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OUR RENOVATION DESIGN PROCESS

Inside The Design Process – How Much It Really Costs To Work With A Designer

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BY VELINDA HELLEN | 1.15.20

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Design nerds, this post is for you. Velinda here, and today I'm talking spreadsheets, budgets, and survey data – all the good stuff that comes with the design process for an interior. Non-design nerds, I apologize. No eye candy today. Just dense, leafy-green style information. But I promise that if you just give this post a chance you might find something interesting/healthy. Pretend for the duration of this post that you're thinking about hiring an interior designer for a space in your home. I'm going to cover what you could expect in terms of cost and time when working with a designer. But wait, are *you* an interior designer yourself, or thinking about becoming one? We're counting on you to join the conversation down in the comments with your own perspectives.

HOW WE CHARGE FOR DESIGN SERVICES HERE AT EHD

We're in the final stretch of the "Working with a Designer Series" (start here if you're catching up), where I took on the role of Sara's interior designer for her living room, dining room, and TV room. We've got the first reveal just around the corner, and we are bursting at the seams with excitement to finally shoot this thing. But first, it's time to give you the promised tell-all piece on budgeting for a designer and the final tally of how many hours were spent when designing Sara's spaces. That's the big question, right? HOW MUCH DOES THIS WHOLE THING COST?!

But first, a disclaimer from Emily –

"Hi guys. We have an unusual model here at EHD because the blog and partnerships are the bulk of our business, not residential clients (we can't do everything). So considering most of our projects are blog-content productions, sponsored projects, or friend/feel good makeovers, our process is a bit different than your typical residential design firm – we make our money on the backend, but need projects that can move fast, with people we love and trust, and thus they let us have more creative control. When I did have clients I charged $200/hour for me (when I remembered to bill thus the real problem – and now I'm realizing that I wasn't charging enough), and I think for a senior designer like Ginny was at the time $150, and $100 for a junior designer. Now we have what we call a 'friends and family rate' which is $75/hour for my design team's time which we charge simply to cover overhead costs (like payroll, office space, insurance, 401K, etc., for the EHD designers on the project). I don't charge my time because these truly are my friends or family and I don't like to charge them for me but I simply can't lose money and go out of pocket for the time spent from my design team. In exchange for the design services, we get to

document the whole process and shoot the spaces. It's weird, I know, and we've only been doing it for a few months so I'll let you know how it goes.

Love, Emily"

I'm back (me, Velinda) and in order to properly put this post together for you, I needed to find out what interior designers out in the "real world" were charging these days, and how they were doing it. I didn't want to make up rates or guess randomly. So first I did some research. I reached out to other designers we know and respect, all working at different experience levels in their careers and in different cities across the US (to whom we promised to keep anonymous, but THANK you to these generous folks!). They really helped to fill in the gaps between what we do here at EHD and what some of the industry standards currently are. All of our research moving forward is based on the answers we received. We'd all love to be Sara (whose designer was in-house, thus FREE to her)... but alas, research suggests that's not the *standard* model. Who knew!? So then, what should you expect?

I can promise one thing; the design process will take more time than you expect. And I'll be honest, it'll partially be your fault. But more on why you're to blame later. Suffice to say, like anything in life (namely kitchen and bathroom remodels) good things take time. Let's start with the design you've been following – Sara's house:

THE TIME AND MONEY BREAKDOWN OF SARA'S MAKEOVER TAKEOVER PROJECT

The total amount of time I've spent on the design process (so far) is right at 80 hours. That's prior to installation services, which will likely add another 10 or so. That also doesn't include the 55 hours spent on blog content for the project, but since you likely won't be documenting the whole process for a blog we're gonna deduct those hours from our tally. Using our current EHD friends & family rate of $75/hour rate here's how Sara's project would break down:

DESIGN TIME BREAKDOWN

TASK:	TIME INVESTMENT:	COST @ $75/Hr:
Meetings & Client Communication	5.5 hours	$413
Site Measurements & Drawings	2.75 hours	$206
Space Planning & Design Concept	18 hours	$1350
Sourcing	24.5 hours	$1838
Presentations, Mood Boards, & Modifications	9.75 hours	$731
Custom Cabinet Design & Drawing	6.5 hours	$488
Purchasing & Vendor Communication	12.5 hours	$938
Install & Final Styling	10 hours	$750
TOTAL		**$6714**

PLUS – Blog Administration & social shoots (writing 4 blog posts, shooting multiple stories/IGTV & YouTube videos, linking/crediting all sourcing, creating visuals for blog posts, etc.): 55 hours*

* This is EHD-process-specific, though it can pertain to other design processes that benefit from trade for press sponsorships; clients can potentially share in benefits from this model, but consider the extra time it might take.

