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## Better Job Tracking Starts with the Basics

Have you considered tracking job cost expenses as your jobs are in progress? If your jobs have a short life cycle or are small, you may not have the need to track job costing information. However, the more complicated your job processes and configurations and the longer the lifecycle, the more critical to track real time actual expenses and committed expenses while the job is in progress.

Have you ever completed a large project or job and handed that stack of paperwork to an administrative type to calculate your costs in Excel? Are you one of the more organized managers who track your costs in Excel as the job is in progress? Months after a large project are you still recording lagging unexpected expense items? Have no fear you are not alone, and you can make this task easier.

### Components of a Job

The main components to consider when tracking job expenses include material, labor and outside services. Other considerations should be labor overhead and/or burden overhead. Overhead are all the payroll related expenses not included in worked hour gross wages such as insurance, bonus, vacation and so on. Overhead may also include your rent, phone expenses, administrative and sales salaries and more.

For larger jobs, change orders should also be tracked separately and should include revenue and costs estimates. You want to make sure change orders are billed back to your customer prior to the job being considered closed.

The last factor to consider when working on managing total project costs are committed costs. Committed costs are goods or services contracted for that have not been received or expensed to a job.

### A Budget Estimate

You should also consider establishing budgeted expenses at the beginning of a job. This means someone estimates how much the job will cost. This estimate should then be used to calculate how much to charge the client. A budget estimate also provides two other functions:

- a. The ability to monitor actual expenses to budgeted expenses as the job is in progress. This is extremely important. For example, you budget 100 hours for a job, but when you are 50% thru the job you have already expensed 80 hours to the job – Houston, it could be a big red flag that you are way over budget. In this example you at least know about this prior to the completion of the job, and you are in a better position to potentially modify expenses for the job.
- b. The ability to track real profitability when the job is done, because you tracked actual expenses against budgeted expenses.



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For even better job tracking, you should consider purchasing an application, preferably one that comes through a consulting firm that can help you set it up to work in tandem with your business processes.

While the economy has everyone shopping for bargains, be careful to interview the consultant who will be helping you set this up. To locate a good consultant, ask for referrals from your partners or other business owners. Be sure to go through a needs analysis with a consultant. A lot of businesses install software before they determine what it is they need it to do for them. A good consultant will conduct a complete discussion with you to determine your reporting needs on recorded job costing transactions, and eliminate spending a considerable amount of time retrofitting your system once you get up and going.

Consulting firms such as JCS Computer can help you get control of your job costing process. JCS Computer has been around for over 20 years and they are a great resource for software applications to help make job costing tracking easier. Contact them at [www.jcscomputer.com](http://www.jcscomputer.com) 800-475-1047.

Just be aware no one will care about paying close attention to this type of detailed business information as you will. No one!

Shirley Coop  
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