

|       |   |   |
|-------|---|---|
|       | T&M   | Time & Material   |
|       | CPFF  | Cost Plus Fixed Fee   |
|       | CPIF  | Cost Plus Incentive Fee   |
|       | CPAF  | Cost Plus Award Fee   |
| FP    | Fixed Price (or Lump Sum, Firm Fixed Price) |   |
|       | FPIF  | Fixe Price Incentive Fee  |
|       | FPAF  | Fixe Price Award Fee  |
| FPEPA | Fixe Price Economic Price Adjustment        |   |
|       | Price                                       | Amount seller charges buyer                                     |
|       | Profit (fee)                                | Profit margin (into the price) for seller                       |
|       | Cost  | How must item cost for seller                                   |
|       | Target price                                | Measure of success - Compare target and final price.            |
|       | Sharing ratio                               | ex: 90/10 = Incentive for cost saving or overrun (buyer/seller) |
| •     | Ceiling price                               | Higher price buyer will pay (contract condition).               |
| •     | Point Of Total Assumption                   | PTA = _____ + Target Cost                                       |

Contracts

**PTA - Point of Total Assumption**  
 $[(CP - TP) / BSR] + TC$   
**CP = Ceiling Price**  
**TP = Target Price**  
**BSR = Buys Share Ratio**  
**TC = Target Cost**

Contracts

Fixe + Incentive

Sujet principal 2

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**Find Contract Cost**

**1 - First Find The Incentive**

**Tu Crois Moins A Coi (quoi) - la Foi du Seller**  
 $= (Target Cost - Actual Cost) * Seller share \%$

**2 - Find the overhead fee**

**T'as Plus en Plus d'Incendies**  
 $= (Target Profit + Incentive)$

**3 - Find the contract cost**

**Assez, plus d'Overdose**  
 $= (Actual Cost + Overhead Fee)$

Exemple TC = 750'000 - AC = 900'000  
 TProfit = 40'000 TPrice = 850'000  
 Buyer / Seller = 40 / 60

Solution Incentive = 750'000 - 900'000 = - 150'000 \* 60% = -90'000  
 Overhead fee = 40'000 (-) -90'000 = -50'000  
 Contract Cost = 900'000 (-) -50'000 = 850'000

**Find Point of Total Assumption**

**PTA = Target Cost + [(Ceiling Price - Target Price) / Buyer % Ratio]**

**Cost + [(Ceiling - Price) / Buyer Ratio]**