

The Project Budget.

An instrument: price a project to a margin before you sell it, track it while it runs, and know what you really made — four faces of one grid. With the template.

An instrument, and a spreadsheet.

Professional services firms lose money one project at a time, and they usually find out at the end of the quarter. The project budget is the instrument that finds out before the proposal goes out, and keeps finding out every week until the invoice is paid. Like the [Capacity Model](#), it ships as a workbook, because the instrument is the workbook; this document is the manual.

VERSION	DATE	AUTHORITY	NOTES
1.1	October 2026	Juan Carlos González II	First public edition, rebuilt from the 2025 tool as a Juan.co instrument; the rate card links to the grid, the floor is a single cell, the template carries a worked project
1.0	2025	Juan Carlos González II	Built for a creative agency, to show how planned time and materials drive both profitability and the capacity to serve — on the project budget discipline I built and ran at EchoDitto, 2010–2015

HOW TO USE THIS INSTRUMENT

Read page 4 once, for the rule. Page 5 is the rate card — build yours before anything else. Pages 6–8 are the three faces of a project: the plan, the run, the verdict, each with the template's worked example. Page 9 is change orders, the place budgets die. Page 10 is the first ninety days; page 11 is the template, tab by tab, and the checklist. Open the workbook beside page 6.

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Price it to margin.

When I inherited the client services function of a digital agency there was no uniform way to know whether a project would make money. Time and cost were managed reactively — after the fact, by whoever noticed. So I wrote one rule and built one sheet to enforce it.

The rule: **no project is priced without a budget, and no budget is accepted below the margin floor.** The sheet was a simple template that both sales and project managers had to use — sales to price the bid, project managers to run the work against the original estimate. A budget was only valid if it started from the floor, which at that firm was seventy-three percent for non-profit and institutional clients and higher for corporate, and the floor was enforced by the rate card: each person's hourly billable rate carried a mandatory premium over their cost, so that every hour sold stayed profitable to the margin. Change orders had to be logged against the budget, and each one triggered one of two things — a budgetary change with an invoice behind it, or a recognized hit to the margin, taken knowingly. We ran the budgets and the capacity model together in a weekly traffic meeting, and later put tools underneath both.

That discipline, with the capacity model and a far more selective way of choosing work, took the agency from one million in annual billings to ten and from fourteen people to sixty. Ten years later I rebuilt the same sheet for a creative agency that was planning time and materials well and still could not see its margin; it had the hours, the rates and the costs in three places that never met. The sheet's whole job is to make them meet.

PROTECTED HERE

Project margin

Sale minus cost, over sale — on *loaded* cost, before the proposal goes out and every week it runs. The number the floor is set against.

PROTECTED HERE

Billable actualization

Hours actually worked over hours planned. Above one, the project ate hours it did not sell. The Performance face computes it; the next estimate learns from it.

PROTECTED BY THE CAPACITY
MODEL

Billable utilization

Whether the people exist to do the hours in this budget, this month. The hours here are the hours in the project's row there.

The rate card.

Every budget is priced from one sheet of roles. Build it first and honestly, because every other number in the instrument is a multiple of it.

ROLE	SALARY	HOURLY	LOADED ×1.8	HOURLY COST	RATE	MARGIN ON SALARY	MARGIN ON COST	RATE TO FLOOR
Principal	\$200,000	\$96.15	\$360,000	\$173.08	\$485	80%	64%	\$480.77
Senior Consultant	\$130,000	\$62.50	\$234,000	\$112.50	\$315	80%	64%	\$312.50
Consultant	\$100,000	\$48.08	\$180,000	\$86.54	\$245	80%	65%	\$240.38
Developer	\$120,000	\$57.69	\$216,000	\$103.85	\$290	80%	64%	\$288.46
Analyst	\$70,000	\$33.65	\$126,000	\$60.58	\$170	80%	64%	\$168.27
Contractor (external)	—	—	—	\$60.00	\$170	—	65%	\$166.67

