sonal expenses (DPE)—those costs associated with the employment of people, including benefits such as vacations, holidays, health insurance, pensions, etc. In order to preserve confidentiality, many firms address average labor costs by category or discipline.

Direct costs are those costs that are incurred in the execution of the work and include those costs associated with travel, reproduction, printing, photographs, postage, telephone and fax costs, etc. Some or all of these costs may be either reimbursable or nonreimbursable, depending on the contract with the client.

Firm overhead and profit are calculated in many different ways. The internal project budget must account for overhead and profit, however they are computed in the design firm.

Consultant costs fall into the same categories as those of the design firm. Fortunately, the project manager for the design firm typically need only manage and monitor the overall consultant fee. The project manager for the consultant firm has the same responsibilities as the design firm project manager to manage the consultant's internal project budget.

Most project managers have learned, and some design firms insist, that a portion of the design fee be set aside as a management reserve. This reserve is intended to be used to cover work which takes longer to produce than planned, and it is usually at the sole discretion of the project manager to use. Ten percent of the fee is a typical management reserve.

ADMINISTRATIVE PROCEDURES

In addition to establishing internal financial budgets, it falls to the project manager to set up all project procedures, files, and records for the project. It is important to the design firm that procedures are followed and records are maintained by the design team during the course of work on the project, to ensure that all contractual obligations are met. These records also become important historical data for future business decisions and marketing efforts.

Some firms require a project procedures manual as a part of starting every new project. The manual provides the team with project information such as client and team directories, organizational charts, and schedules. It also establishes the framework for all communication protocols and documentation procedures and formats for the project.

The project files should include the marketing materials for the project, the documented project goals, the project scope, the work plan, the schedule, the internal project budget, and all project contracts, amendments, and additional service documentation. All project correspondence, drawing files, reports, surveys, and other project documentation should be added to the files over the course of work on the project. It is important to organize both paper and electronic files.

As tedious as these housekeeping duties are, it is important that they be addressed at the beginning of the project. Once the project gets underway there will be no time to address these administrative responsibilities. The files and record keeping may be sloppy and the team will not enjoy the advantage of being able to move through the project work within a framework of established administrative rules and procedures.

Establish Communication and Documentation Protocols

Good communication is essential to the success of the project. The project manager is typically the primary contact between the client and the design team and consultants. In this capacity, the project manager establishes the way that information is transmitted among all parties. It is his or her responsibility to see that information is transmitted in a timely manner and that it is fully documented. Once a project is underway, this alone can be a full-time job. Even though other key members of the design team and consultant firms may develop communication channels with the client, it is essential that the project manager be the primary contact, so that he or she can remain directly connected to the project, constantly monitor the progress of the project, and ensure that all goals are being met.

A record of the many conversations that lead to decisions concerning the project, and the decisions themselves, is an essential part of the historical data of the project. Much of the communication on a project is verbal—telephone conversations, voice-mail messages, in-house design team meetings, project team meetings with the client, and formal client presentations. It is in these conversations and meetings that decisions are made which set the direction for the project. It is difficult for either the client or design team to look back and remember every decision, or the reason for the decision. A paper trail, which is produced throughout the course of work on the project,