

Committed Cost Reporting

Master Builder has some pretty nice reports with which to manage ongoing projects. The classic Budget vs. Actual (Job Cost Summary) only works well when analyzing the project after the fact. Why? Timing is the answer. This report gives you actual numbers that are too old to do much good. It's like driving and seeing how fast you were going a couple of miles ago. So, let's consider the **committed cost reports** available to those who manage projects. You can find these at 6-1-12. You can also find reports in the homebuilder section that work for other contractors, too. (6-1-13- #21 & #26)

Committed Costs come from Subcontracts and Purchase Orders that can be entered manually or be generated from your Master Builder (or Timberline Estimating) estimate. These commitments are reduced as you pay invoices against these. Here is an example:

Framing Subcontract Original Amount	35,000.00
Approved Change Orders to this Subcontract	<u>5,000.00</u>
Revised Amount	40,000.00
Invoices recorded against the Revised Contract	<u>15,000.00</u>
Remaining Commitment to the Framer	25,000.00
Variance (Revised Budget – Actual Costs – Remaining Commitment)	0.00

You can see how much more informative this is when compared to Budget vs. Actual.

Committed Costs also come from Unpaid Payroll that can "live" in Timecards or in Daily Payroll. You will notice that when you print these reports you will be asked for your labor burden percentage. That is because this labor has not been computed and has no burden. Most contractors have a pretty good idea of the percentage to use that represents payroll taxes, workers comp, and any benefits. Obviously, the labor budget needs to consider burdened payroll not just nominal wages.

Here is another example for a self-performed budget item.

Concrete Slab Pour and Finish Original Budget	15,000.00
Approved Changed Orders	<u>2,000.00</u>
Revised Amount	17,000.00
Labor Paid to Date	3,000.00
Material Invoices Entered	<u>8,000.00</u>
Total Cost to Date	11,000.00
Remaining on PO's to Suppliers	4,000.00
Costs + Commitments	<u>15,000.00</u>
Variance - Remaining Labor Budget (Great number to know!)	2,000.00

Implementing Daily Payroll - We get a lot of skepticism from clients who complain that it's hard enough getting timecards every week. Our response is to seriously consider "fixing" this. Most of you who self-perform work have a lot of money tied up in labor. If you don't control it, it will cost you a lot of money. Daily Field Reporting can be implemented with a little effort and a change of perspective. We find a many superintendents and project managers keeping these figures by hand or in an Excel spreadsheet. Why not put to use the functionality of Master Builder?