F3 GROUP

OPERATIONAL EXCELLENCE REPORT · 2026

The Estimating Process Benchmark Report

Why the companies winning more bids aren't working harder — they have better visibility, tighter processes, and the confidence to price for profit.

$324K
Avg. annual estimating overhead (15 bids/mo)

40%
Higher close rate for first credible bid received

8–15%
Typical margin variance, estimated vs. actual

- The real goal: winning more bids, not just faster ones
- What your estimating process is actually costing you
- The 5 benchmarks that separate high performers
- The takeoff problem and the margin profile gap
- What good looks like — and how to get there

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SECTION 01

The Real Goal Isn't Speed. It's Winning More Bids.

Most conversations about estimating process improvement start in the wrong place. They focus on turnaround time — how to get bids out faster. Faster is better, but it is not the point. The point is **winning more of the right bids at the right margin**, and then delivering on what you promised.

> The companies outperforming their competitors aren't just faster. They have **clarity** — on their costs, their margins, and which bids are worth winning. That clarity is a process outcome, not a talent outcome.

When your estimating process is built correctly, three things happen that directly drive revenue growth:

1. **You respond first — and first wins.**
   The first credible bid received by a buyer closes at a significantly higher rate than subsequent bids, even when it is not the lowest price. Speed creates a competitive advantage that most companies are not measuring or managing.

2. **You price with confidence, not guesswork.**
   When you know your true costs, your margin profile by job type, and your historical win rates by price point, you stop leaving money on the table and stop buying work you can't deliver profitably.

3. **You adjust your approach to increase conversion.**
   A well-instrumented estimating process tells you which segments, customers, and bid types you win — and which you don't. That intelligence lets you refine your approach, sharpen your proposals, and allocate your estimating capacity toward the bids most likely to close.

THE SHIFT IN MINDSET

This is not about doing more work more efficiently. It is about **winning more revenue** by bringing the same discipline to your estimating process that high performers bring to every other part of their operation.

SECTION 02

What Your Estimating Process Is Actually Costing You

Before you can fix the process, you need to see the real number. Most business owners think about estimating cost in terms of software subscriptions and estimator salaries. The actual cost is far larger — and almost entirely invisible on a P&L.

A company running 15 bids per month, each requiring three days of estimator time, is spending 45 person-days per month on estimating administration. At a fully-loaded labor cost of $600 per day, that is **$27,000 per month — or $324,000 per year** — in estimating overhead alone.

45
Person-days/month on estimating admin

$324K
Annual overhead at $600/day

$194K
Annual savings from 60% improvement

That number does not include the opportunity cost of bids that were delayed, the revenue lost when a competitor responded faster, or the margin erosion that occurs when material costs change between the time a bid is built and the time it is submitted.

Operation Size	Bids/Month	Days/Bid	Annual Overhead	60% Improvement Saves
Small	8	2	$115,200	**$69,120**
Mid-size	15	3	$324,000	**$194,400**
High-volume	30	4	$864,000	**$518,400**

The companies that have addressed this problem — systematically, not just by hiring another estimator — are not spending less time on estimating because they care less about accuracy. They are spending less time because they have **eliminated the administrative drag** that surrounds the actual estimating work. And they are using the recovered capacity to pursue more bids, respond faster, and win more revenue.

SECTION 03

The 5 Benchmarks That Separate High Performers

1. Quote Turnaround Time

INDUSTRY AVERAGE

5–10 business days

HIGH PERFORMER

2–3 business days

The gap is not driven by estimator skill. It is driven by how information flows into and out of the estimating function. Companies that have standardized their intake process — a consistent set of inputs required before an estimate begins — eliminate 30–40% of total bid cycle time before they touch a single number. The business impact is direct: the first credible bid received closes at a significantly higher rate than subsequent bids, even when it is not the lowest price.

2. Quote Accuracy and Margin Consistency

Industry average margin variance between estimated and actual job cost is 8–15% on complex projects. High performers are under 4%. A company winning bids at a 22% gross margin but delivering at 14% is not running a 22% margin business — it is running a 14% margin business with a 22% margin illusion. High performers solve this by building accuracy into the process itself: templated cost structures, automatic material price updates, and mandatory scope confirmation before a bid is finalized.

3. Estimating Cost as a Percentage of Revenue

Metric	Industry Average	High Performer
Estimating cost / revenue	3–6%	1–2%
Turnaround time	5–10 days	2–3 days
Margin variance	8–15%	Under 4%
Estimator time on actual estimating	40–60%	75–85%

4. Scalability Without Adding Headcount

When bid volume increases, the default response is to hire another estimator. High performers ask a different question first: *what percentage of our estimator's time is actually spent estimating?* The answer is almost always 40–60%. The rest is data entry, reformatting, chasing approvals, and rebuilding templates. Eliminating that drag routinely recovers the equivalent of one full-time estimator's capacity — without adding headcount. Scale does not have to mean more people. It means a better process.

