

4

KEY INGREDIENTS

FOR YOUR ACCURATE JOB COSTING

Job costing is crucial because it is accurate. Instead of guessing, job costs should be calculated. Proper job costing brings in more precise predictions and higher revenues. You can show your clients how much they will spend on the job. You'll also know how many people to recruit and how long to build the project.

The very first step to getting your job costing accurately starts with an accurate estimate. We will clarify the four key terms you must keep in mind for efficient job cost estimation.



Project
Timeframe

#1



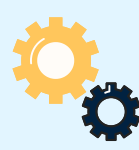
Labor
Costs

#2



Materials
Costs

#3



Overhead
Costs

#4

#1

Project
Timeframe



Figure out the project timeframe. How long will it take to find the materials? How long does it usually take to build a building this big? In the construction industry, the longer a project takes, the more upfront costs are invested, and you don't want your costs to overrun. So having your time projected accurately is one of the finest strategies to keep job costs under control.

#2

Labor
Costs



Now that you know the project's duration, let's estimate labor costs. Determine the total cost of hiring your full-time staff and any needed subcontractors. Think about how much they are paid, how much overtime they put in, and any additional expenses that may arise.

#3

Materials
Costs



You must provide your crew with materials. Determine the types, quantities, and costs of the necessary materials. Don't forget to include the cost of indirect materials like nails and screws as well as the cost of direct materials like concrete and steel.

#4

Overhead
Costs



Don't forget that labor and materials aren't the only expenses. Businesses need infrastructure, rent, and taxes. If a job requires more supervision or administration, it may be wise to assign more overhead costs to it.

Quick Tips To Improve Accuracy!

Estimating is essential, but unless work costs are done correctly, a construction company will not have a comprehensive picture of a project's expenses.

So after you plan your job costs, don't forget to:

- ✓ Track costs in real-time with software solutions & a professional bookkeeper.
- ✓ Regularly review your job costs reports.



Job costing enables you to evaluate project profitability and better negotiate with clients, vendors, and workforce for future projects.