the client I pass my cost to them. If a piece of furniture costs \$1,000 and that's the cost to me I give that to them but I also tell them if you want to give me a bonus of whatever my designer discount is, fine. Otherwise you buy it. I'll order it for you and you buy it at full price.

Once they know that the retail cost is different than your cost, I don't see why they wouldn't want you to make some money.

**Gail:** Here is Kerry from Phoenix. What is Valentina's definition of the difference between a designer discount and a showroom commission?

**Valentina:** A designer discount is a discount that the showroom owner gives to all the designers like me who bring clients in. It's generally a lower price because I do volume with them. It's a lower price, not a cost price. It's not their manufacture

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price that they bought it for. It's a showroom price which is, to me, if I bring the client and buy it with my resale license.

If my client doesn't buy it through me they will have full retail price but still for bringing the clients in to the showroom and let them do the business with my client they reward me a certain commission. It's a reward. If the client would go on their own and pay retail and say Valentina is my designer and they have not had any word from me, they don't give that discount to the client.

People can find my name anywhere. So and so is my designer. They have to have a word from me. Tomorrow I'm coming with a client and blah, blah, blah. They have a head's up from me. If they don't and haven't heard from me, they call me. Somewhere came in and said your name. Is this your client? If it's yes, fine. If not, no. The commission I receive from the showroom is a reward for me to do business with them.

**Gail:** Here is a question. ASID and I'm sure IIBA is the same way, these associations have a specific clause in there that we must be completely transparent which I know you are on most everything. If you receive something after a client has paid directly to the showroom and you receive a commission, according to ASID or IIBA you should disclose that you received that commission. That is part of their ethic.

I think that is something you do a little differently and it may be because you're not part of ASID or IIBA.

**Valentina:** No, I'm not part of ASID. The commission comes directly from the owner. It's tagged on the retail prices obviously because they're not going to shell out just for me. It's on the retail price.

Whether they give it to me or they don't because the clients go buy directly from them without any designer, that commission is already tagged on to the retail price. They give it to me or any other designer because I bring business so it's a reward. They send me a 1099 for that commission so at the end of the year I do pay tax.

I want to make everybody understand, it's not a kickback. If I ask a client if they are willing to give me a bonus, it's not a kickback. That's an extra earning that I put on my tax return.

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**Gail:** In this particular case I think it's more a matter of communication with a client. In the organizations they require ethically you tell the client if you receive any compensation that they may not have been aware of.

Obviously you're not a member of ASID or IIBA.

**Valentina:** Yes.

**Gail:** That's just a different way of doing business. To reiterate for Brook, you do charge for your initial appointment \$250. Then when you sign the contract in your next meeting you collect 30% of that contract at that time.

**Valentina:** Yes.

**Gail:** Sue, from Woodbridge, VA asks, how do you estimate the appointment time of the client. Example, four appointments at two hours each for a family room, furniture and drapery selection. How would you go about doing that?

**Valentina:** When I set my prices based on similar projects I have done before. It's always how many hours I will spend in the fabric showroom, in the furniture showroom, lighting, accessories, flooring, etc. All of these hours I spend in the showroom and remember, I don't spend more than an hour. When I have a lot of things to do it might be an hour and a half but no more. Generally it's one hour in each showroom.

Then I count one hour of computer time when I receive all of this information from the sales person that gives me information about pricing, description, ordering time, measurements, etc.

An hour to design because I just don't buy furniture and say this is the picture. I don't do boards like I hear many do a color board and furniture board. I don't do that. I do the floor plan and put the exact furniture I want to have on that with exact measurements with a floor plan.

Then I make elevation and perspective. They see on my drawings exactly what the room is going to look like. The drawings depict the room. I count all of those hours of drawing in and that's how much that room will cost in my fee only.

**Gail:** From Amy in Scottsdale. Do you specify a not to exceed amount of hours to avoid scope creep?

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**Valentina:** Yes. That is what I said. You must decide how long this project will be going for. You decide how long that fee is good for. You are the actor of your company and you tell them what you need to make from them. Remember we make money with somebody else’s money.

