

# What should a Construction CFO really be Doing?



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# Today's Speaker:

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# Teeing Up the Presentation:

- Job Title Clarification
- “Herbisms”
- The single most important industry issue
- Today’s Theme: CFO’s should have.....



# .....Strategic Focus

**You don't make money on the General Ledger!**



# Reality Check:

- CFO's primary responsibilities do not go away
- Organization and Resources vary by Company
- Everybody has a Boss
- Do what you can: Reengineer, delegate, outsource



# CFO Strategic Focus

- Information
- Planning
- Execution
- Risk Management



# Key Strategic Information:

- Historical “Job Profit” Analysis
- $\text{Job Profit} = \text{Contract Value} - \text{Direct Job Cost}$
- The Single Most Important Job Profit Metric



# Strategic Information > “Job Profit” Analysis by:

- Operating Profit Centers
- Lines of Business
  - Customer Type
  - End Product
  - Construction Activity
- Geography





# Strategic Information:

The single most important Job Profit Metric:

**Job Profit per Job Cost Labor Hour**



# Key Strategic Information:

- Historical Cost Criteria:
- Direct Job Cost Must be “All In”
- Direct Job Cost Must be “Pure”



# Strategic Information:

- Direct Job Cost should be “All In”
- People
- Equipment



# Strategic Information:

- Direct Job Cost should be “Pure”
- No allocated Indirect Costs



# Strategic Planning Issues:

- Not in Writing
- Not relying on Empirical Data
- Top Line Focused vs. Resources Required
- Not considering Technology



# Strategic Planning Issues:

Not considering IT as Strategic





**Operations  
Solutions**



**Project  
Management**



**ERP System**

Accounting  
Job Costing  
Reporting  
Analytics



**Human  
Resources**



**CRM  
Solution**



**Specialized  
Solutions**

# Strategic Execution Issues:

- SPOTS
- “Process” not Managed
- Management Time Commitment





# Strategic Execution Issues:

- Management Time Commitment

Create clear accountability for each part of plan

Regularly scheduled update meetings

Tie achievement to compensation



# Strategic Risk Management:

Business Continuity

Company Reputation

