



PROJECT MANAGEMENT

HOW TO SUCCESSFULLY IMPLEMENT PROJECT MANAGEMENT SYSTEMS

by Bob Mattlin

Implementing a new project management system should be done with all team members, in the same room, working on the same data at the same time.

Team Training

Team training new software installations starts the project off on the right foot. Training a team of key personnel that includes an estimator, a project manager and an accountant at the same time saves hundreds of hours of individual training. The team learns to work together as each member understands what the other is trying to accomplish with the new software system. Each member is given their own laptop computer loaded with actual data from the company. The training is hands-on, which significantly reinforces the learning process. It is not one-on-one, show-and-tell training; it is "let's do

it now" training.

Job Setup

The two-day training session begins with setting up a job with actual company job data. We have learned that 90 percent of implementation problems are derived from improperly setting up a job. Through team training, the estimator, project manager and accountant are able to sit down, usually for the first time, and actually work together to figure out the most logical way to set up a job. In most companies, the accountant typically sets up the job based on the estimator's bid sheet. This makes it easy for the accountant and the estimator to keep track of actual costs versus estimated costs, but the project manager is left out of the process. Since he wasn't consulted in the beginning, miscommunication and confusion prevail throughout the job's building cycle.

The project manager's input during job set-up is crucial to success. His goals and informational needs are different than the accountant's and estimator's. The project manager has to focus on two things: what sequence the work will be completed in and how the job will be billed related to the work performed. Without this information, the project manager is out of sync with the estimator and accountant. To the project manager's ears, the accountant is talking in a foreign language when he instructs on how to turn in time or how to bill the job. The project manager fights the system from the beginning because he doesn't understand what the estimator and accountant are trying to accomplish. This is also true for the estimator and accountant; they don't understand what the project manager is trying to accomplish.

The two-day team training session serves to bring the team together as

“ The training is hands-on, which significantly reinforces the learning process. ”

they work out the job structure as a team and actually come to an understanding and agreement on how the job should be set up to meet everyone's goals. It is essential that the job is set up correctly from the beginning. After all, each member will have to live with the job structure all the way to completion.

Job Scheduling

After job set-up is agreed upon, the team turns to the task of jointly developing a job schedule. It is likely that the accountant and estimator weren't aware of what the project manager had to go through to complete a job schedule prior to the training session. Worse yet, they probably didn't care, since they didn't think it affected them. The project manager explains to them, probably for the first time, what the critical path is and how important it is for him to focus on the critical path while running the job. He shows how the schedule must be set up to accomplish orderly work flow while, at the same time, meeting the cash flow goals with billing schedules. To illustrate the project manager's different perspective of job management: Let's say the job has a major bid item for 6,000 square feet of slab that is estimated at \$4.00 per square foot for a total estimate of \$16,000. The accountant most likely would use the estimator's bid sheet and set up one item for the job: "Slab-4000 SF." Reporting actual costs against this one bid item would satisfy all that

the accountant and estimator need to do their job. But the project manager has different needs. He wants to track costs on the slab with two budget items, not one.

The project manager informs the other two members of the training team that he wants to set up two work items: Phase A (first floor slab) and Phase B (second floor slab). He explains that each slab is unique and has different completion times on the critical path. He also informs the team that he intends to make his revised estimate calculations based on a percent complete for each phase. Finally, on the billing plan, Phase A and Phase B are invoiced separately and the project manager wishes to track units complete for each phase. So instead of one bid item, all agree two bid items would be better and help facilitate future communication. It is easy to see how much better the job team will work together now that everyone is on the same page from the beginning. One-on-one training and implementation of a project management system would not have accomplished the same outcome. The accountant and estimator now understand how the project manager will be turning in his timesheets and how he will be presenting monthly progress billings.

Paperwork

On day two, the team gets into the nuts and bolts of how data is processed. One of the biggest challenges

LIFT, LOAD & GO!



Maximize Productivity & Reduce Injuries

Ezy-Lift lifts and loads large objects up to 2,000 pounds quickly and safely. Save your back, and money spent on back injuries. Ezy-Lift attaches easily to pick-ups and service body trucks, and looks great.

Let Ezy-Lift do the hard work for you!



800-974-3032

123lift.com

■■■ Project Management

with implementing a good project management system is the flow of paperwork. All team members are required to enter a purchase order (PO) against a job and follow it through to committed job cost, to open PO reporting, to the entering of material received on the jobsite and to the approval and payment of the invoice. The accountant usually grins through this process while he watches the project manager and estimator grimace as they perform this paperwork that he does every day. He knows that once they understand how the paper flows through the system, everyone's job will be easier in the future. The real payoff in this session is how each member learns the importance of the entire invoice routing and approval system. Future job costing and billing will be much more streamlined now that

“ The real payoff in this session is how each member learns the importance of the entire invoice routing and approval system. ”

every member knows what it takes to complete these important tasks.

