



Civil Rights Division
Small Business Development Program

DBE Supportive Services

Business Education & Mentoring

Supportive Services Program Manager & Consultant

TYLER
Construction Engineers, P.C.

Nashville, Tennessee
www.tylerengineers.com

1.888.385.9022



Civil Rights Division
Small Business Development Program

TDOT Supportive Services Consultant

www.tylerengineers.com/supportive-services

For Business and Technical Assistance contact:

Complete the online Intake Request Form at:

www.tylerengineers.com/intake-form

Email: dbe_supportive_services@tyler-engineers.com

Call: 615.469.5398 or 1.888.385.9022

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Business & Technical Assistance Services:

TDOT DBE Supportive Services makes available **Subject Matter Experts** to assist certified TNUCP DBEs with the development of their businesses.

Subject Matter Experts in:

- Construction Estimating and Bidding
- General Business Counseling
- Business Development/ Strategic Marketing
- QuickBooks Accounting Assistance
- Financial Ratio Analysis
- Human Resources Compliance Assistance
- Indirect Cost Rate Schedules
- How to do business with TDOT



Consultants:

Victor C. Tyler, P.E., *Cost Estimating & Pricing /AEC Management Consultant*

Marshall Tabb, *Lead Accounting-Financial Management/Leadership Development*

Curtis Webb, *Strategic Marketing & Business Development Consultant*

Jay B. Mercer, E.A., *QuickBooks Pro-advisor / Small Business Tax Specialist*

Sandra T. Webb, *QuickBooks Pro-advisor Trainer / Certified Payroll Specialist*

Teresa C. Daniel, PHR, SHRM-CP, *Human Resource Consultant/ Leadership Coaching*

Fairpointe Planning, LLC, *Engagement and Outreach Consultant*

Managing The Profitable Business Webinar Series

~~**Session 1: The 5 Bs of Project-based Business**~~

~~Wednesday, October 11, 2023, 10 am (CT)~~

~~**Session 2: Human Resource Compliance – PART I**~~

~~Wednesday, October 18, 2023, 10 am (CT)~~

~~**Session 3: Human Resource Compliance – PART II**~~

~~Wednesday, October 25, 2023, 10 am (CT)~~

~~**Session 4: How To Do Business With TDOT**~~

~~Wednesday, November 1, 2023, 10 am (CT)~~

~~**Session 5: Are You Bidding On The Right Projects?**~~

~~Wednesday, November 8, 10 am (CT)~~

~~**Session 6: Know Your Financial Pulse: It Could Save Your Company's Life**~~

~~Wednesday, November 15, 2023, 10 am (CT)~~

~~**Session 7: How to Effectively Communicate, Coach And Counsel Company Policies With Difficult Employees**~~

