



AN AEG COMPANY

Job Cost Review

Job Costing Absolutes

- Your original estimate should be locked in your system after contract execution
 - Allows for evaluation of inconsistencies in actual costs, estimating errors and/or performance errors/successes
 - If throughout a job, there are changes to an estimate you should create an internal change order to update the estimate which will provide a revised estimate
 - Estimate management throughout the lifecycle of a job is imperative for proper Work in Process calculation
- Committed Costs VS Estimated Costs
 - Once purchase orders have been issued it is important to compare your committed cost with your revised estimate



Job Costing Absolutes (Cont'd)

As costs accumulate actual costs, committed costs and the revised estimate should match within reason

Cost Code	Cost Code Description	Original Estimate	Approved Changes	Total Estimate	Estimated Hours	Total Committed	Remaining To Commit	JTD Costs	JTD Hours	Budget Variance
Purchase Material										
1.01	Packages	38,000.00	2,275.00	40,275.00		40,239.00	36.00	40,239.00		36.00
** Purchase Material Totals **		38,000.00	2,275.00	40,275.00		40,239.00	36.00	40,239.00		36.00



Job Cost Absolutes (Cont'd)

- It is important to communicate job cost estimates with the assigned field personnel.
 - Provides accountability for the purchase of miscellaneous material and visibility on job budget
 - Provides performance expectations from the beginning of the job and the opportunity for the assigned personnel to provide feedback before the installation begins



Using Job Cost Reports to review indicated trends

- In today's inflationary economy, it is important to review previous jobs to confirm that ancillary materials are properly estimated
 - Are you properly estimating freight, oil, lodging, inserts etc.?
- Blended labor rates should be evaluated regularly and updated for future estimating if needed. If you are not exceeding your estimate on hours but on total cost, you should review your labor rates for immediate remedy for both direct labor and overhead costs.



Job Cost Summary - Kencor
- ABC Elevator to 11/14/2022

Cost Code	Cost Code Description	Original Estimate	Approved Changes	Total Estimate	Estimated Hours	Total Committed	Remaining To Commit	JTD Costs	JTD Hours	Budget Variance
Purchase Material										
1.04	Cabs	12,000.00		12,000.00		10,579.51	1,420.49	10,579.51		1,420.49
1.05	Controllers	6,000.00		6,000.00		5,754.00	246.00	5,754.00		246.00
1.06	Door Equipment	3,000.00		3,000.00		2,961.43	38.57	2,793.80		206.20
1.10	Fixtures	4,700.00		4,700.00		4,548.00	152.00	4,538.00		162.00
1.14	Pistons	8,500.00		8,500.00		8,623.10	-123.10	8,623.10		-123.10
1.15	Pumps	5,000.00		5,000.00		5,329.68	-329.68	5,028.00		-28.00
1.25	Safety/Sling/Platform	3,000.00		3,000.00			3,000.00			3,000.00
1.28	Door Panels	5,000.00		5,000.00			5,000.00			5,000.00
** Purchase Material Totals **				47,200.00		37,795.72	9,404.28	37,316.41		9,883.59
Supplies Consumed										
2.04	Inserts	1,000.00		1,000.00			1,000.00			1,000.00
2.05	Oil	800.00		800.00			800.00			800.00
2.06	Miscellaneous Material	500.00		500.00			500.00	231.57		268.43
** Supplies Consumed Totals **				2,300.00			2,300.00	231.57		2,068.43
Subcontract										
3.09	Outside Services	15,000.00		15,000.00		12,010.00	2,990.00	12,010.00		2,990.00
** Subcontract Totals **				15,000.00		12,010.00	2,990.00	12,010.00		2,990.00
Other Direct										
4.02	Freight and Delivery	2,723.00		2,723.00			2,723.00	965.16		1,757.84
4.05	Permits, Fees, Bonds							2,197.26		-2,197.26
4.06	Use Tax	3,133.00		3,133.00			3,133.00			3,133.00
4.12	Mileage	500.00		500.00			500.00	381.60	1,060.00	118.40
** Other Direct Totals **				6,356.00			6,356.00	3,544.02	1,060.00	2,811.98
Labor										
7.01	Direct Labor Regular	20,540.00		50,540.00	520.00		50,540.00	32,807.25	377.50	17,732.75
7.16	Labor Fringe-PW	7,675.00		8,675.00			8,675.00	6,061.58		2613.42
7.17	Labor Burden (Taxes,WC,Cr									

If you are not updating overestimated material in your estimate, you are delaying your ability to earn revenue through WIP accounting

Having detailed cost codes in your estimate allows for you to immediately see missed costs



Job Closing

- Once a job is completed and turned over it is important to hold a descope meeting to review the job cost reports with sales, project management and the assigned field personnel.
 - It is important to discuss job successes and important items that need improvement or were missed in the estimating process
 - Job cost reports can also be useful in performance evaluations
- It is important to review the job cost report to ensure all committed costs have been received and/or were not needed for the job in order to avoid late costs after the job has been closed.



In summary

- Job costing can be the most valuable aspect in evaluating your business' performance. It captures successes and inefficiencies throughout all departments. It is a universal tool that can be used by field personnel, management and back-office staff in real time. If properly maintained and utilized, job costing can be a major contributor to the success and growth of your business



Thank you!



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