The final session of training makes sure that everyone knows how to prepare an invoice for billing. Billing jobs accurately and timely is the most important function in a construction company. Each team member learns how billing is done by entering actual units and percent complete to a job on their individual computer. They learn how to complete an actual AIA and time and material invoice. They even go through the next steps of

changing and fixing an invoice that was prepared improperly. The accountant enjoys this session because he realizes the estimator and project manager are, for the first time, experiencing what is involved in fixing an invoice that they sloppily sent information about. This session is ended with a thorough review of the work in progress (WIP) report. The WIP report is perhaps the most important job cost report in any construction company.



Vulcan On-Board Scales provides weighing solutions for the wide variety of vehicles in the aggregate industry including: **dump trucks, end dumps, dump trailers, side dumps, belly dumps, concrete mixers, and mining vehicles.**

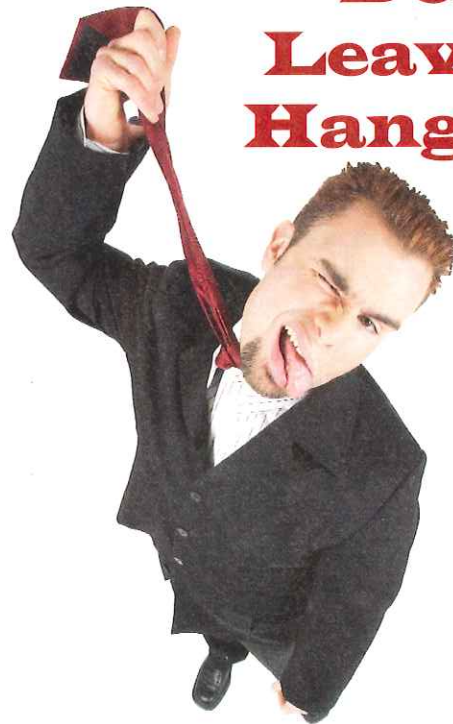
Learn more at the:
The World of Concrete
Booth N2469
The Work Truck Show
Booth 1773



VULCAN
ON-BOARD SCALES
www.vulcanscales.com
PH: 800-237-0022

circle 131 on card or go to cbofreeinfo.com

Don't Leave Us Hanging!!!



Now it is even easier to contact our advertisers.
Just go online to www.cbofreeinfo.com and enter the number in the yellow box with each ad.

Review

With billings completed, the WIP report is ready for review. The accountant goes across the report item-by-item and explains to the team how he uses the report and stresses why the information is so important. To experience the power of the WIP report, members enter a new unit of completion into the system. They watch firsthand as the projected job profit drops considerably when they enter a new revised estimate that is higher than the last report. For the first time, the project manager and estimator truly understand the WIP report. To reinforce understanding, an example is given in the class to demonstrate to the team the power of using the WIP report to calculate a revised estimate. A \$10,000 budget with \$5,000 of actual costs incurred, doesn't necessarily mean the item is 50 percent complete. What if it is only

“ Training to implement a project management system should be done with all members of the job team involved. ”

25 percent complete? The revised estimate at completion is \$20,000 which means a \$10,000 loss on the item. The team understands that with only 25 percent of units complete corrective action can be taken.

Training to implement a project management system should be done with all members of the job team involved. One-on-one and show-and-tell methods of training are the worst possible ways of bringing a construction team up to speed on new software. Take your team offsite, provide each of them with their own computer and make them enter real data

from the company files. Make sure each member understands how information flows through the system. You will be amazed at how much better the software is implemented and how much better the team performs when they return from training. ■

Bob Mattlin is a CPA and founder of ComputerEase. For the last twenty-five years ComputerEase has trained over 7,000 construction companies on the best methods to use in project management implementation. For more information visit www.construction-software.com.

Turn Your Skid Steer into a High-Performance Grading Machine



SitePro's SSGB-8 Grader is designed for use by asphalt, landscaping, and concrete flatwork contractors.

- 8 foot six-way hydraulically controlled moldboard
- In-cab remote for precise control
- Moldboard rotates/tilts up to 25 degrees, features shear pin protection and reversible cutting edge
- Optional laser system controls grading accuracy for superior cost savings

New Skid Steer Grader Blade from SitePro

Attachments Built for Hard Work

SitePro[™]

A Division of Worksaver, Inc.

For more information, visit our website. Dealer/distributor inquiries welcome.

www.wssitepro.com
E-mail: sales@wssitepro.com
Phone: 217-324-5973
Litchfield, IL 62056-0100

circle 130 on card or go to cbofreeinfo.com

InSite SiteWork

Earthwork & Utility Take-Off Software combines ease-of-use with the most powerful estimating features available; Cut & Fill calculations from paper plans, Image (PDF, TIF, JPG, etc.), CAD files (no tracing), or any combination, detailed sanitary & storm take-offs. Verify and revise with the Dynamic Site Balancer. Negotiate your jobs with the most complete reports and highest quality graphics.

No Digitizer!
New V.8 includes
PDF take-off!

Field General

WORLD OF CONCRETE

booth S20911

Construction Layout Software generates construction staking data, and 3D surface models for layout and GPS machine control.



GPS Modeling[®]

Detailed Website!

WWW.INSITESOFTWARE.COM 1(877)746-7483

circle 128 on card or go to cbofreeinfo.com