

Construction Financial Impact Assessment

Calculate Your Hidden Costs and Savings Potential from Improved Financial Visibility

Fill in your company's actual numbers to discover what the 4-week financial visibility lag is costing you annually

Part I: Current State Assessment

Company profile

- **Company Name:** _____
- **Annual Revenue:** \$ _____
- **Number of Employees:** _____
- **Number of Active Projects (average):** _____
- **Average Project Value:** \$ _____

Financial Visibility Timeline

How many weeks from when work is completed to when you see those costs in your financial reports?

_____ weeks (or _____ days)

Industry benchmarks

- **Best-in-class construction contractors: 1-2 days**
- **Industry average: 3-4 weeks (21-28 days)**
- **Companies struggling with visibility: 4-6 weeks**

Where does the delay come from? (Optional - check all that apply)

- ☐ Waiting for subcontractor invoices
- ☐ Processing internal timesheets/labour allocation
- ☐ Equipment cost allocation across projects
- ☐ Manual data entry and report compilation
- ☐ Multiple system reconciliation
- ☐ Management review and approval process

Primary bottleneck: _____

Project Performance Analysis

In the past 12 months:

- **% of projects that exceed budget by >5%:** _____ %
- **% of projects that exceed budget by >10%:** _____ %
- **Average cost overrun on projects that go over budget:** _____ %
- **Number of projects where overruns were discovered too late to fix:** _____

Part 2: Hidden Cost Calculations

Formula 1: Annual Cost of Delayed Overrun Discovery

Projects Discovered Too Late (from Part 1) × Average Project Value × Average Overrun % = Annual Cost of Delayed Discovery

_____ projects × \$ _____ × _____ % = \$ _____

ANNUAL COST OF DELAYED DISCOVERY: \$ _____

*8 projects (discovered too late) × \$2M (avg project) × 12% (avg overrun)
= \$1,920,000 annual hidden cost*

Formula 2: Manual Processing Cost

Step 1: Weekly Manual Processing

Time Timesheet collection and entry: _____ hours/week

Cost report compilation: _____ hours/week

Management report preparation: _____ hours/week

Total Manual Processing: _____ hours/week

Step 2: Annual Processing Cost

Weekly Hours × 52 weeks × Average Hourly Rate = Annual Processing Cost
_____ hours × 52 × \$ _____ /hour = \$ _____ annually

ANNUAL MANUAL PROCESSING COST: \$ _____

Summary

Cost Category	Annual Impact
Delayed Overrun Discovery	\$ _____
Manual Processing Time	\$ _____
TOTAL ANNUAL HIDDEN COST	\$ _____

Part 3: Improvement Impact Projection

Target State Goals (What financial visibility improvements could achieve)

Financial Visibility Improvement:

- Current lag: _____ days (From Part 1: Total Financial Visibility Lag)
→ Target lag: 1-2 days
- Improvement: _____ days faster visibility (_____ % improvement)

Industry Performance Benchmarks:

- Best-in-class construction companies: 1-2 day cost visibility
- Industry average: 14-21 day financial reporting lag
- Companies with >\$50M revenue typically see 400-600% ROI in 12 months

Projected Annual Savings Calculation

Savings Category 1: Prevented Cost Overruns

Current Annual Overrun Cost (From Formula 1): \$ _____

× Overrun Reduction % (typically 50%): _____ %

= Overrun Savings: \$ _____ annually

Savings Category 2: Reduced Manual Processing

Current Processing Cost (From Formula 2): \$ _____

× Process Improvement % (typically 60%): _____ %

= Processing Savings: \$ _____ annually

TOTAL PROJECTED ANNUAL SAVINGS: \$ _____

How These Savings Are Typically Achieved:

- Eliminate manual data handoffs (reduces lag by 10-14 days)
- Implement real-time budget alerts (prevents 60-80% of overruns)
- Automate cost reporting workflows (saves 15-20 hours/week)
- Create predictive cost visibility (enables early intervention)

Implementation Timeline:

- **Weeks 1-4:** Quick wins reduce visibility lag to 7-10 days
- **Weeks 5-8:** Alert systems enable immediate intervention
- **Weeks 9-1:** Predictive capabilities prevent future overruns
- **Month 4+:** Full optimisation and continuous improvement

Risk Mitigation Factors:

- Phased approach proves ROI before major investment
- No wholesale system replacement required
- Build on existing processes rather than starting over
- Most companies see positive results within 6-8 weeks

Part 4: Implementation Priority

Based on your calculations above:

High Priority (Act within 30 days):

- ☐ Total savings potential >\$300K annually
- ☐ Financial visibility lag >21 days
- ☐ Manual processing >20 hours/week

Medium Priority (Act within 6 months):

- ☐ Total savings potential \$100K-300K annually
- ☐ Some process improvements already identified
- ☐ Management aware this needs attention

Future Consideration:

- ☐ Total savings potential <\$100K annually
- ☐ Other priorities taking precedence currently

Part 5: Next Steps

Immediate Next Steps:

For High Priority Scenarios:

- ☐ Schedule 15-minute assessment call:
- ☐ Document 3 biggest process delays for discussion
- ☐ Identify decision-maker for operational improvements

For Medium Priority Scenarios:

- ☐ Share this assessment with operations team
- ☐ Plan 6-month review of these calculations
- ☐ Bookmark framework for future reference

All Scenarios:

- ☐ Use these numbers for internal business case discussions
- ☐ Monitor project performance over next quarter

Contact Information

Ready to discuss your specific situation?

Aaron Chambers
Digital Transformation Consultant
Kenomont Information Systems
Phone: +61413030942
Email: aaronchambers@kenomont.com
Website: www.kenomont.com