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5. Technology Adoption and Integration

The majority of companies in the $5M–$75M revenue range are still building estimates in Microsoft Excel. Purpose-built estimating platforms can reduce bid cycle time by 40–60% compared to Excel-based processes. The companies that have made this transition successfully share one characteristic: they fixed the process first, then selected technology that matched the improved workflow — not the other way around.

SECTION 04

The Takeoff Problem & The Margin Profile Gap

The Takeoff Problem

For companies in flooring, roofing, countertops, glazing, and similar material-intensive trades, the takeoff process is the most time-consuming and error-prone step in the estimating workflow. Manual takeoff from paper plans or PDF drawings is still the norm in a significant portion of the industry. The error rate on manual takeoffs is estimated at 5–15% — meaning a company running 15 bids per month is systematically mispricing a significant portion of its work.

1. **Standardize the measurement methodology.**
   Every estimator uses the same units, waste factors, and rounding conventions. Inconsistency here is the primary source of margin variance between estimators on the same team.

2. **Build a material cost database updated on a defined schedule.**
   A takeoff accurate to the square foot but priced from a cost database six months out of date is not an accurate bid. Weekly or monthly updates depending on price volatility.

3. **Separate takeoff from pricing where volume justifies it.**
   A dedicated takeoff technician feeding clean measurements into a pricing template operated by the estimator is a significant efficiency gain in high-volume operations.

Do You Know Your Margin Profile?

One of the most revealing questions to ask an owner or estimating manager: *"Do you know your margin profile by job type, customer segment, and project size?"* In most companies, the honest answer is no. They know their overall gross margin. But they do not know whether their $50,000 jobs are more or less profitable than their $200,000 jobs, or whether their fastest-growing segment is actually their least profitable one.

> A company that doesn't know its margin profile by segment cannot make rational decisions about which bids to pursue, which customers to prioritize, or where to invest in process improvement. It is **estimating in the dark**.

Building a margin profile requires connecting three data sources that are often siloed: the estimating system (what was the bid margin?), the job costing system (what was the actual margin?), and the CRM or sales system (which customers and job types are generating the most volume?). The integration of these three sources is one of the highest-value process improvements available to companies in this segment — and it is the foundation of the win-rate intelligence that separates high performers from the rest.

> THE REVENUE IMPLICATION
>
> When you know which segments you win and which you don't — and why — you can adjust your proposal approach, your pricing strategy, and your bid selection criteria to systematically increase your conversion rate. This is not about working harder. It is about working with better information.

SECTION 05

What Good Looks Like — The F3 Group Framework

The following represents the operational profile of a high-performing estimating function in a $10M–$50M specialty contractor or distributor. The path from current state to target state is not a technology project — it is a process project. Technology is the enabler, not the solution.

Dimension	Current State (Typical)	Target State (High Performer)
Quote turnaround	5–10 days	**2-3 days**
Margin variance	8–15%	**Under 4%**
Estimating cost / revenue	3–6%	**1-2%**
Takeoff method	Manual / Excel	**Digital takeoff tool**
Cost database currency	Ad hoc / outdated	**Updated weekly/monthly**
Margin profile visibility	Overall only	**By segment, job type, customer**
Win rate tracking	Not tracked	**Tracked by segment & bid type**
Scalability model	Add headcount	**Process improvement first**
Proposal quality	Inconsistent	**Templated, branded, consistent**

Is Your Process Ready for What's Coming?

Material prices in construction and specialty trades have experienced significant volatility. Companies with dynamic, database-driven estimating processes are able to reprice their entire bid backlog in hours when material costs change. Companies running static Excel templates are repricing manually — or not repricing at all and absorbing the margin impact. The question is not whether your input costs will change. They will. The question is whether your estimating process is built to respond when they do.

> The companies winning in this environment are not winning on price alone. They are winning because they have the process clarity, cost visibility, and response speed to price confidently, adjust quickly, and deliver on what they promised. That is what a well-designed estimating process makes possible.

READY TO WIN MORE BIDS?

Get Your Free Estimating Process Audit

30 minutes. We'll map exactly where your quoting process is losing you time, deals, and margin — and tell you what to fix first. No pitch. Just clarity.

The Diagnostic Sprint — What You Get

- Complete map of your current estimating workflow, from lead receipt to proposal delivery
- Top 3–5 administrative drag points consuming estimator time, quantified
- Cost analysis of your current estimating overhead
- Prioritized improvement roadmap with specific, implementable recommendations
- Technology assessment matched to your workflow and volume

$8,500 – $15,000

Fixed fee · 5–7 days · Pays for itself within 30–90 days of implementation

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