

OHPP

Overhead Prelims Percentage Profit

What is OHPP

A structured commercial control framework designed to protect margin, strengthen cashflow and increase retained profit across every project.

OHPP is a mirror image of a percentage formula containing two specific percentage declarations

OHPP is stated as follows.

Add balance of 10% ohpp of total 20% (balance of 10% is contained within the priced schedule of works.

The value of each percentage is your decision as alternative

Add balance of 15% ohpp of total 25% (balance of 10% is contained within the priced schedule of works.

Which OHPP is used and when

If you undertake a variation similar to the schedule of works you would add 15%

If you undertake a variation with no similarity to existing schedule you would add 25%

What will OHPP replace

OHPP replaces the need to identify your preliminaries, overheads and profit as separate costs at point of tender submission.

What is benefit of OHPP

The benefits of using the OHPP statement will

- Protect the profit you have already priced into your project offer
- Ensure that when you encounter and complete variations that you shall be paid the correct value of profit, preliminaries and overhead costs without deduction
- Your account manager will have total control over how the ohpp is applied.
- You have discretion to choose what the ohpp percentages shall be for each tender submission.

1. The Commercial Risk in Traditional Estimating

- Overheads often applied as generic percentages without true recovery analysis.
- Profit margins reduced to win competitive tenders.
- Variation assessments controlled by external cost consultants.
- Profit erosion across project lifecycle.
- Limited visibility of true required turnover.

2. The OHPP Commercial Control Framework

The OHPP system embeds overhead and profit protection directly into the tender summary structure. It predetermines how variations are valued, placing control of margin recovery with the contractor.

- Structured overhead allocation methodology.
- Target profit embedded within schedule rates.
- Predefined OHPP declaration within tender summary.
- Controlled percentage application to variations.
- Alignment with interim valuation strategy.

3. Financial Impact Illustration

Example: £500,000 Contract

Traditional 5% Profit = £25,000

OHPP Structured 10% Profit = £50,000

Additional Profit Generated = £25,000 on a single contract.

Across multiple projects annually, this differential compounds significantly, strengthening retained earnings and improving long-term commercial stability.

4. Variation Recovery Control Under OHPP

- If variation mirrors a schedule item → Apply balance 10% OHPP.
- If variation is standalone → Apply full 20% OHPP.
- Tender summary declaration predetermines recovery structure.
- Assessment becomes contractual rather than discretionary.

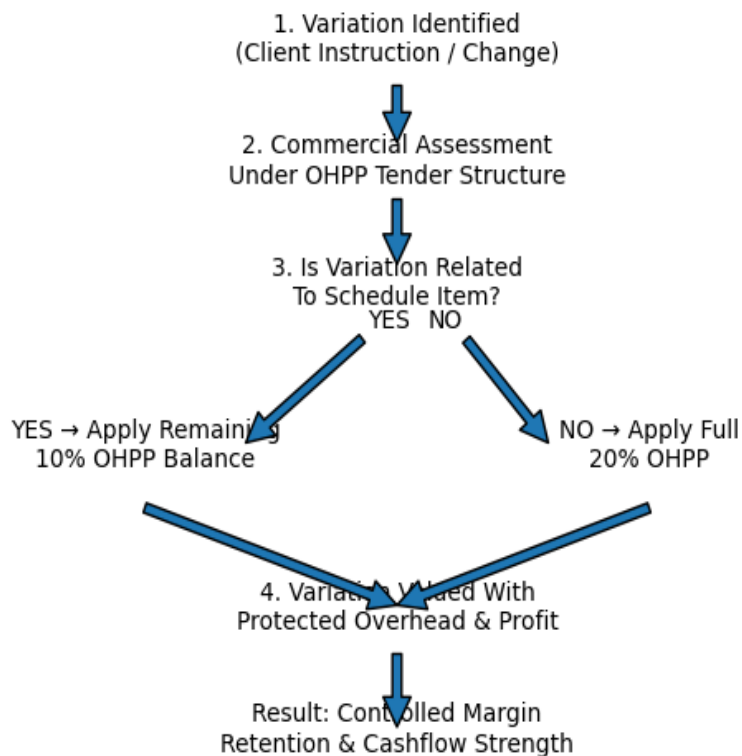
5. Executive Commercial Advantage

- Predictable overhead recovery.
- Protected profit margins.
- Improved valuation positioning.
- Reduced exposure to margin erosion.
- Controlled cashflow performance.
- Scalable structured commercial discipline.

OHPP is not simply an estimating method — it is a commercial control strategy.

EXECUTIVE COMMERCIAL CONTROL FRAMEWORK

The OHPP Variation Recovery Structure is not an estimating adjustment — it is a commercial control mechanism embedded within your tender submission.



Executive Impact: By predetermining how overhead and profit are applied to variations at tender stage, the contractor retains structured control over margin recovery. The assessment mechanism becomes contractual rather than discretionary — significantly reducing profit erosion risk.

