

COST AND VALUE DATA VISIBILITY DRIVES IMPROVED BUSINESS PERFORMANCE

400
projects per month

“The new Cost and Value (CVR) template provided a common reporting process across the client’s business. It has the capability to handle in excess of 400 projects per month and provides management information on a project by project basis which has increased visibility and informed smarter decision making. CVRs can now be compiled on a timely basis for all live projects, compared to a previous rate of 10%-20% using the manual process.”

Core Utilities is a multi-disciplinary utility contractor operating across all utility sectors in the UK. Core is facing growing demand from its customers who require more complex and sophisticated multi-utility solutions with increasingly tight budgets; as such cost control and financial management is of paramount importance.

This presented Core with a significant challenge. They did not have a robust Cost and Value Reconciliation (CVR) process embedded in their business and as a result their approach to financial control of projects was quite often ad hoc. Continually they faced possible financial failure of schemes. Consequently their understanding of current assets and liabilities was potentially blurred and did not realistically reflect the current financial position of a specific project.

EC Harris was appointed as commercial consultants to develop and implement a CVR system. This would enable project costs to be monitored and controlled on a timely basis, primarily to establish the respective profitability, and secondly to identify any financial difficulties.

Creating solutions

EC Harris consultants developed a CVR process which fulfilled the client’s operational, financial and commercial needs.

The first step to achieve this was establishing the reporting requirements for one project. This solution was then rolled out to all of the projects being delivered. The project team then created the base parameters for the CVR, identified the data required to facilitate an effective template and subsequently devised a comprehensive CVR template.

Given the levels of financial information required for population each month, the team worked with the client's IT department to minimise manual data entry for each project CVR. The CVR template was tested with live project data for two financial period ends.

A series of presentations were also conducted with the client's project managers in an attempt to embed commercial acumen within the organisation. This was a significant area for improvement given the potential future constraint this could cause.

Adding value

The new CVR template provided a common reporting process across the client's business. It has the capability to handle in excess of 400 projects per month and provides management information on a project by project basis which has increased visibility and informed smarter decision making. CVRs can now be compiled on a timely basis for all live projects, compared to a previous rate of 10%-20% using the manual process.

The use of the client's IT system served two purposes; firstly it greatly reduced the manual input time and facilitated more time for a proactive review of 'problem' projects. Secondly, the client received a legacy of reduced operational time and cost in establishing problem projects and resolving the issues.

The process has facilitated the faster completion and greater accuracy of financial reporting. It has reduced the need for repetitive project reviews and enabled a 'do it right first time' mentality. Previous iterations of the CVR process required numerous requests for information which was effectively a reactive process. The new system, by automatically generating data, has enabled proactive approaches to reporting accruals, WIP and maximising the value of variations.

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