This is what you need to make and this is how much it will take to do this project. You should know that. At the beginning it may be difficult but after the first few years I don’t think you should have that problem.

**Gail:** From Sue, do you charge a separate design fee over and above the fixed fee for the project?

**Valentina:** No. It’s all in one.

**Gail:** Angela asks, because you are specializing in more of construction design, that it might be easier to assess what it takes to select the finishes, paint and things like that versus getting into furniture, window treatment and things related to that. How do you estimate your time so you can adapt for projects where you are selecting furnishing for someone?

**Valentina:** It’s the same way. This year I had a repeat client who moved from a very large home and scaled down to a smaller home. Her smaller scale home was 6,000 square feet. She needed drapery for the whole house.

Because she was a repeat client I knew exactly what her tastes were but nonetheless, six years had passed by and she could have changed her taste so I had to asses that all over again. I told her we were going to do this process over again. Please tell me, what is your color, and all of that. Of course in the beginning I told her that I had an hour for her. Was this enough?

We were doing draperies and nothing else. I accounted for my drawings because I do a drawing for every design I make. I passed that to the seamstress. I deal with them and installation. It took me about three and a half months from start to finish. I accounted for five months.

The time was mostly my time. When they receive the furniture I am there, but I am not there to see everything being unpacked. I’m just there checking off all of the furniture that I’ve ordered, see if they’re there and the color is right. If there is something wrong after I spend that hour while they are putting the furniture in place and something is wrong the client will tell me. It’s only a phone call.

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I can't carry the furniture on my back and take it back to the store. It's only phone calls. Buying furniture is a little easier than a construction site. I go to the furniture store, take pictures of the furniture I like, I receive information from the showroom and my clients receive the picture only through the computer.

I don't go back and forth to the client's house. Do you like this chair, this sofa, this or that? They receive the picture in the email and we discuss things over the email and phone.

**Gail:** What if they want to sit in the furniture?

**Valentina:** That's a different story. If they want to sit, I say okay, let's go sit in the furniture but most of the time they sit in them themselves. The seating must come from a local source. The other things don't need to come from a local source, and even then I doubt that they'll buy it from a local source. People like what they like and it doesn't matter where it comes from.

**Gail:** Rosa doesn't understand the percentage that you place on the buying for your clients. Would you explain that again? There is a suggested retail that some of the showrooms offer and there is a wholesale cost. How do you explain that to your client?

**Valentina:** The sales price is whatever. I say this is your retail price. Your retail price, not mine. Mine will be this minus 30% or whatever. I say, if you are willing to give me half of my percentage back to me, if I give you 30% on \$1,000, you will save whatever it is. Give me half of that and that will be my bonus. I tell them I pay tax on this.

That will be attached to your sales price which is the retail price, minus my discount plus my bonus. That's a bonus. If they're not willing to let me have that bonus, they pay a full \$1,000 retail.

**Gail:** Alright. Amily asks is it right that your only profit on a project is the time you charge on your hours? If you feel comfortable would you mind sharing with us what types of hourly fees you tend to factor into your contract so that we understand the types of profit this method will generate?

**Valentina:** Considering the fact that I don't work by selling somebody else's furniture. I don't do that. I'm not in anybody's showroom so I don't sell anybody's furniture, light, accessory or construction material. I just source it.

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My time is what it is. My time needs to be rewarded because I source all of these things that other people are going to assemble and the client is going to buy.

My hourly fee is pretty high because I have to make money some how. Since I don't make a mark up or anything else, I don't mark up my labor, I have to make money as the professional designer that I am.

My fee varies. If I do a color consultation only, exterior and interior, only that, my fee is barely \$200. A color consultation takes me a week or less to do that. It's a very small job for me.

I go into the house three times in one day, early in the morning around 8:00 am, in the middle of the afternoon between 12 – 3 and then I return at night. Then I get the feeling of where the sunlight hits, the exposure of the house, what happens with the electric lights with the color and furniture they have.

