

Are you Tracking Actuals? How can you afford not to Track Actuals in today's economy?

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Hard Dollar

Tracking actual values - costs, man-hours, equipment hours, production units, etc - at the activity level - is the key to being able to close the loop between project estimating and project execution. I cannot tell you how many times, during my interviews with construction companies, people will say "We estimate that activity at x cost / manhours / equipment hours / productive units per shift because that's the way we've always estimated it."

Sure, it's one thing to understand how a company has always estimated a specific scope of work, but what about the actual execution as it occurs in the field? Without understanding how the work actually unfolds in the field, the same estimating mistake may be made over and over again.

Here's a practical example involving a concrete foundation: An estimator breaks the major foundation item into the smaller tasks that will be required to complete the work.

UFS Position Code	Description	Optional Code	Forecast (FC) Quantity	Unit of Measure	Unit Cost	Total Cost (Forecast)
1	Concrete Foundation		1.00	Each	\$189,111.83	\$189,111.83
1.1	Machine Excavation		1,250.00	Cubic Meter	\$2.26	\$2,825.00
1.2	Formwork		5,550.00	Square Meter	\$2.98	\$16,539.00
1.3	F & I Pile		187.90	Meters	\$4.14	\$7,779.26
1.4	Pour Concrete		325.90	Cubic Meter	\$5.66	\$1,844.62
1.5	Formwork Concrete Materials		625.00	Cubic Meter	\$138.30	\$86,437.50

Figure 1: During the estimating phase, Concrete Foundation is broken down to include all of the elements that will be required to complete the work.

In our example, formwork is always estimated at a certain rate (square meters per man-hour) and the pouring of the concrete is always estimated at a certain rate (cubic meters per day).

Discrepancies between the ease / difficulty of the formwork and the pouring of the concrete may balance themselves out to "hide" actual productivity strengths or weaknesses. When accounting programs report the costs for "Concrete", there may in fact be little variance with the budget, when the field performance of the formwork and concrete pours may have varied considerably with the estimate.

If tracking is not done at the activity level, there is no way to provide "real" data back to the estimating team for subsequent tendering processes.

Date	Description	Planned Total Cost (at completion)	Percent Complete	Planned Total Cost (As-Built)	As-Built Total Cost	Total Cost Variance
1	Concrete Foundation	\$189,111.83	100.00	\$189,111.83	\$187,221.63	\$1,890.20

Figure 2: A summary review of Actual, or As-Built Costs as compared to the budget - at the major item level - don't tell the entire story. In this case, all we know is that the work was performed for \$1890 LESS than the budget. Based on this information alone, there is no impetus for changing any of the estimating assumptions the next time similar work is considered.

Date	Description	Planned Total Cost (at completion)	Percent Complete	Planned Total Cost (As-Built)	As-Built Total Cost	Total Cost Variance
1	Concrete Foundation	\$189,111.83	100.00	\$189,111.83	\$187,221.63	\$1,890.20
1.1	Machine Excavation	\$2,825.00	100.00	\$2,825.72	\$2,390.44	\$434.56
1.2	Formwork	\$16,539.00	100.00	\$15,820.81	\$9,265.30	\$7,273.70
1.3	F & I Pile	\$7,779.26	100.00	\$3,599.26	\$3,252.70	\$4,480.00
1.4	Pour Concrete	\$1,844.62	100.00	\$8,807.32	\$12,712.00	\$10,867.38
1.5	Formwork Concrete Materials	\$86,437.50	100.00	\$136,750.36	\$131,090.00	\$5,660.36

Figure 3: By tracking actual hours, costs and productivity levels at the activity level, we can see that the formwork was performed well under budget, but the concrete pour cost much more than expected.

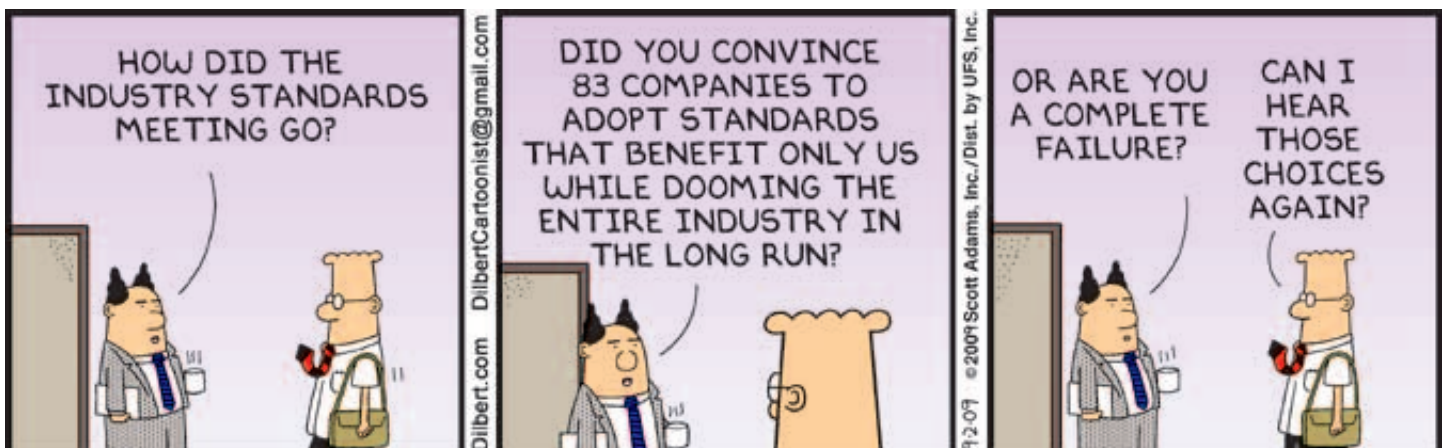
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Figure 4: Hard Dollar alerts project personnel to both positive and negative variations with respect to man-hours, costs, and other key performance indicators.