HOURLY SALARY annual salary ÷ 2,080 — what the person is paid per hour

LOADED COST salary × the multiplier — what the person costs: benefits, tools, seat, overhead, the hours nobody bills. **1.8** is a defensible default for a services firm; yours is in your P&L

RATE what an hour of this role sells for · typed

TWO MARGINS on salary, which flatters; on loaded cost, which is true. The floor is set against the true one

RATE TO FLOOR $\text{hourly cost} \div (1 - \text{floor})$ — the rate below which the role loses money at the floor. If your rate is under it, the card is already telling you something

Two levers sit at the top of the sheet and nowhere else: the loaded-cost multiplier and the margin floor. Everything downstream references them, so when the floor moves from sixty-four to seventy percent, every role's rate-to-floor moves with it and every open budget turns coral or does not. Contractors have no salary; enter their hourly cost directly and the card prices them like anyone else — which is the point, because a contractor billed at cost is the commonest way a project quietly goes under the floor.

WHY MARGIN ON SALARY IS THE WRONG NUMBER

A consultant paid \$100,000 and billed at \$245 looks like an eighty-percent margin. Loaded, the same hour costs \$86.54 and the margin is sixty-five. The fifteen points between them are the firm — rent, software, the bench, the partner who sold the work — and a rate card that prices from salary gives those points away on every hour, invisibly, until the year-end accounts say the firm made nothing on a year of eighty-percent projects.

II • FOUR FACES

Budget — the plan.

Hours by role by month. The sheet looks them up on the rate card, prices them at cost and at rate, and tells you the margin before anyone has said a number to the client.

ROLE	JAN	FEB	MAR	APR	MAY	HOURS	COST	SALE
Principal	8	4	4	2	2	20	\$3,462	\$9,700
Engagement Manager	16	16	16	16	8	72	\$9,346	\$26,280
Senior Consultant	40	60	60	40	20	220	\$24,750	\$69,300
Consultant	40	80	80	80	40	320	\$27,692	\$78,400
Project Manager	16	16	16	16	16	80	\$7,615	\$21,200
Designer	–	40	40	20	–	100	\$8,221	\$23,000
Developer	–	40	80	80	40	240	\$24,923	\$69,600
Analyst	20	20	20	20	20	100	\$6,058	\$17,000
Totals						1,152	\$112,067	\$314,480

COST $\text{hours} \times \text{hourly cost}$, per role, summed

SALE $\text{hours} \times \text{rate}$, per role, summed — the fee

MARGIN $(\text{sale} - \text{cost}) \div \text{sale}$ — 64.4% on this one, against a 64% floor: accepted, barely

EXPENSES estimated on their own sheet by category and passed through at cost — inside the invoice, outside the margin

The months are the integration with the capacity model: a budget that says forty consultant hours in February is a row that says forty consultant hours in February on the February tab. The two sheets share the number, and a budget that cannot be staffed in the month it is planned for is re-planned in the budget, before the proposal, rather than in the overtime, after it.

THE WORKED EXAMPLE

A brand-platform engagement for a sample client: 1,152 hours across eight roles over five months, \$112,067 of loaded cost, \$314,480 of fee, \$14,820 of expenses, a 64.4% margin. It is the template's own Budget tab; the next two pages follow the same project through its run and its verdict.

II · FOUR FACES

Track — the run.

The same grid, with the hours actually spent typed in from timesheets, month by month. It is the only thing typed on the sheet, and it is typed weekly, not at the end.

1,230 HOURS SPENT

Against 1,152 budgeted

Remaining hours by role, and in total: **-78**. Every role is over, by two to twenty-four hours; none by enough to notice alone. The sheet turns the remaining column coral the week it goes negative, which is the week to act — not the month.

-\$620 EXPENSES REMAINING

Against \$14,820 estimated

Two more hotel nights and two more days of ground and meals than planned. Small, visible, and the kind of thing that is invoiced only if someone sees it before the client pays.