Commercial Outcome: Protected percentage application. Strengthened valuation positions. Controlled cashflow performance. Improved retained earnings across every project lifecycle.

TYPICAL SUMMARY PAGE vs OHPP DECLARATION

SCENARIO 1 – TYPICAL TENDER SUMMARY PAGE

Preliminaries	£25,000.00
Preambles	£
Schedule of Works	£250,000.00

Total for Tender	£275,000.00

In this scenario, when variations occur, the ability to recover maximum preliminaries and profit is controlled by the Employer's Cost Consultant. Your ability to recover and grow additional profit is limited.

SCENARIO 2 – OHPP DECLARATION SUMMARY PAGE

Preliminaries	£ See OHPP Statement Below
Preambles	£
Schedule of Works	£250,000.00
OHPP STATEMENT	
Add balance 10% OHPP of total 20%	
(Balance of 10% contained within Schedule of Works)	£25,000.00

Total for Tender	£275,000.00

Variation Examples Under OHPP Control:

- **Variation 1 – Additional Partitions**
Net Value: £1,000.00
Add Balance of 10% OHPP: £100.00
Total Variation: £1,100.00
- **Variation 2 – Brickwork and Walls (No Direct Schedule Link)**
Net Value: £1,000.00
Apply Full 20% OHPP As Per Tender: £200.00
Total Variation: £1,200.00

Variation 2 guarantees full overhead and profit recovery on standalone works.

Critical Commercial Advantage:

When formatted correctly under Scenario 2, the OHPP Statement cannot be challenged or reversed by the Cost Consultant. The structure clearly defines how variations are assessed, ensuring you retain control over overhead and profit recovery throughout the project lifecycle and within interim valuations.

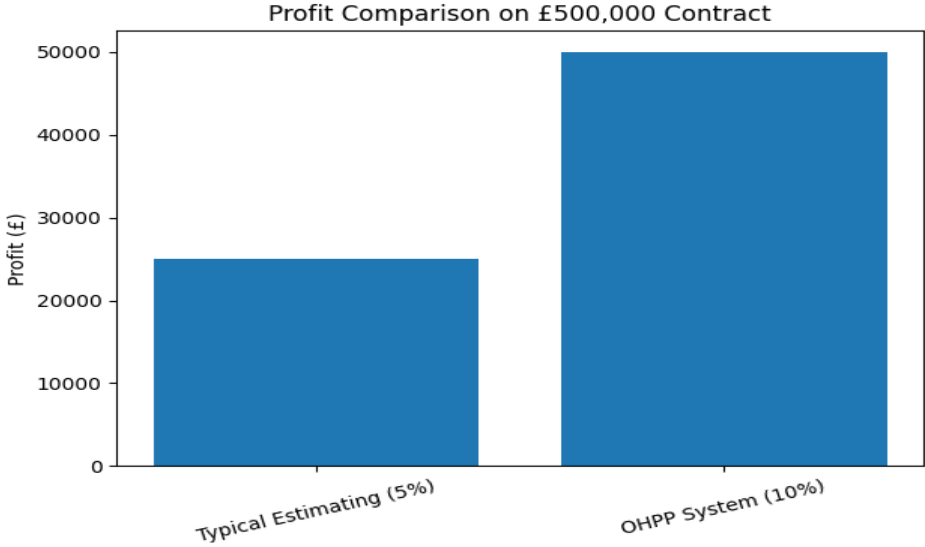
VISUAL PROFIT IMPACT EXAMPLE

Example Scenario: £500,000 Contract Value

Typical Estimating Approach (5% Profit): £25,000 profit

OHPP Structured Approach (10% Profit): £50,000 profit

Additional Profit Generated Using OHPP: £25,000



The difference is not marginal — it is transformational.

Across multiple projects annually, structured overhead and profit control can significantly increase retained earnings, strengthen cashflow, and improve long-term financial stability.

WHY CHOOSE US

Because pricing work should build profit — not just win tenders.

Most estimating methods focus purely on being competitive. Our approach ensures that every project properly contributes to overhead recovery and delivers planned profit — consistently and strategically.

- **Proven Profit-Focused Methodology**
The OHPP system is structured, measurable and designed specifically to eliminate under-recovery of overhead and profit leakage.
- **Designed for Real Construction Businesses**
This is not theoretical consultancy. The system integrates directly into live tenders, contract valuations and existing estimating processes.
- **Immediate Commercial Impact**
Clients implement practical adjustments that begin improving margin performance straight away.
- **Clarity and Control**
You gain full visibility of overhead allocation, required turnover, and true target profit percentages.
- **Flexible Engagement Options**
From hourly estimating support to full in-house implementation, you choose the level of involvement that fits your business.

The difference between surviving and scaling is control over your pricing strategy.

If you want structure, consistency and improved margins across every project — this system delivers the commercial discipline required to achieve it.