Without tracking the actual productivity and costs - as incurred in the field - we're just guessing as to what it actually takes to perform the discrete work elements that often comprise the cost model.

Hard Dollar takes the guesswork out of the equation by allowing field personnel to record those resources, quantities and costs that were actually utilized in the field - on an activity by activity basis - allowing for a true comparison between estimated and as-built (actual) values.

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CMCS NEWS

Enhance Capital Flow Through Project Portfolio Management

Oracle and CMCS invite you to an informative and engaging half-day event to discuss today's most pressing issues and opportunities with oil and gas colleagues and industry leaders. You'll learn about new project portfolio management practices to:

- Assess, prioritize, and select projects
- Manage, model, and assess risk
- Optimize routine, complex, and capital work
- Access real-time data and respond to rapid changes

WHEN: October 28, 2009

WHERE: Le Meridien Hotel
Tourist Club Area, Abu Dhabi

TIME: 8:30-14:00

Registration is free. Seats are limited. Email us at events@cmcs-mena.com or call +971 4 365 4850.

CMCS to participate in Kuwait Oil Contractors Conference and Exhibition

CMCS is participating in the Kuwait Oil Contractors Conference and Exhibition on Nov. 8-9 in Hilton Resort, Kuwait City. Bassam Samman will be speaking during the event about Project Portfolio Management and Dr. Tariq A. Aldowaisan will be talking about required partnership between the local contractors, manufacturers, vendors and the local oil companies. Visit CMCS and Gulf Lead Consultants at Booth No. 9.

CMCS at GITEX 2009

CMCS will give a presentation on Oracle Primavera Project Portfolio Management Solution on October 19, during GITEX Technology Week. Be at the Oracle Seminar Room 4, located at the entrance of Hall 5, at 2p.m. Look for CMCS at Hall 5, Stand WS-6. GITEX runs from October 18-22 at the Dubai International Convention and Exhibition Centre.



HARD DOLLAR Certification for CMCS Team

Hard Dollar has successfully completed a 5-day Training Programme for its global partners in Dubai from September 28 to October 2. This training was basically conducted to carry out certification process for their partners in the Middle East, UK and Australia. The training was conducted by the Hard Dollar team, Scott Hyman, Director, International Business Development & Reseller Programs and Wil-

liam Skip, Principal Consultant.

CMCS team members who attended the session included Syed Ali Hasan, Walstan D'Souza, Laila Rojail, Gagan Preet Kaur, Mohamad Sabbouh and Nisrin Boukai. They have accomplished Hard Dollar Certification and this makes them capable of handling independently the Training and Implementation of Hard Dollar.

Cityscape Dubai 2009 participation successful

CMCS participated in the recently concluded Cityscape Dubai 2009 held in the Dubai International Convention and Exhibition Centre last October 5-8, where property developers, investors, architects, designers, government authorities and other related industries showcased their products and services.

This year's participation featured guest exhibitor, EarthCam, which provides heavy duty robotic network cameras that is remotely controllable over the Internet via a password protected website. The stand invited numerous visitors representing the engineering and construction industry.



CMCS earns ISO certificate for project management measures

Billions of dollars are wasted every year on failed project investments throughout different sectors across the Middle East, denting profits and harming reputations in the process. On a global scale, 24 percent of all projects fail, are cancelled or delivered but never used.

In this context, CMCS has asserted its position as a leading project portfolio management provider in the region by earning the ISO 10006:2003 certificate for achieving international quality standards in project management, which stipulate a set of corrective

measures that help businesses maximize project success levels. This certificate marks a new milestone in CMCS' commitment to implement benchmark standards in project management, after the company was awarded the ISO 9001:2008 certificate for quality management system in June 2007.

Aiming to reduce the number of failed projects, CMCS has stressed on the importance of implementing benchmark project management practices to help bolster the success rates of development projects currently being undertaken in the Middle East.

