

## **Project Tracking Part 5**

### **Progress Payments**

Competent and efficient business managers rely on reports to gauge the progress of the business or in this case the progress of a particular project. Similar to a Profit and Loss Statement for a company or business, it is important to know at a glance, the profitability of all the projects in progress. It is not prudent business practice to wait to the end of a construction period to see the profitability. It will be too late to turn a loss into a profit.

Reports are a critical ingredient in running a successful trade business. Reports must be relevant, accurate, consistent and on time. An accurate report which is delivered a week late, is as useless as an on-time report which is inaccurate. In the same manner as a Profit and Loss Statement is 'As At' a given date, there should be a chosen date for all Project Reports and the information presented should be reflective of that date each month.

It is equally as important to provide reports in the same format every month, this allows true and accurate comparisons and any setbacks in a project to be detected early.

### **Management Reports for Project Tracking**

The owner or manager of a business is a very busy person, therefore a 'Project Summary Report' is paramount. At a glance, the total contract value, total approved variations, progress claims and a summary of materials and labour used to-date can be seen.

A more detailed Project Report includes.

- |    |                      |   |                 |
|----|----------------------|---|-----------------|
| a) | Hours allowed        | V | Hours used      |
| b) | Cost of labour       | V | Labour expenses |
| c) | Materials allowed    | V | Materials used  |
| d) | Employee performance |   | in hours        |

Other helpful reports include Progress Claims and Retention Money. At any time the project supervisors can find themselves in disputes with the builder, it is vital to have the correct documentation. With professional software designed for project tracking it is simple and requires less work than substituting with an accounting software program.

While reports can be produced weekly, monthly or annually, monthly reports are more accurate. Such reports must coincide with the corresponding progress claim. The actual percentage completed is relevant to the labour and material used.

For example, if a section of the project was valued at \$40,000, and the progress claim for that section was 50%, then the material and labour expenses to that date are compared with only \$20,000, thus indicating a profit or loss.

The saying, 'work on the business and not in the business', is not something I fully subscribe to, I do believe many young trade contractors who want to have their own business and experience growth for that business, should focus on the art of becoming a business person and break away from being the tradesperson on the worksite. Accurate reports allowing good management decisions will go a long way to achieving such a goal.

Paul Funnell OAM