

Bad Jobs - Prevention

Estimating

- Be sure all estimates get a second set of eyes
- Have a checklist of potential gotchas (Scope, specifications, technical oversights) for each trade and overall for Estimator to follow
- Be sure sufficient time is allowed to bid completely and accurately or don't bid
- Be sure you have good coverage on bid day - include contingency money for questionable subs or sub prices

Culture

- Be willing to walk away (or demand more margin) if too low (assuming you have an out for an error) or insufficient margin with significant warning signs
- Be willing to forego a job if we will not have the right team to run it successfully
- Avoid the standard pitfalls, particularly in combinations of two or more
 - Larger than what you have done
 - Different building type
 - Out of normal geographic market
 - New (to the company) superintendent
 - Low bid margin

Bad Jobs - Early Diagnosis Techniques & Warning Signals

Estimating

- Low bid by more than 2%
- Missed a significant part of the bid

Job Cost Reports

- Labor cost exceeding estimate for stage of completion
- Pricing or quantity on subs or purchases exceeds estimate

Labor Loading

- Project is behind schedule due to unavailability of sufficient or appropriate subs, labor or supervision

Over/Under Reporting

- There are costs in excess of billings on the project beyond level anticipated

Bad Jobs - Mitigation Strategy

Stage I: Red-Flag all jobs which meet any of above criteria

1. Review of job cost report by VP Construction
2. Phone conference with project manager
3. Strategy to rectify & recover
4. All anticipated shortfalls claimed immediately
5. Level of field supervision increased
6. Review to see if problems are rectified or project advances to Stage II

Stage II: All Stage I jobs without clear strategy to rectify & recover and any jobs for which original problems continue for 30 days from original red-flagging

1. Meeting w/President (jobs over \$250,000), VP Construction, Controller (if needed), Project Manager, Field Superintendent and Foreman/Craftsman, Estimator (if necessary), Meet monthly until back on track or new norm reached.
2. Meet with customer to review problems/strategies with them (if necessary)
3. Strategy to rectify & recover
4. Incentive applied if necessary
5. Level of field supervision increased further
6. Project Manager on site 5 - 15 hours per week
7. Review to see if problems are rectified or project advances to Stage III

Stage III: All Stage II jobs for which problems continue for 30 additional days

1. Weekly onsite supervision by VP Construction or President
2. Replace Project Manager (if necessary)
3. Bring in new, stronger crew (if necessary)
4. Weekly meeting with VP Construction, Project Manager, Field Super, Foreman/Craftsman