RUN COST

$\text{hours spent} \times \text{hourly cost}$ — what the project has cost so far

RUN SALE

$\text{hours spent} \times \text{rate}$ — what those hours would have sold for; above the fee, the project is working for free

REMAINING

$\text{budget hours} - \text{spent}$, per role — the column to read

Track is a weekly discipline, and the week is the unit for a reason. Hours entered at the end of a project are a history; hours entered on Friday are a decision — to re-plan, to raise a change order, to move the work to a cheaper role, to stop. The project manager owns the sheet; the firm's traffic meeting reads the remaining column for every live project in five minutes, and the ones in coral get a sentence each.

WHAT TRACK DOES NOT DO

It does not change the budget. The plan is the plan; Track is what happened against it. A project manager who edits the Budget tab to match the hours spent has made the project look on-plan and destroyed the only evidence the firm had of how the estimate was wrong. Change orders add hours to the budget, dated; nothing else does.

Performance — the verdict.

Nothing is typed here. The sheet subtracts the plan from the run, by role and by month, and says what the project really made.

61.8%

REALIZED MARGIN

Against 64.4% planned

Margin moved **-2.6 points**, and the project that cleared the floor on paper finished under it. Cost overrun: **\$8,031** — seventy-eight hours of loaded cost the fee did not cover.

106.8%

ACTUALIZATION

Hours worked ÷ hours planned

Seven percent over, spread across every role. That is not a bad project manager; it is an estimating pattern, and the next proposal for this kind of work should carry seven percent more hours or a seven percent higher rate.

ROLE	PLAN HOURS	ACTUAL HOURS	DELTA	ACTUAL COST
Principal	20	24	+4	\$4,154
Engagement Manager	72	74	+2	\$9,606
Senior Consultant	220	240	+20	\$27,000
Consultant	320	336	+16	\$29,077
Project Manager	80	84	+4	\$7,996
Designer	100	104	+4	\$8,550
Developer	240	264	+24	\$27,416
Analyst	100	104	+4	\$6,300
Totals	1,152	1,230	+78	\$120,098

A positive delta is hours the project consumed beyond plan — **unbilled unless a change order covers them**. Read the deltas by role and by month and the project tells its own story: the developer's sixteen in March is a scope conversation that happened on a call and never reached the budget; the senior consultant's four every month is a client who likes a weekly check-in nobody priced.

WHY THE VERDICT IS A SHEET AND NOT A MEETING

Because it accumulates. One project seven percent over is a story. Twenty projects seven percent over is the firm's actual estimating rate, and the rate card should move. Performance tabs, kept, are the only honest input to next year's prices.

Change orders.

Budgets do not die in the proposal. They die in the fourth week, two days at a time, when a client asks for something small and someone kind says yes. The change order is the instrument's immune system.

WHAT IT IS

New hours in the grid, dated

A change order is a line in the log — date, description, hours, role, who approved it — *and* those hours added to the role's row in the month they will be worked. A change order that is logged and not gridded is a note; one that is gridded and not logged is a mystery.

TWO OUTCOMES, NO THIRD

Invoice it, or eat it knowingly

Either the sale moves with the hours — a budgetary change, with a number the client has agreed to — or it does not, and the margin impact is recognized, written down, and owned by whoever decided to absorb it. "We'll make it up later" is not an outcome.

APPROVED AGAINST

Margin and capacity

Every change order is checked against the budget's margin — does it stay above the floor? — and against the capacity model — does the person exist in that month? A change order approved against margin alone is how a profitable project puts a developer at a hundred and twenty percent.

The trap is size. A forty-hour change order gets a conversation, a price, and a signature. A four-hour one gets a nod — and ten of them are a forty-hour change order that nobody priced, which is exactly what the sample project's Performance tab shows: seventy-eight hours over, in pieces no larger than twenty-four. The rule that fixes it is the same one the capacity model runs on: **nothing is accepted without a row**. If it takes hours, it is a change order; if it is a change order, it is in the log and in the grid by Friday.