~~Wednesday, November 22, 2023, 10 am (CT)~~

~~**Session 8: Financial Analysis & Capacity Building**~~

~~Wednesday, November 29, 2023, 10 am (CT)~~

~~**Session 9: Introduction to Job Cost Accounting Part I**~~

~~Wednesday, December 6, 2023, 10 am (CT)~~

Session 10: Introduction to Job Cost Accounting Part II

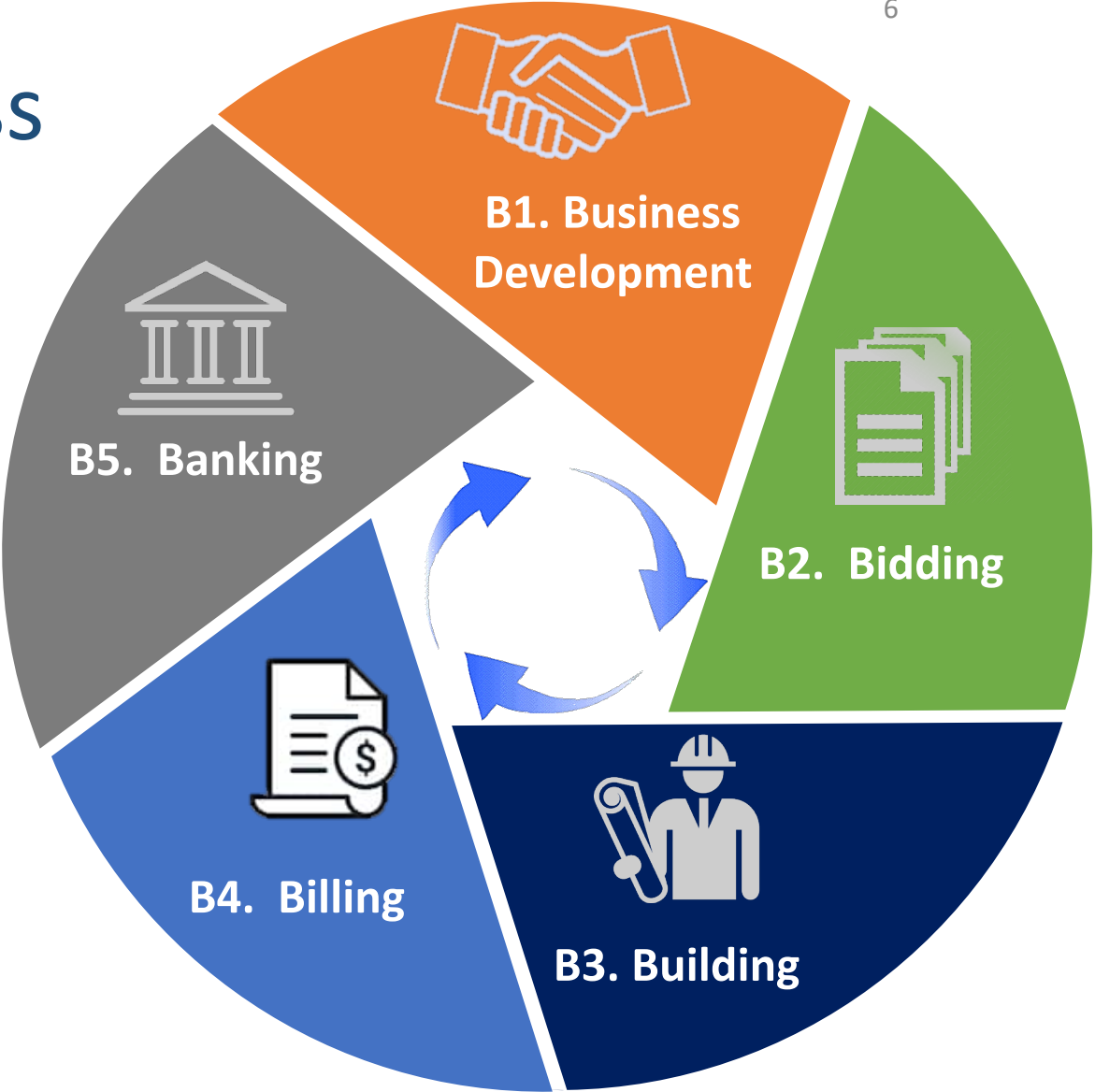
Wednesday, December 13, 2023, 10 am (CT)

Session 11: Ask the Experts Roundtable

Wednesday, December 20, 2023, 10 am (CT)

The 5-B's of Project Business

Small Contractors Can Maximize Their Profitability by Understanding the 5-Bs of Project-Based Companies



Accounting Effects Every Aspect Part of Your Business

- **(B-1)** Business Development/Marketing

Identifies best markets and job types; sales by customer; profitable customers.

- **(B-2)** Bidding/Estimating

Assist in calculating gross margin; indirect costmark up; G & A and Profit rates.

- **(B-3)** Building/Project Management

Actual job cost vs budget performance.

- **(B-4)** Billing/Accounting

Paying bills; preparing sales invoices; cash management; job cost reports.

- **(B-5)** Banking/Wealth Building

Bonding; cashflow analysis; investing; benefits; retirement plan.