Then I go choose the paint selection and chips. I put it together and I suggest a contractor and that's it. It's done. I don't have anything else to do for a color consultation so \$200 an hour is well paid. If it lasts three, six or less than 10 hours for sure, I also include my mileage to the client and it's still a flat fee.

**Gail:** It might be somewhere in the neighborhood of \$2,000 to do something like that.

**Valentina:** Right. To me this is a small job. In construction it's a different story. I have a lot of different responsibility, it's a higher job, there is a lot more stress, more hours.

**Gail:** Solving problems.

**Valentina:** If the client decides to call me a midnight I answer. My time is their time. If they pay for it you should be available all the time.

The value that you bring to the job is also a very personal value. Once they see that you are not nickeling and diming their time, like oh, I don't answer the phone after three in the afternoon because I go play golf, if I am playing golf I answer the phone if it's a client. That client is paying for my living. Make them feel important and that anything comes second after them.

That is another value you bring to them. I tell them, if they feel like calling me at midnight, please do so. Some people have sleeping problems and they might resolve their problems at night. If you want to call me at six in the morning please

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do so. They know I'm available and my time is not exactly counted like beside these hours I cannot dedicate you any more. No.

**Gail:** I'll try to combine a couple of these questions. It goes to the conversation we had about indecisiveness with clients. Some people need input from everyone, their mother, neighbors, etc. What do you do with that and how do you control that?

**Valentina:** At the beginning, when I make acquaintance with people I ask them, how many people are involved in this project? Who is the key player? Are you the one who makes the decision or is there a husband, friend, girlfriend, sister, neighbor? How many people do I deal with?

You have to ask these questions in the beginning. You might want to put it into a questionnaire so you don't forget it.

I also ask about the metals they like and don't like? Metals are very important in a décor as you know. If you like the shiny chromes, it's not for me. I don't want to see them. For some people they may want just that.

If they like mirrors. Mirrors are a window to your soul. A lot of people don't like mirror and there's a reason for it. They don't like to look at themselves in the mirror. They don't like the way they look in the morning.

My house is full of mirrors. Everywhere I look there are mirrors. Also, because they open a space. If you put a mirror in a dark room it looks bigger and like you have a window. All of these personal questions you must ask.

You must also ask about your time line. When do you think you want to start this project? When do you think you want it completed? Those are things that will limit them in spending your time. Keep reminding them. If they don't make a decision easy, say do you think we're going to finish this by March?

Most of it is the choice. Don't give them a lot of choice. Don't, don't, don't. Just three choices.

**Gail:** The questions we are not able to get to today, I will ask those questions of Valentina and get answers to you. If you'd like to ask a question on the telephone line please press Star 2 to raise your hand.

Here is another question. Would you be willing to share a copy of your questionnaire with the people in this class today?

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**Valentina:** Sure. A lot of them I've already mentioned. Yes, absolutely.

**Gail:** To answer Rose, yes, Valentina said she did charge for her first interview and it was an hour long and charged \$250.

Tammy says, I'm a bit confused about the annual expenses divided by 12, then adding on miscellaneous expenses. Is this how you arrive at an hourly rate or is that just the overall project rate?

What if you have five clients in a month versus eight? Does the flat rate go down because it's amortized over more clients?

**Valentina:** No. You must start thinking that every month is going to be paid by a client. In the money. Someone is going to pay you every month. Your office or working space, it might be in your home, divide a percentage of your mortgage for the room you use to work for your project and that is your mortgage. You start with your mortgage or rent.

I put a full mortgage in because that's the way I do it. I don't divide that by anything, that is a full price.

To that I add all the fixed expenses. Let's say I spend \$200 for cellular, that I divide by 12 months. Every time I have a new client, let's say 15 days after I've acquired a client, I have another client it's still the same process. I don't divide all these expenses by a lot of clients because that's not the way it works. Every client pays for the same thing.

I divide by 12 months all fixed expenses whatever it is, water, electricity, telephone, communication line, computer, website registration, everything. Even assistant. What does your assistant cost every month? If you have that assistant every day you should divide it by 12 months. Otherwise, if it's once in a blue moon just put it in as it is.