Believe it or not, 90 hours isn't that long. Given we designed three small rooms; living, dining, and TV, plus knocked out a custom cabinet design, we're on track for a conservative timeline. Despite appearing (and often being) "fun," designing is time-consuming work. My investigating revealed you can easily expect a *single room* makeover (complete design: concept/color palette, floor plan, sourcing furniture/accessories, and installation) to take 35-50 hours and span the course of up to 8 or 9 months. Kitchens take even longer. Structural changes usually mean additional time and the possible addition of pulling permits. Then a full renovation or new build is likely to take between 18 and 24 months. You're looking at easily spending close to $6,000 per room for a full, designer-done makeover without major renovation, materials, or pieces. (Designers, what's your experience? Are these estimates ringing true? And what if you're touching a kitchen or bathroom??).

So pretending Sara had been paying our "friend rate" of only $75/hr, she so far would have paid $6,714 for my services. But turns out, $75/hr isn't near the industry standard. Research shows designers charging hourly typically average between $100-200/hour. "High End" interior designers or decorators are charging $200-300/hr, and "Luxe" professionals can be close to $500/hour. This aligns seamlessly with what a professor once told me, "Straight out of school, you should charge $75/hr. At the peak of your career, expect to be charging between $350 -$375 an hour. It's hard to get a designer for less than $100/hr." Cool, cool, I guess...but *holy moly!* That's going to add up.

GOOD DESIGN TAKES TIME, AND TIME COSTS MONEY…

For this project, Sara helped reduce my hours by doing some of her own sourcing, purchasing, and communicating with vendors. Sara coordinated all deliveries and did her own product inspection/inventory. I'd give Mac and Sara a B+ on being "easy to please and quick to make decisions," which made this process more "cost-effective." They were fairly good at communicating desires they had upfront and we shared a vibe/vision overall. Still, there were times where one would thumbs up right away and the other would pose questions, want more options, or want *each* piece to be stand-alone "wow" vs. "within the room wow." And that's *totally* fine. But those moments meant additional sourcing hours. Overall, I'd use them as a great model for how much back-and-forth might be "average" for a particular, yet not-hard-to-please client.

Given my currently-limited knowledge of client work and design firm business models, I've always wondered how you account for the potentially limitless back-and-forth, re-designs, or modifications that might come up in a design process. If charging hourly, what's to be communicated in advance about overall estimates when (here comes the "your fault" part) one client may have only one round of notes while another wants to go back and forth for weeks? Or if one client only needs a mood board to get excited, but another needs fully-flushed 3D rendering to understand the vision, which can take *several* hours to create. There are so many client X factors! So are there better models than hourly?

My professors spoke of this "ever-evolving, post-online-shopping-industry" that replaced standard models of the past. I was just *too young* to experience this shift (I was a late-blooming, decade-older-than-the-rest design student). Luckily, our designer friends had some solutions and are budgeting in contingency or overestimating in their proposals to allow for the X factor of clients' particularities.

HOW OTHER INTERIOR DESIGNERS TRACK & CHARGE FOR THEIR DESIGN SERVICES

So, now let's turn to our anonymous special guests and get some REAL answers. I can't thank these pros enough for their generous, business-savvy insight. The following are the questions posed to our seven experts and their responses. Quick note, these pros are all in major US cities (Portland, Vegas, Los Angeles and New York), so if you're in Duncan, Oklahoma, or something, you'll probably need to call around to see if there's truth in these numbers (or check down in the comments).

*Quick note! All of the designers we spoke with are working freelance, or own their own design firms. That means that within their hourly rate they are accounting for overhead that salary positions don't account for: taxes, software licenses, travel to and from work sites, paying employees/assistants, unpaid vacation time, unpaid sick leave, health benefits, savings for retirement, and savings for times when work is slow. We didn't include any designers working for a company or firm in our survey.

Okay, here we go:

Do you charge a flat fee or hourly rate, if so, what is your hourly rate or how do you calculate the flat fee?

Everyone questioned charges a little differently for different types of project, but rates seem pretty standard across the board. Most charge hourly, but a few charge flat fees (based on sq. footage) for ground-up or hospitality gigs.

The mean (or average) rate of people polled was $182/ hr. Here are a few sample answers:

- "It depends! The range is $150 – $350 an hour depending on whether it is operations based, or design (creative). If it is a larger budget ($100,000 or more), we charge a percentage of that budget as a flat fee."
- "I bounce around between an hourly rate and flat fees. For bigger jobs (like new builds and renovations) I typically charge hourly since they go on for so long. Sometimes on smaller jobs that are just a few rooms, I set a flat fee. $150/hour-ish."
- "I charge hourly, which was $150 but recently increased to $175."