Civil Rights Division

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DBE Supportive Services

Presents

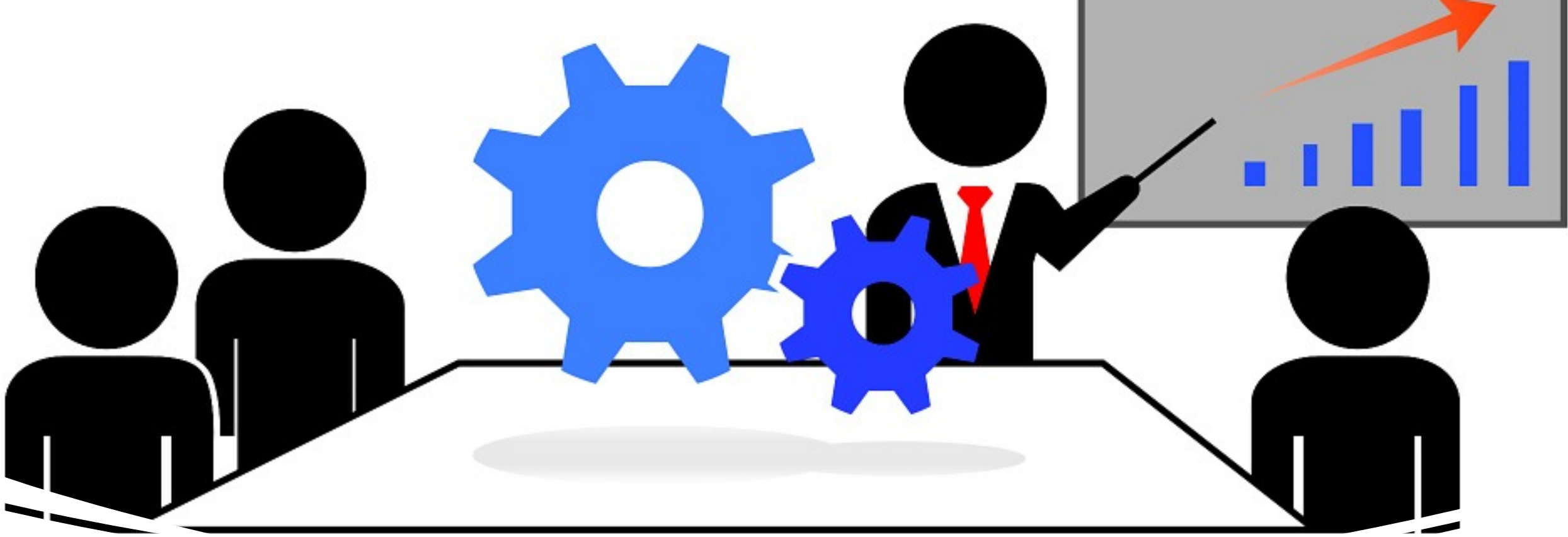
Managing The Profitable Business Webinar Series

Session 10: Introduction to Job Costing Part 2

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Setting Up a Job Costing System





Managing Job Costs

- Budgeting for Projects
- Monitoring and Controlling Costs
- Case Study for Project-Based Companies

Customized Chart Of Accounts (COA)

A financial organizational tool that provides a complete listing of every account in an accounting system.

An account is a unique record for each type of asset, liability, equity, revenue, cost and expense transaction.

Key Components of Job Costing

DIRECT AND INDIRECT COST



Costs

Depending on the type of business, cost may be categorized as direct or indirect.

Direct cost represent all cost incurred to that touch the product or job. There are four (4) basic components of direct product/job cost:

Direct Material
Direct Labor
Direct Equipment
Subcontractors

Indirect cost represent cost that do not touch the job but are necessary.

Direct Overhead

These cost are shown on the income statement as "Cost of Goods Sold".

Cost of Goods Sold (Direct Costs) Accounts

5000 Cost of Goods Sold			
	5010	Direct Labor - (Field crew)	
	5020	Material	
	5030	Equipment (Rental)	
	5040	Subcontractor	
	5050	Other Direct Costs (General Conditions)	
		5051	Travel - (Field Crew)
		5052	Misc. Project Supplies
		5053	Support Expenses -Crew
		5054	Bonds
		5055	Licenses, Permits and Fees