The mileage you spend to go from your office or working space to the project or to showrooms and back. You either put the mileage, I account .45 cents a mile or you account the hour. How many hours do you spend in the car? Or the gas, you can just put the gas into your accounting.

Then all the miscellaneous. For me, all the projects produce the same amount of miscellaneous. I copy the drawings that I produce. I copy for a lot of people to

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look at. I leave one copy to the client, one in black and white and one in color. The black and white are all the architectural drawings. The colors are the perspectives and elevations, what the room will look like.

Then I copy all the black and whites for the contractors, lighting guy, seamstress or whoever is involved. The client pays for that. If you get samples, sometimes you have to pay and if you return them you get your money back but sometimes you don't. You pay for those samples so all of that accounts for your flat fee plus your hourly work, what you spent to draw this project.

Some designers, instead of drawing the room they will stick the picture they find on the board. That is also preparing for the presentation, how many hours did you spend doing that? I don't do boards because I'm totally digital.

After the contract has been signed and everything has been approved, then two weeks later the client will see a full presentation of the room, house, whatever. We discuss it at that time. I always allow a half hour more because I know they'll have questions.

**Gail:** We're about out of time. I'm going to ask one last question. What if your project gets cancelled midstream? What happens to the contractual fee? Do you get it all or does it remain through the cancellation?

**Valentina:** Unfortunately you cannot get paid for things you haven't worked for and that is why I get a higher percentage at the beginning. I get 30% and when I can, and I know I can I do 40%.

Last year I had a client who was digging oil. I asked for a full price at the start. Done because I knew I could. I have a higher percentage of my fees at the beginning.

In case things happen in people's lives and they can't pay for whatever, they move, they don't want to do anything else, the stock market crashed, at least I have a good part of the project fee. Remember, you cannot get paid for something you have not worked.

You can't say that my contract says you need to give me \$10,000 and you only gave me \$5,000. You haven't produced the rest of the \$5,000 so you can't ask for anything back. I don't think it's legal. I don't because I don't want to get in trouble.

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I could possibly go to a lawyer and ask what we are going to do? They haven't paid but the job isn't done. He's going to say, what the hell do you want? I don't want to get into trouble so I keep my life simple.

If they want to pick up the project again in a few months or next year, you cannot change because that is what you have committed to charge. You pick up from where you left.

**Gail:** terrific. This has been so helpful and it's great to talk to somebody who's been doing this for years, has done it successfully and has made good money doing this.

For those who have questions that have not been answered, I'll make sure that we get these answers to you and get this out shortly. Just so you know, we are recording this and transcribing. It takes about two weeks to get that recording and we'll send that to you as soon as we get it.

Before you go, we are going to have a bonus call that has come up. We will send you information by email.

Thank you again, Valentina. It has been so helpful and so interesting to hear this from your perspective.

**Valentina:** If I could interject, I know it could be a very extravagant way of working, but it has worked for me. I have no problems presenting these things also because I know my target market very well. I don't propose these things for people who cannot afford them.

It's one thing to have champagne taste and not have the budget for it. You must know your target market to operate in a much more consistent way.

I wouldn't say it's been easy but it's been not very difficult to do it this way. Once you get used to doing it, it's the same every time. It doesn't change. You create a routine. You create a system and it's not going to go against you if you set it up right.

I just want to thank you for having me. I hope to have helped some people and I hope some of my colleagues will do the same. It's an experience for all of us.

**Gail:** Yes it is. Thank you so much for your generous time. I do appreciate it.

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**Valentina:** My pleasure. If you ever hear of anyone who needs an interior designer of my caliber, please send it to me. I will be glad to take care of it. I'm never too busy for your referrals.

**Gail:** She never hesitates to ask for referrals and I can tell you she does that with me too.

**Valentina:** See how easy it is?

**Gail:** It's very easy.

**Valentina:** It is easy. Easy. Easy.

**Gail:** Thank you everybody. Have a fabulous day and thank you for your time. We will be in touch with you shortly and send you all the information, recordings and transcripts after each call. Have a fabulous day.