DIFFERENT CLIENTS WILL NEED DIFFERENT VISUALS...
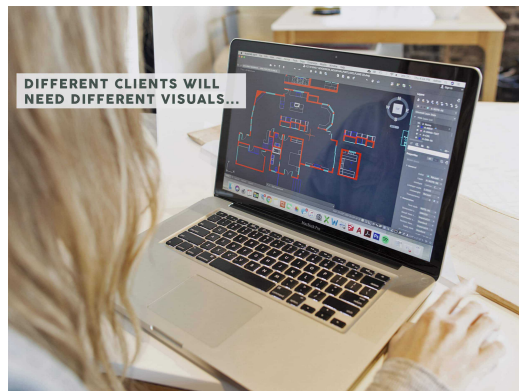
How do you account for paying assistants/a team? Is their time itemized separately or included?

The answers to this question were a bit more varied. Some designers account for the different levels of experience in their team by using a "blended" rate, while others charge different hourly rates for different team members.

- "I have a separate line item for design assistants or 3D modeling/drawing hours."
- "We charge an hourly rate. My hourly rate is $195 for myself as the principal designer, $135 for project managers, and $95 for junior designers."
- "We log all our time individually. Initially, we had separate rates of $150 general manager, $100 assistant, but now we do a blended rate of $175 no matter who works on the project."

How do you typically make accurate time estimates for a project, given the client X factor? Do you overestimate?

Though the specifics varied, a common occurrence was evident; most designers have this element addressed/outlined in their contracts.

- "We've become more accurate with every project we do, but we feel it is better to overestimate a little bit. We send weekly updates so that our clients can see how time is adding up. We usually give a heads up if we feel the time will surpass what we've estimated."
- "I can ballpark a time estimate based on previous projects of a similar scale. There's no way for me to know if the client will be someone who makes quick decisions or sends me back to the drawing board 100 times until we get started. I'm sure I actually under-report a lot of my hours because it can seem crazy that I spent 1 hour designing an entire living room but 75 hours searching for the perfect lampshade!"
- "We try to look at past jobs and match the scope, and estimate based on those. We typically underestimate. Because we do not charge a flat fee, we tell our clients that these are mere time estimates, and can vary greatly. I always equate it to an attorney meeting with their client for the first time. There is no way to predict what something will cost until we're deep into the project."
- "We include a 20% contingency on all jobs to allow for scope creep. If it goes over, we will get the client's approval to go into contingency. It's nice to have this written into the original contract, as it saves time getting an additional contract approved. We can pull reports in Harvest (a time tracking app) at any time, and we try to do this weekly."

How would you handle going over time estimations?

- "Ooof. This is a tough one, but we just let them know from the outset that the more we do (call, order, email, discuss) the more it costs – it all goes on the clock and to keep that in mind!"
- "We tell the clients upfront that we account for ALL BILLABLE TIME, which includes any electronic communication, phone calls, driving time, etc. We tell them that the more decisive they are the less they will have to spend on us. This is another reason we stick to an hourly model over a flat fee."
- "Every client is different, spending a little more time upfront for creative alignment will help establish trust and ultimately saves time in the end. Weekly check-ins by phone, in-person meetings, connecting on a personal level, all help foster trust, too."

SOME CLIENTS WILL BE DECISIVE, OTHERS WON'T...

LAYOUT A
LAYOUT B
LAYOUT C
LAYOUT D

Do you ever charge commission on furniture?

This is a common practice among designers, who are often able to secure furniture and accessories at a discounted "trade" price. A designer will purchase the pieces for their client at a discount, then charge a commission on the piece (usually a percentage of the discounted cost) to help account for all the little amounts of time that aren't trackable. Often a client will still end up paying less than if they had bought the piece retail themselves.

- "For clients that require a little more of a "white-glove" service, I'll charge commission on furniture considering I'm handling all the purchasing. If I pass along my discount then I have the clients place all orders themselves and they're in charge of dealing with shipping/receiving/storing, etc."
- "Always. We typically mark up 30% from our industry rate, which means the client is still paying less than retail (most retail furniture has a 2.5x mark-up)."
- "Yes, purchasing is required on all contracts (except hospitality) and is a flat rate of 35%. The client is also responsible for paying a receiving company, where products get checked for damages, quality, etc., and our firm monitors these updates against the purchase order. Products get delivered according to the construction schedule, and a final install of furniture is done at the end of a project."
- "Yes. 30% on wholesale, vintage, and custom. We don't give clients our retail trade discount so they are paying what they would be if they purchased it themselves."