Indirect Costs (Jobsite Overhead) Accounts

6000 Indirect Cost (Job Site Supervision)	6300 Job Site Supervision	6400 Equipment (Owned)
6100 Payroll Expense & Benefits	6301 Project Manager-(Job Supervision)	6401 Diesel / Gas
6110 FICA	6302 Travel - Supervision	6402 Oil & Grease
6120 Medicare	6303 Truck Expense - (Fuel/Oil/Repair/Maint)	6403 Maintenance & Repair
6130 SUTA	6304 Communication (cell phones/ laptop field use)	6404 Tires
6140 FUTA	6305 Project Plans & Specifications Purchases	6405 Wear Parts
6150 Worker's Compensation	6306 Support Materials	
6160 General Liability	6307 Support Equipment	
	6308 Consultant-Engineers	
6200 Fringe Benefits (Medical/ Dental/	6309 Safety	
6201 Medical Insur	6310 Material Storage	
6202 Dental Insur	6311 Delivery Charges	
6203 401-K	6312 Small Tools, etc	
6204 Education	6313 Insurance (Job/ Specialty per specification)	
6205 401-K / IRA	6314 Other misc indirect expenses	
6206 Training		
6207 Vacation / Sick Leave		
6208 Downtime		

General & Administration Accounts

7000 General & Administrative Expense	
7010	Office Rent
7020	Office Utilities
7030	Owners Salary
7040	Office Manager Salary
7050	Administrative Assistant Salary
7060	Payroll Expenses
7070	Employee Benefits
7080	Office Supplies & Expense
7090	Taxes
7100	Business Licenses, Fees, Permits
7110	Marketing & Advertising
7120	Professional Fees (Consultants)
7130	Auto Expense
7140	Travel
7150	Misc



8000 Unallowable Costs

Unallowable Expenses Accounts
(i.e., Government contracting; per Federal Acquisition Regulation)

8010	Interest Expense
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8020	Penalties
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8030	Fines
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8040	Marketing
------	-----------

8050	Advertising
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8060	Donations
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Importance of Gross Profit

Gross Profit Margin= (Gross Profit ÷ Total Income) × 100%



Gross Profit



COSTS

Project-Based Job Costing

	Jan-March	%
Sales (gross income)	\$ 300,000	100%
COGS (Cost of Goods Sold)		
Payroll & payroll taxes	\$ 78,000	26%
Trade contractors	\$ 66,000	22%
Materials	\$ 96,000	32%
Other misc job costs	\$ 9,000	3%
Indirect prod'n costs	\$ 21,000	7%
Total COGS	\$ 270,000	90%
Gross Profit	\$ 30,000	10%
Company Overhead	\$ 45,000	15%
Net Profit	\$ (15,000)	-5%

Project-Based Job Costing

	Job A		Job B		Job C		Job D		No Job	
Sales (gross income)	\$ 60,000	100%	\$ 90,000	100%	\$ 54,000	100%	\$ 96,000	100%	\$ -	0%
COGS (Cost of Goods Sold)										
Payroll & payroll taxes	\$ -	0%	\$ -	0%	\$ -	0%	\$ -	0%	\$ 78,000	N/A
Trade contractors	\$ 9,900	17%	\$ 21,120	23%	\$ 9,900	18%	\$ 25,080	26%	\$ -	0%
Materials	\$ 14,400	24%	\$ 30,720	34%	\$ 14,400	27%	\$ 36,480	38%	\$ -	0%
Other misc job costs	\$ 1,350	2%	\$ 2,880	3%	\$ 1,350	3%	\$ 3,420	4%	\$ -	0%
Indirect prod'n costs	\$ -	0%	\$ -	0%	\$ -	0%	\$ -	0%	\$ 21,000	N/A
Total COGS	\$ 25,650	43%	\$ 54,720	61%	\$ 25,650	48%	\$ 64,980	68%	\$ 99,000	N/A
?? Gross Profit	\$ 34,350	57%	\$ 35,280	39%	\$ 28,350	53%	\$ 31,020	32%	\$ (99,000)	N/A
Company Overhead	\$ -		\$ -		\$ -		\$ -		\$ 45,000	N/A
Net Profit	\$ 34,350	57%	\$ 35,280	39%	\$ 28,350	53%	\$ 31,020	32%	\$ (144,000)	N/A

