

Sage Construction and Real Estate

The Importance of “Spot On” Estimates



What Estimators Do

When a construction company begins a new project, the process oftentimes requires the contractor to provide the prospective customers an idea of how much the contract will cost and analyze whether the job is a good fit for the business. That's where the estimators come in.

They are the ones to calculate the cost information that's used to help determine the feasibility and profitability of a new project and analyze which endeavors are turning a profit, according to the U.S. Bureau of Labor Statistics. Approximately 59 percent of cost estimators work in the construction industry, collecting data on which factors have an effect on costs, such as materials, location, project duration, labor, and special machinery requirements, the bureau says.

To do so, estimators in the construction industry inquire and sometimes visit the proposed work site and collect information on the availability of electricity and other utilities, surface topography, and drainage, then conduct a quantity survey—or “takeoff”—to determine what materials and labor will be necessary to complete the firm's share of the project. Part of the estimator's responsibility in this process is taking into consideration the potential for wasted materials, shipping delays, bad weather, and other disruptions that might negatively affect the project's profitability.

Competitive Estimating in the Construction Industry

In today's competitive construction environment, where everyone is trying to do more with fewer resources and less time, estimators know that they need an edge in order to prosper. Every small advantage that can help make an estimator more competitive could be the deciding factor in whether a bid is won or lost.

But staying competitive does not have to mean working longer hours to meet demand. According to researchers Andrew Stellman and Jennifer Greene of software quality firm Stellman and Green Consulting, estimating has been referred to as a “black art” and may seem highly subjective—yet a formal, standardized estimating process can improve accuracy and make it more likely that projects are completed on time and within budget.

Luckily, there are technological tools available that can help estimators work smarter, streamline their processes, and keep up with the demand for more estimates without risking accuracy.

Accurate Estimates Are Vital

No matter its size, a company must draft plans and get a realistic idea of total cost before beginning a project.

Poor estimating can hurt the project, and maybe the company. Sometimes, a company that wins a job may end up regretting the victory, because a mispriced or overlooked item will result in the project running over the original estimate.

Products to assist you:

Sage Estimating

Industry Specific Databases
Electronic Plan Takeoff

Sage 300 Construction and Real Estate

Job Cost

Being able to deduce a rough estimate of what a job will cost, with limited specifications, and without the risk of dedicating days of work only to determine the project is not a good fit, can be the deciding factor in bidding on a job that will be profitable for the company.

Changes happen. Customers decide they want to add or subtract from the project, which can leave the construction company scrambling to adjust its estimate. Automating the estimating process enables companies to manipulate the existing estimate more easily and quickly respond to change requests, avoiding complications later in the project.

Automating the Process

Cost estimating software systems can help estimators do their job more quickly and with less effort, according to Chris Hendrickson, engineering researcher and professor at Carnegie Mellon University. Often the software will include databases for unit cost items, including worker wage rates and prices for materials and equipment rentals, as well as lists of expected productivity for construction processes, component types, and equipment, he writes.

The software can also be useful when sharing estimates with other departments in charge of cost control and scheduling, which can contribute to managing costs during the course of construction. Additionally, some versions will allow for searching a company's archives for past projects that may have had a similar design or scope, which can help better inform the estimating process.

According to the Bureau of Labor Statistics, "although computers cannot be used for the entire estimating process, they can relieve estimators of much of the drudgery associated with routine, repetitive, and time-consuming calculations. New and improved cost estimating software has led to more efficient computations," which leaves estimators more time to check their numbers, analyze, and refine project estimates."

Sage Estimating Software Offers Solutions

Sage software supports the standardization of estimating work processes without forcing an estimator to forfeit his or her specific style. The system's flexibility creates a way for estimators to continue doing what they're good at but enhances their capabilities using technology tools to improve efficiencies and increase productivity. Estimates that once took days or weeks—only to sometimes be scrapped if the project does not have strong profit potential—can now be done more quickly through automation, all without sacrificing accuracy.

Sage Estimating solutions can help estimators move their work beyond manual entry into a construction-specific estimating solution. Automation of many of the functions such as item pricing and takeoff allows for a smarter, more efficient estimating process.

No more are the errors associated with manual calculations, formulas mistakenly deleted from a generic spreadsheet, and the hours and hours spent double and triple checking your numbers.

Sage Estimating solutions integrate with the company's accounting and operations software, which saves time and reduces errors due to the elimination of redundant tasks and duplicate data entry. Automated information sharing with different departments leads to greater communication across an enterprise with every aspect of a project and leads to even greater efficiency.

Conclusion

Estimators have always worked hard to ensure they deliver accurate estimates as their companies bid on construction projects.

But as the business changes and new technologies offer solutions for reducing workloads while boosting results, it may be time for estimators to stop restricting themselves to the features traditional spreadsheets can offer. Incorporating estimating software into the process can allow construction companies to bid faster, smarter and more profitably.

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