



# **How an Integrated Analytics Strategy Can Protect Your Profits**



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## Introduction

Profit margins in construction are notoriously low. To remain competitive contractors must bid lower on jobs, which leaves little room for profit and fluctuations in cost—a difficult thing to manage when your job is months, or years, away from starting.

The use of specialized construction management software, like your ERP, collects data but falls short when you need to combine it with other systems, or make sense of it in reporting or financial projections.

Construction businesses use a number of different data sources to make decisions. It's the foundation of running an efficient business. But without a holistic view of that data, there's a disconnect between your systems and the insights.

When you bring all of your data into a financial performance platform, you can transform it into actionable insights that you can use to protect your profits.







# **How You Can Use Your Construction Data to Drive Better Business Decisions**



## How You Can Use Your Construction Data to Drive Better Business Decisions

Data is no longer a competitive advantage, it's table stakes.  
And if you don't get on board, you'll fall behind.

Construction technology is on the rise. There's a best-in-class tech stack available to contractors so they can use their data to scale and grow.

Collecting and analyzing construction data to make business decisions is the future. Leveraging technology to automate and scale across various factors, like labor and materials, can help you weather the storms and protect your profits for a prosperous future.

Building a decision-ready culture ensures business and project leaders are equipped with the right tools and discipline to monitor and understand what needs to be done, so your business can prosper no matter the economic situation.





# The Benefits of a Centralized Data Strategy

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Construction companies today require multiple systems to run efficient business operations. While these systems are related, the data is often disconnected. Often teams default to using Excel spreadsheets to bring this data together which requires a high-degree of manual effort. This often results in data becoming quickly out-of-date and it lacks the self-service that empowers business leaders to be autonomous and confident in the analysis that supports their decision-making.

With your data scattered between different systems and applications, it's more of a burden than a useful resource to drive growth.

For example, as labor and material prices continue to fluctuate, the profitability of your job does too. It's imperative that the data that is gathered in the field is relayed back to those who are estimating jobs in the future. Having a constant feedback loop between systems ensures accuracy—and future profitability.





A construction worker in a hard hat and safety harness stands on a rebar deck, looking out over a construction site. In the background, another worker is visible near several vertical rebar columns. The image has a blue tint and is overlaid with large red and blue abstract shapes.

# How Timely and Accurate Construction Data Can Protect Your Margins





# How Timely and Accurate Construction Data Can Protect Your Margins

Centralized data collection can help boost your bottom line with better estimating, and improvements in daily operations and analysis of business operations.

Here are six ways you can use your construction data to protect your margins.

## 1. Avoid Rework

Rework is a costly and near-universal phenomenon in construction. [A study](#) from PlanGrid and FMI found that workers spend four hours each week on rework-related activities. This rework costs companies over \$31 billion each year.

Rework is a result of changed plans, miscommunication, or bad planning. Its ramifications go beyond costs, too. It can destroy morale for employees, cause project-wide delays, and impact a contractor's reputation.

In the end, avoiding rework is all about information dissemination. A central location for all data, including drawings, RFIs, and messages, removes common causes of rework since all workers, managers, and owners can access information in real-time.

## 2. Make Best Use of Personnel

Construction personnel can be hard to come by. In the face of widespread worker shortages, contractors must make the most of the people they have. Doing so involves everything from proper scheduling to keeping a solid grasp of your employees and their skill sets. It means putting each person exactly where their skills and competencies are needed, at the right time, cutting downtime in the process.

Making the best use of your personnel will protect your profits in a couple of different ways. First, construction workers report spending [35% of their time](#) on non-optimal tasks – as an employer, that means you're paying workers for wasted time. Reducing downtime by assigning tasks that help move projects forward can save you money and time.

Second, employees who are doing work that utilizes their expertise may be more satisfied with their careers. Keeping workers happy can help reduce turnover, saving money on recruitment and training.

A precise understanding of the project schedule can help you put workers where they're needed most. Managers can also do a better job of rearranging schedules, rerouting workers, and reducing inefficiencies.



### 3. Keep Workers Safe

Safety is paramount in construction. [Industrial Safety and Hygiene News \(ISHN\)](#) lists construction work as the 14th most dangerous occupation in the US, with roofers coming in at number four. Rather than taking those numbers at face value, construction has worked hard to develop safety strategies to help keep its workers safe, but this requires good data.

Tracking project progress can help notify subcontractors when the site is ready for work, keeping job site numbers down. Good data can also help managers track compliance and hold workers accountable for maintaining a safe workplace.

Every employee wants workers to go home safe at the end of each day. With regulations being what they are, the impetus to develop safe practices is a financial one, too.