THE SENTENCE TO TEACH EVERY PROJECT MANAGER

"Happy to — let me add that to the plan and send you the change." Said warmly, every time, it turns the client's small ask into a priced line and the project manager from a people-pleaser into a professional. The firms that grew were the ones where that sentence was reflex.

Standing it up.

Ninety days from no budgets to no project without one. The rate card comes first, and sales has to be in the room.

WEEKS ONE AND TWO

The card and the floor

Every role that bills, with a salary band, a loaded-cost multiplier from the real P&L, a target rate, and the rate-to-floor beside it. Set the floor. Show it to whoever sells, because they will be pricing from it on Monday. Then budget every live project retroactively — the first Track tabs will be ugly, and that is the information.

WEEKS THREE TO SIX

Every proposal

No proposal leaves the building without a Budget tab, and sales builds it — the template is simple enough that this is a rule, not a request. Budgets below the floor are re-planned or declined. Project managers start Track weekly. The change-order log opens, and the first "small thing" gets priced out loud.

WEEKS SEVEN TO THIRTEEN

The verdict, monthly

Performance for every project that closed, read in one monthly meeting: realized margin against planned, actualization by role, the deltas that repeat. By the end of the quarter the firm knows its real estimating rate, and the rate card gets its first honest revision — up, in my experience, by five to ten percent on the roles that always run over.

Two failure modes. **A rate card built from wishes.** A loaded multiplier of 1.3 because 1.8 "seems high," a floor set where the competition prices, rates copied from a bigger firm — and every budget passes, and the year ends with nothing. The card is only useful if its numbers come from the accounts. **Actuals entered at the end.** A Track tab filled in when the project closes is a Performance tab with no chance to act; the weekly entry is the entire difference between an instrument and an autopsy.

WHAT GOOD LOOKS LIKE AT DAY NINETY

A rate card the finance lead signed. No proposal without a budget; no budget below the floor. Track current to last Friday on every live project. A change-order log with entries in it. One monthly Performance review, and a rate card revision scheduled from it.

The template, and the checklist.

The workbook beside this document has six tabs. Blue is typed; black is arithmetic; green pulls from another tab; the two yellow cells are the levers.

Read me

The four faces, the colour rule, and how the template pairs with the Capacity Model.

Roles

The rate card. The multiplier and the floor at the top; roles, salaries and target rates below; the two margins and the rate-to-floor computed. Margin on loaded cost turns coral below the floor.

Budget

The plan: project and client, hours by role by month, cost, sale and margin at the top, the expenses total pulled in, and the change-order log at the bottom. Margin turns coral below the floor.

Expenses

Estimate by category and item; actuals beside; remaining. Passed through at cost unless your contract says otherwise.

Track

The run: hours spent by role by month, typed weekly; remaining by role, run cost and run sale. Remaining turns coral below zero.

Performance

The verdict: plan against actuals by role and by month, realized margin, margin moved, actualization, cost overrun. Nothing typed.

BUILD

- ☐ Every billing role on the card with a salary band
- ☐ Loaded-cost multiplier from the real P&L
- ☐ Margin floor set and shown to sales
- ☐ Target rates above the rate-to-floor
- ☐ Contractors entered at hourly cost
- ☐ One workbook per project, from the template

EVERY PROPOSAL

- ☐ Budget tab complete: hours by role by month
- ☐ Expenses estimated by category
- ☐ Margin at or above the floor
- ☐ Hours staffed in the capacity model for the same months
- ☐ Fee quoted from the Budget's sale

EVERY WEEK

- ☐ Track updated from timesheets to last Friday
- ☐ Remaining column read in traffic; coral rows get a sentence
- ☐ Change orders logged and gridded, dated
- ☐ Each change order invoiced or its margin impact recognized

EVERY MONTH

- ☐ Performance read for every closed project
- ☐ Repeating deltas by role noted
- ☐ Expenses reconciled to invoices

EVERY QUARTER

- ☐ Rate card revised from the quarter's actualization
- ☐ Multiplier checked against the accounts
- ☐ Floor reviewed — and raised, if every budget clears it easily