

# FrameWork 9/24

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## TIME AND MATERIALS

Time and materials is a standard phrase in a contract for construction, product development or any other piece of work in which the employer agrees to pay the contractor based upon the time spent by the contractor's employees and subcontractors to perform the *work*, and for materials used in the construction (plus the contractor's mark up on the materials used), no matter how much work is required to complete construction.

Pros and Cons of T&M contracts are as follows:

PROS	CONS
Acknowledges projects can evolve	Tracking time and materials can be a pain
Provides ability to handle scope creep or work arounds with confidence	No incentive or benefit for being efficient
Helps save time to expedite project commencement instead of comparing many competing bids	Requires constant communication and collaboration
Reduces risk of misquoting/underquoting for the contractor	Unexpected costs and material increases can make forecasting difficult
Flexible deadlines and benchmarks	Possibility of resource mismanagement

Below is an example of a T&M Invoice with hypothetical materials and labour:

# INVOICE

Date: [dd/mm/yyyy]  
 Invoice # [Enter Invoice #]  
 Due Date: [Enter Due Date]

From:

Bill To:

[Name/Company Name]  
 [Address Line 1]  
 [Address Line 2]  
 [City],[Province/State],[Postal/Zip Code]  
 [Email Address]  
 [Phone]

[Client's Name/Company Name]  
 [Address Line 1]  
 [Address Line 2]  
 [City],[Province/State],[Postal/Zip Code]  
 [Email Address]  
 [Phone]

MATERIAL DESCRIPTION	QUANTITY	COST PER ITEM	TOTAL
Aluminum			
Stainless steel			
Wood			
Paint (Blue, Yellow, Gray)			
Bolt			
Paper clip			
Ping pong ball			
Clothespin			
Wool			
Rubber			
Pink eraser			
Dry ice			
Screw			

MATERIALS TOTAL: \_\_\_\_\_

LABOUR DESCRIPTION	HOURS	RATE/HOUR	TOTAL
Observing			
Describing			
Cutting			
Welding			
Painting			
Printing			
Framing			

LABOUR TOTAL: \_\_\_\_\_

TAX RATE: \_\_\_\_\_

SUBTOTAL: \_\_\_\_\_

TOTAL TAX: \_\_\_\_\_

INVOICE TOTAL: \_\_\_\_\_

PAYMENT TERMS: \_\_\_\_\_

*Thank you for your business!*

Most of the time, time and materials is used in projects in which it is not possible to accurately estimate the size of the project, or when it is expected that the project requirements would most likely change.

Contractors and employers will assess factors such as scale, timeline, material availability and consider the conditions connected with what is happening or what has happened with other projects when deciding between a Time and Materials or Fixed agreement. A quick Google search will outline case studies for both. Which is better is subject to interpretation.