Any favorite software or tips for logging project hours and invoicing?

There were definitely variations in billing practices, with some billing bi-monthly and others billing once a month.

I'll start with EHD. We use Harvest for logging hours and expenses, and Google Sheets or Airtable for a lot of project management and orders. Harvest was the most common time tracking and invoicing software reported by our small sample, with Ivy following, and Fohlio for purchasing. Spreadsheet-nerds will be happy to know those are still a popular-player, too.

IN CONCLUSION...

Now knowing standard hourly rates, let's reassess Sara's "designer budget" with a more accurate rate of $182/hour (which is an average based on the hourly rate results from our survey):

DESIGN TIME BREAKDOWN

TASK:	TIME INVESTMENT:	COST @ $182/Hr:
Meetings & Client Communication	5.5 hours	$1001
Site Measurements & Drawings	2.75 hours	$501
Space Planning & Design Concept	18 hours	$3276
Sourcing	24.5 hours	$4459
Presentations, Mood Boards, & Modifications	9.75 hours	$1775
Custom Cabinet Design & Drawing	6.5 hours	$1183
Purchasing & Vendor Communication	12.5 hours	$2275
Install & Final Styling	10 hours	$1820
TOTAL		**$16,290**

I LOVED Sara and Mac's project, but Sara could never have actually afforded me. And that makes me sad. (Sara would like to add that this is a very RUDE, but a true assessment.)

But, designers, you want to remain competitive with your rates. Your knowledge and resources are uniquely valuable (project-undertakers, be wary of hoping your contractor will moonlight as your designer. That can be an expensive mistake!). It's a tricky tightrope to balance on, as you don't want to be SO expensive you aren't able to secure work, but not so low that you aren't able to make a living. At the lower-end of the scale, you may actually lose work. Potential clients might wonder why you're "so cheap" and assume you're not a professional or lack experience. As with anything, there's something to be said for not taking the cheapest option.
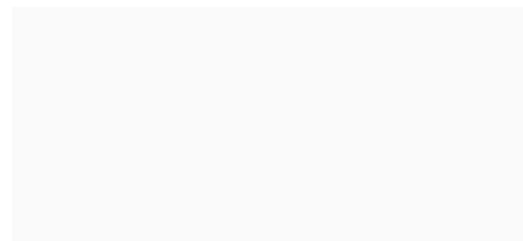
Alas, a fully-executed design by a professional seemingly remains a luxury service (one well worth it, if you can afford it!). But if these fees don't fit your budget, DON'T GET DOWN. There are still ways you can possibly work with a designer, and I'm going to share those with you in a second post coming soon.

There is, of course, always the "do it yourself" model. Non-design school trained team members like Arlyn, Bowser, and Jess are all self-made success stories that exemplify the fact that all you need is a Pinterest board, a good flea market or two, a pinch of taste, and the time/patience to pull it off. And don't worry, Sara is being forced to design her own bedroom and master bathroom, so she's not sitting in lap of luxury – aka my lap – for too much longer. She'll pull it off though, she's done it before (see her old apartment below).

I have to confess, doing all the research for this post lined up serendipitously with my and Bowser's recent leap into taking on our own clients. Spreading freelance wings can be scary, but now I feel like I have so much more information to work with. Emily B. and I are testing our own newborn-models now. (if you're interested you can reach me here, and Bowser here).

Finally, to all the designers reading this post – are there any other methods you have tried that *don't weed out* the "non-luxe" client? Partial designs, consults, e-design? I just want to keep working with cool people, like Sara and Mac, who might not necessarily have the budget to hire a designer. (Sara's not my boss anymore, so now you know I mean it.) Okay, the end for real. BUT STAY TUNED for Part II on deck for tomorrow, where I share a few ways to save when working with a pro, and why working with a designer (even partially) might be an expense you can't afford to cut…. See you then!
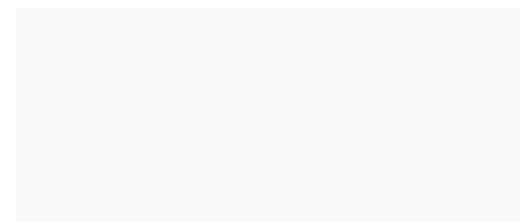
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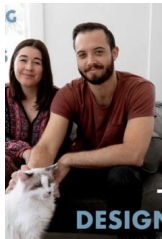| A Fireplace Design Agony | Sara's Moody TV Room Plan

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