Estimate Summary

The Estimator's View

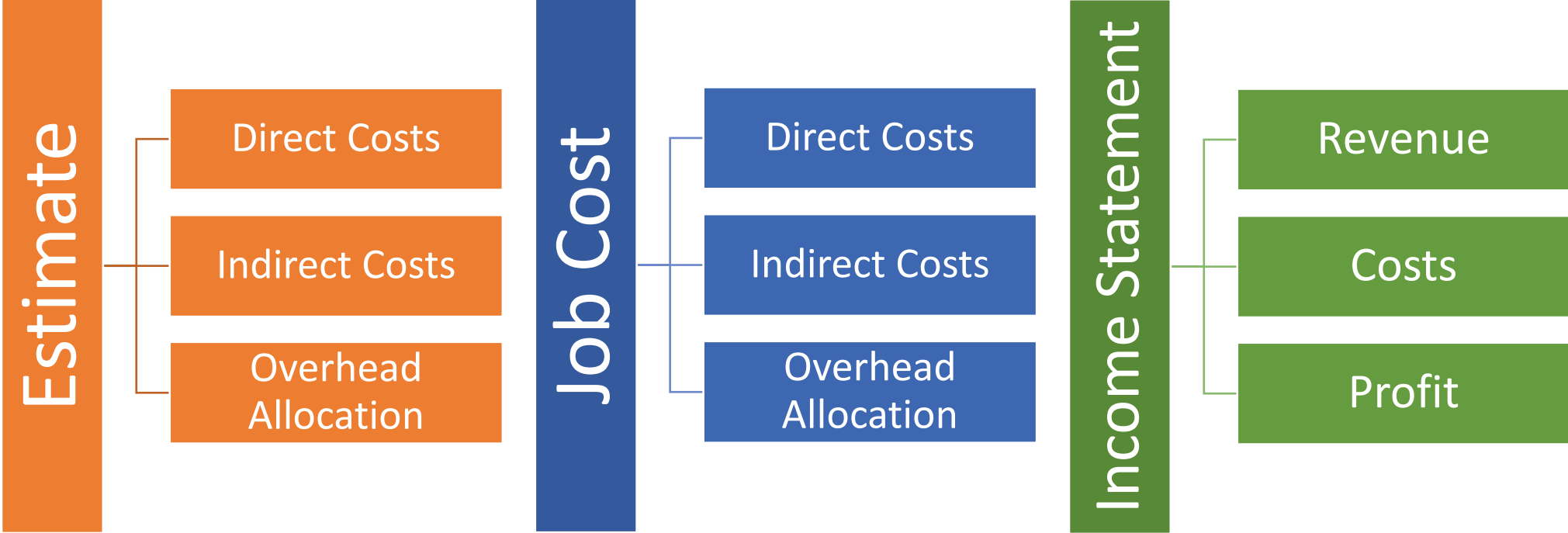
Direct Costs	\$\$\$
Direct Labor	
Equipment	
Materials	
Subcontractors	
General Conditions	
plus Labor Burden (%)	
plus Job Site Overhead (%)	
equals Total Direct Cost	\$\$\$
plus General & Administrative (%)	
plus Profit Rate (%)	
plus Bond Rate (%)	
equals Total Contract Price	\$\$\$

Company Income Statement

The Accountant's View

Contract Revenues	\$\$\$
minus Direct Cost of Sales	
Direct Labor	
Equipment	
Materials	
Subcontractors	
Other Direct Costs	
minus Indirect Costs	\$\$\$
Labor Burden	
Benefits	
Indirect Expense	
equals Gross Profit	\$\$\$
minus G & A Expenses	\$\$\$
equals Income (Loss) Before Taxes	\$\$\$

Job Cost Tracking



Tracking Project Costs

Direct Costs	Unit Savings/ Loss	Avg. Unit Cost Savings/ Loss
Labor	Hours + / -	\$ per hour cost
Material	Unit + / -	\$ per unit cost
Equipment	Hours + / -	\$ per hour cost
Subcontract	Scope and change order management	
Other Direct	Miscellaneous	

Construction Accounting

Know Your Numbers

...Accounting ^%@&*?!



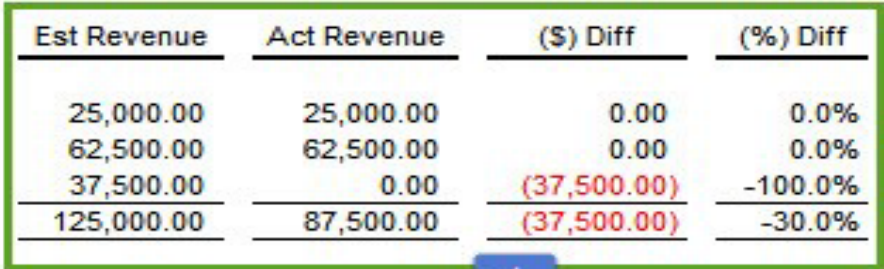
Accounting Starting Point

Chart of Accounts (COA) is a financial organizational tool that provides a complete listing of every account in an accounting system.

