

---

# Contracts

## EECE 295

# Estimating

---

- Estimating takes place at proposal time, and includes an estimate of:
  - Time phased cost:
    - Direct labor
    - Direct material
  - Overhead, G & A
  - The sum of cost and G&A equals your cost through G&A
- The above defines your “breakeven point”
- Please note that this is based on your cost estimate, not what you end up spending on a project
  - Actual cost can vary significantly from the estimate

# Contract Negotiations

---

- A final iteration of contract cost and fee is accomplished at a negotiation after the contract award
- The idea is to define the “cost” and the “fee” for the entire project
- The “price” of the contract equals cost plus fee
- There are a variety of incentives available based on the type of contract
  - Cost reimbursable
  - Fixed price
  - Time and Material