

CASE 976A - VALUE-BASED COMPENSATION COMMENTARY

ABSTRACT

The importance of receiving adequate fees for structural services is vital for the engineering practice to thrive. If fees are not adequate, the structural engineering professional becomes a commodity; libraries are not maintained, computer software and equipment becomes out-dated and the quality of our product declines significantly.

Traditional methods of compensation are cost based, derived from a specific scope of services and distinct level of service and often, defined by the low bidder. There is no incentive for innovation or originality, for improving the processor or for becoming a valued partner in the successful project.

Value Based Compensation is a means to step out of the ordinary and establish your value to the team. Value Based Compensation is based on the concept that there are specific services, which may vary from project to project, that provide valuable information to the client and whose impact on the success of the project is far in excess of the prevailing hourly rates. Value Based Compensation is based on the increased value or savings these innovative structural services will contribute to the project. As a result, the primary beneficiary of an innovative design or a concept is the owner, but the innovative engineer is adequately compensated for his knowledge and expertise in lieu of his time.