



SNS COLLEGE OF TECHNOLOGY

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DEPARTMENT CIVIL ENGINEERING

19CEB302 - CONSTRUCTION MANAGEMENT

III YEAR / V SEMESTER

Unit 4 : COST CONTROL, MONITORING AND ACCOUNTING

Topic 1 : Cost Control and the Project Budget





Cost Control



Cost control in construction is the process by which managers keep expenses under control by managing labor, material, and overhead costs to ensure that the project finishes on budget.

Cost control relies on sound estimates and constant monitoring over the course of a project. Without cost control, a project quickly burns through its budget and leaves the construction firm with very little profit or even a loss. As a result, good cost control is a must for any construction business that wants to be successful.



Cost Control



8 methods for construction cost control

1. Thorough estimates
2. Strong communication
3. Daily reports and continuous updates
4. Backup plans
5. Trusted subcontractors
6. Limited change orders
7. Post-project evaluation
8. Construction management software



The Project Budget

A construction budget is used to anticipate the total cost of any given project, whether it's a new building, road or bridge. A general contractor develops a construction budget with the help of professional estimators and quotes from suppliers and subcontractors.

The project budget will include such things as labor costs, material procurement costs and operating costs. But it's not a static document. Your project budget will be reviewed and revived throughout the project, hopefully with the help of a project budgeting software.



The Project Budget



Why You Need a Project Budget

- The budget is the engine that drives your project's funding. It communicates to stakeholders how much money is needed and when it's needed.
- But it's not only a means to get things that your project requires. Yes, you need to pay teams, buy or rent equipment and materials, but that's only half the story.
- The other part of the importance of a project budget is that it's an instrument to control project costs. The budget is your plan, which acts as a baseline to measure your performance as you collect the actual costs once the project has been started.



The Project Budget



Creating a Project Budget

As noted above, there are many components necessary to build a budget, including direct and indirect costs, fixed and variable costs, labor and materials, travel, equipment and space, licenses and whatever else may impact your project expenses.

1. Use Historical Data

Your project is likely not the first to try and accomplish a specific objective or goal. Looking back at similar projects and their budgets is a great way to get a headstart on building your budget.



The Project Budget

2. Reference Lessons Learned: To further elaborate on historical data, you can learn from their successes and mistakes. It provides a clear path that leads to more accurate estimates. You can even learn about how they responded to changes and kept their budget under control. Here's a lessons learned template if you need to start tracking those findings in your organization.

3. Leverage Your Experts: Another resource to build a project budget is to tap those who have experience and knowledge—be they mentors, other project managers or experts in the field. Reaching out to those who have created budgets can help you stay on track and avoid unnecessary pitfalls.



The Project Budget

4. Confirm Accuracy: Once you have your budget, you're not done. You want to take a look at it and make sure your figures are accurate. During the project is not the time to find a typo. You can also seek those experts and other project team members to check the budget and make sure it's right.

5. Baseline and Re-Baseline the Budget: (Gantt Chart Maker - Software)

Your project budget is the baseline by which you'll measure your project's progress once it has started. It is a tool to gauge the variance of the project. But, as stated above, you'll want to re-baseline as changes occur in your project. Once the change control board approves any change you need to re-baseline.



The Project Budget

6. Update in Real Time: Speaking of changes, the sooner you know about them, the better. If your software isn't cloud-based and updating as soon as your team changes its status, then you're wasting valuable and expensive time.

7. Get on Track: The importance of having a project management software that tracks in real time, like Project Manager, is that it gives you the information you need to get back on track sooner rather than later. Things change and projects go off track all the time. It's the projects that get back on track faster that are successful.



Thank you