

**ConEst**<sup>®</sup>  
Software Systems

*unlock the benefits*



## Precise Labor Estimates

*The key to maximized profits for the  
electrical industry*

# Precise Labor Estimates Increase Profits

**Ask any contractor where they lose most of their profits, and the answer will always be...on labor. Every electrical construction project has unique conditions that impact the installation's difficulty and the labor required to complete the task, and it's the challenge of every estimator to determine what those conditions are and what the exact labor requirements will be.**

Job conditions such as mounting height, number of floors in a building, etc, can increase the difficulty level of the installation. On the flip side, variables like parallel conduit runs or multiple conductors/cables in a raceway can lower the labor requirements for an installation. Too often, estimators miss these installation variables, resulting in their project managers assigning either too many or too few installers on a project...it's a chronic condition called 'my gut feeling tells me that's how many installers we need to get the job done'. Assigning the right amount of labor to a project is paramount to the project's success and to your bottom line profits... putting too many or too few bodies on a job can mean the difference between losing money and making money.

Commercially published labor units are based on an average contractor. But who or what determines the profile of an 'average' contractor? Estimators need to establish a factor that lowers or increases the company's labor by commodity groups using historical project data which is gathered through the process of job costing when comparing similar-type jobs. For example, if your company specializes in hospital projects, keeping track of the time it takes to complete each installation on the project will begin to show a performance pattern... we refer to this as your company's ability to perform against an average, industry-standard, labor unit. That ability is then translated into the company's unique labor factor which is then applied to every installation for every hospital project going forward. Using historical project data allows you to estimate every hospital job using the precise labor required to complete the work based on your company's ability. This process of determining a company's unique labor factor can then be applied to every other project type such as office buildings, schools, stores, etc.



This article presents two challenges highlighting how productivity is lost and how that same productivity can be reclaimed using information from a contractor's historical data for completed projects that are similar in scope that they've done in the past. In both challenges, the contractor has been given 5 days to complete the project.

Let's explore how you can unlock the potential of your workforce with estimates that are labor efficient for increased profits on every job.

## Overstaffing Can Lead to Lost Profits

What happens to productivity when you overstaff a project? Overstaffing typically happens when the project manager assigns the labor based on a "gut feeling" for the number of installers/resources needed to complete the project. This "fly-by-the-seat-of-my-pants" approach to staffing projects is typically the result of an estimate that has been prepared without knowing the installation's difficulty or the company's unique labor unit.





## Overstaffing Can Lead to Lost Profits

For example, you've been given 5 days, beginning on Monday, to complete the project. The project manager has allocated 6 resources for a total of 240 hours of labor. By Wednesday, your crew realizes that they have more than enough time to complete the job by Friday. Their productivity falls off as soon as they realize this, so they take their time and finish on Friday. The crew is satisfied with their performance because the job was delivered on time. The installers completed their job, the company finished on time... everyone should be happy. As the owner or manager of the company, are you happy?

## Understaffing Meets the Same Fate...or Worse!

Using the same 5-day scenario as above, let's examine the negative impact of understaffing the project. Again, as is the case with overstaffing a job, the estimate for this project did not take into account any labor factoring, job difficulty or the company's own ability which can be derived from historical bid and job data. This time, the project manager decides to allocate 4 resources for 5 days. 4 resources times 5 days equals 160 hours.

When the installers realize the scope of the project and that it's far beyond their ability to complete the installation in the time allowed, they become overwhelmed, and by Wednesday/day 3, productivity begins to fall off. The daunting task of not being able to finish the job causes the installers to slow down, and they finish the job on



Tuesday of the following week. Not only did they run 64 hours over budget, but failure to meet the deadline has caused a decline in performance resulting in mistakes adding more cost to the company for materials on top of the additional labor. 64 hours over budget times \$50 per hour equals \$3,200 dollars; and that \$3200 dollars doesn't include penalties for delay of contract, installation mistakes, and the overall negative effects and turmoil caused by running past the job's due date.

## Regain Your Profits with ConEst

The problem your estimator or project manager had with this project was that they did not know the precise amount of labor hours needed to complete the job. Not knowing that information is the direct result of an estimate that was prepared using industry standard labor units based on the ability of the 'average' contractor versus the true ability of your company.

The solution to overstaffing or understaffing this project is an easy one if you use the right technology tools. If the estimate had been prepared using a labor factor derived from your company's true ability to perform the work, the estimator would have been able to provide the project manager with the exact amount of labor hours required to complete the job. The project manager would have staffed the project accordingly, and the job would have been completed with the right amount of labor resources in the right amount of time. ConEst Software Systems is the exclusive provider of the only fully bi-directional integrated suite of estimating and project management software tools for the electrical construction industry. IntelliBid estimating and JobTrac project management solutions incorporate innovative technology features that analyze historical project data to calculate your company's unique labor factor, representing your true ability to perform the work.



ConEst JobTrac's innovative technology compiles job history to automatically derive the unique labor factors of each installation based on your company's true ability to perform the work. JobTrac then modifies the labor in your IntelliBid estimate using your labor factor and updates the bid from *'what I think it takes'* to *'what it really takes'* to complete the job.

It's this exclusive bi-directional integration between IntelliBid and JobTrac that empowers the estimator to create precision estimates each and every time.

Often missing, ConEst Software Systems provides the critical piece of information that is passed between estimating and project management.

Determining your company's unique labor factor is paramount to regaining control of your workforce and maximizing job profitability.



ConEst Software Systems is the exclusive provider of the only fully bi-directional integrated suite of estimating and project management software.



*The old adage 'for a successful project you need the right amount of labor, material & tools in the right quantities on the job at the right time' is still true today... with ConEst*