An account is a unique record for each type of asset, liability, equity, revenue, cost and expense transaction.

Job Costing Reports

Job Estimates vs. Actuals Detail for Job "XYZ"									
	Est Cost	Act Cost	(\$ Diff)	(%) Diff	Est Revenue	Act Revenue	(\$ Diff)	(%) Diff	
Fixed Price Income									
Invoice A	0.00	0.00	0.00	0.0%	25,000.00	25,000.00	0.00	0.0%	
Invoice B	0.00	0.00	0.00	0.0%	62,500.00	62,500.00	0.00	0.0%	
Invoice C	0.00	0.00	0.00	0.0%	37,500.00	0.00	(37,500.00)	-100.0%	
Total Fixed Price Income	0.00	0.00	0.00	0.0%	125,000.00	87,500.00	(37,500.00)	-30.0%	
Job Process									
General Conditions									
Labor	1,200.00	1,450.00	250.00	20.8%	0.00	0.00	0.00	0.0%	
Materials	1,452.00	1,452.00	0.00	0.0%	0.00	0.00	0.00	0.0%	
Contracted	1,115.00	1,145.00	30.00	2.7%	0.00	0.00	0.00	0.0%	
Other costs	293.00	455.00	162.00	55.3%	0.00	0.00	0.00	0.0%	
Total General Conditions	4,060.00	4,502.00	192.00	4.7%	0.00	0.00	0.00	0.0%	
Design & Engineering									
Labor	5,780.00	5,799.00	19.00	0.3%	0.00	0.00	0.00	0.0%	
Materials	355.00	890.00	535.00	150.7%	0.00	0.00	0.00	0.0%	
Contracted	1,895.00	2,200.00	305.00	16.1%	0.00	0.00	0.00	0.0%	
Other costs	90.00	90.00	0.00	0.0%	0.00	0.00	0.00	0.0%	
Total Design & Engineering	8,120.00	8,979.00	840.00	10.3%	0.00	0.00	0.00	0.0%	



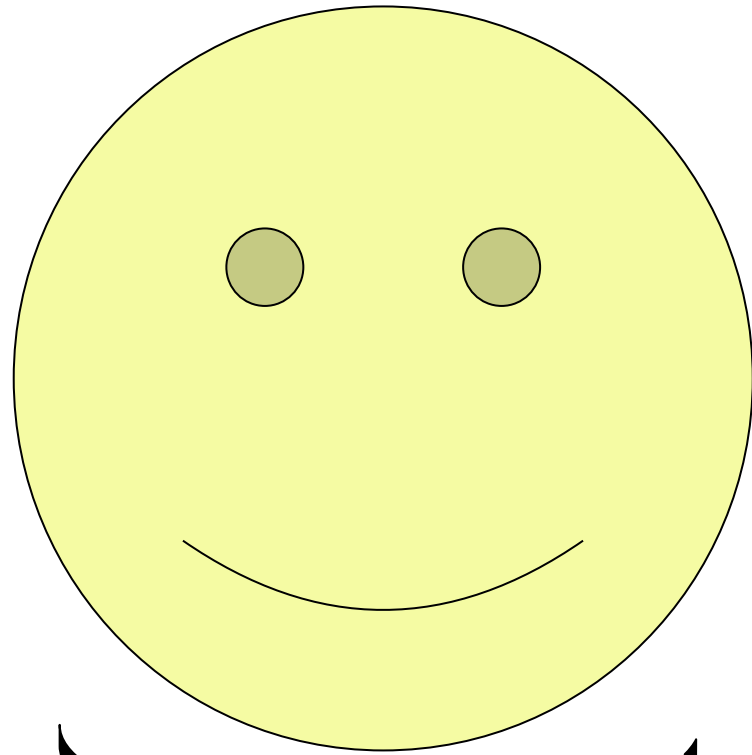
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QUESTIONS







The End!