Failure to comply with safety regulations can cost contractors dearly. In New York State in [July 2020](#), for instance, the fine for noncompliance with COVID-19 safety regulations could result in a \$5,000 fine per offense, as well as stop-work orders. Willful violations of Occupational Health and Safety Authority (OHSA) rules [could cost up to \\$70,000](#) per offense.

Good worksite data can help maintain compliance, avoid fines, and keep workers safe on the job. Project documents that are easily accessible and shareable allow employees to understand the site and the work to be done, eliminating mistakes that could affect compliance.

Overall, good data in the hands of each worker facilitates a comprehensive understanding of the job and allows them to drive the project forward, safely and strategically.

### 4. Mitigate Disasters Before They Occur

Construction projects are always in flux. A solid construction schedule is an invaluable tool for planning and executing a build. However, the sheer complexity of many projects guarantees that the schedule will change. But delays can lead to a ton of additional expenses on a worksite, from equipment rental and labor costs to dispute litigation and liquidated damages payouts.

The goal for construction managers is to manage changes and keep the project moving along – but that’s impossible to do when they receive updates after the schedule is off the rails. A late supply delivery or an unprepared subcontractor may lead to days or even weeks of delay unless there’s a suitable workaround.

With better communication and a central system for notices and documents relating to a project, managers have real-time visibility into project activity. With this awareness, site staff can minimize delays by tweaking schedules and brainstorming solutions.

## 5. Protect Your Company During Litigation

When disasters occur that result in significant delays on milestone delivery, inadequate project outcomes, or even the complete breakdown of a project, disputes may arise between owners, contractors, or subcontractors.

Most construction companies keep a file on hand for each project, containing project drawings, copies of communications, RFIs, and supplier invoices. But without a system to organize these files, it can be challenging to find information regarding a specific date, location, or occurrence. Successfully navigating litigation depends on how quickly you retrieve the documents you need to prove your case.

Throwing all your project documents at your legal team is not the answer. Doing this means they have to spend hours sorting through the information. Instead, sending over the correct documents that corroborate your team's version of events could make or break a case, potentially saving you thousands of dollars on a project.

The faster you can find the appropriate paperwork for your project, the easier the litigation process may be resolved, protecting your profit margins in the process.

## 6. Bid Better

Bidding is a complicated and risky undertaking. Bid too high, and you may not win the project, but bid too low, and you could be eating into your profits.

Successful bidding demands accurate estimates of labor, materials, and equipment, along with thorough knowledge of the proposed project's plans and specifications.

Analyzing actual performance on past projects is the best indication of what will happen with future work. Project data can help you discern how much time, labor, and supplies you required on past jobs. It can also highlight similarities and differences between past projects and the one you're currently bidding on and indicate where you can make improvements in your operations.







# How to Get Better Data to Protect Your Profit Margins





## How to Get Better Data to Protect Your Profit Margins

To use data to improve your business and grow your profits, it must be complete, accurate, and accessible.

Though construction work focuses on building things, documentation of your work is essential to bidding, scheduling, and working more efficiently. Protecting your profit margins means investing in the viability of your business.

### Good data comes from:

- ⬡ The centralized collection of information on everything that happens on a construction site
  - ⬡ The solid organization of information, from initial plans and drawings to equipment checks and safety inspections, so that data is readily available and organized for optimal use
  - ⬡ Centralizing communications regarding a project so any stakeholder on a project can access them
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Developing systems of organization and analysis shouldn't be complicated. The right Financial Performance Management (FPM) solution can help you collect, track, and pass around information on all your projects by building data collection into everyday site activities. Your FPM solution should be compatible with your current data storage and communication methods and easy for each team member to learn and use.

Prophix enables users to access real-time data to keep track of current projects and brings all your information together to improve future outcomes.

Prophix gives contractors a single version of the truth by connecting all their data sources, so they can log in to one place and see everything from past to future.

# About Prophix®

Ambitious finance leaders engage with Prophix to drive progress and do their best work. Leveraging Prophix One™, a Financial Performance Platform, to improve the speed and accuracy of decision-making within a harmonized user experience, global finance teams are empowered to step into the next generation of finance with no reservation. Crush complexity, reduce uncertainty, and illuminate data with access to best-in-class automated insights and planning, budgeting, forecasting, reporting, and consolidation functionalities. Prophix is a private company, backed by Hg Capital, a leading investor in software and services businesses. More than 3,000 active customers across the globe rely on Prophix to achieve organizational success. Additional information at [www.prophix.com](http://www.prophix.com).

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