

Falabella Construction Group, LLC

Offers

Project Management / Job Costing Consulting and Training

If you run a construction company, whether it be a mom and pop shop or a company that counts annual revenue in the billions of dollars, then you must track your costs. Whether your company is small enough to accomplish this with a few macro-enabled spreadsheets or a billion-dollar-a-year behemoth requiring a sophisticated custom application, tracking costs is essential in helping to ensure the success of the company's future projects.

Job costing is your best tool for analyzing the financial health of a project, discovering and remediating problems early and reporting accurate data to your partners or superiors, but like any other tool, it must be well understood and set up to be used right.

Let's analyze the process from the point of view of a medium sized construction firm that is too big to trust your projects' financial health to Excel, so you will be shopping for a web based application, some of which can be quite costly, in money and in time; your time and the time of most of your managers and office staff because the platform requires a lot of customization which will likely cause you to have to change the way things are done in multiple departments so cooperation is paramount.

- You will need to establish a definitive list of budget codes - which is what will link the data though the different steps – This will affect Accounting
- You will need to incorporate these budget codes into the estimating process – This will affect Sales
- Turning the estimate into the project's budget is typically Project Management
- Change Order Management will change – Project Management
- Writing Commitments will change – PM / ACCT
- Entering Direct and Miscellaneous Costs usually requires input from ACCT

It is important to understand that the most accurate results will require transparency. Medium size, privately held construction companies usually have the highest opacity and the biggest hinderances to accurate results are labor costs and misc costs, because some salaries and reimbursable expenses, among other things, are all too often confidential and not shared or entered into the platform. This gives the impression that there is still money available in the project when in reality it could be over budget.

We could help you find or develop a process that is right for you, help you to implement it and train your employees to use it. We could also help with understanding other Project Management concepts such as CPM Scheduling and AIA Forms G701, G702 and G703.