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## Mobilization plan for construction project sample

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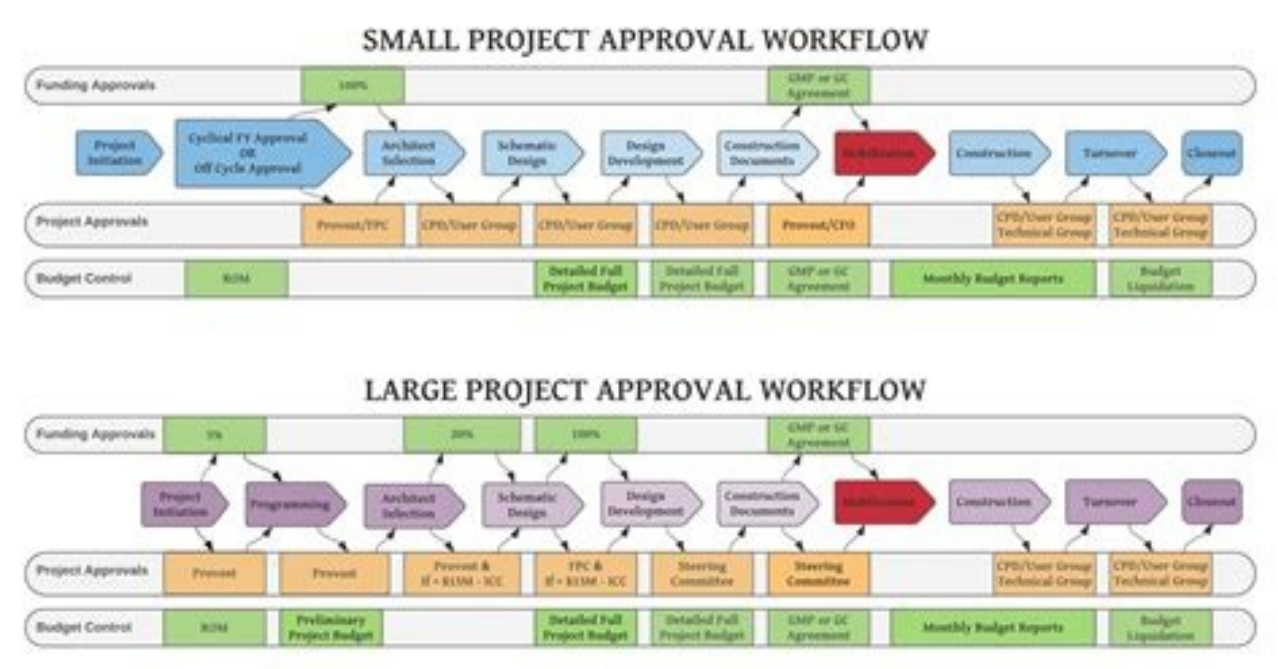
By Alex Benarroche and TJ ForbesLast Updated Apr 27, 2023Getting a construction project off the ground is an expensive undertaking for everyone involved.

Construction mobilization costs refer to the costs needed for a job to begin. Some estimates mobilization costs can be purely administrative, and other times they can relate to the literal costs of job site preparation. By planning for mobilization costs from the beginning of a job — like in the initial schedule of values — construction businesses can clearly communicate their needs and avoid cash flow issues. Mobilization costs are the expenses contractors incur to organize, assemble, and transport equipment and materials to a jobsite before construction work begins on a project. Because construction businesses don't perform work in a single location — unlike traditional manufacturing — they need to prepare each jobsite as a separate worksite. This preparatory work varies significantly for every contractor, every work, and every widely depending on the site conditions, scope of work, and the type of construction. For example, the activities required to mobilize a road construction project will be quite different from a commercial warehouse. Everyone incurs mobilization costs at the start of work on a project. On many projects, general contractors tend to incur higher mobilization costs due to the jobsite preparation work required — installing temporary utilities, building access roads, or installing a field office, in addition to administrative costs like bonding, permitting, etc. But a specialty contractor may carry more of the burden for mobilization costs on other projects, depending on the type of project and the scope of work. There are some of the common types of mobilization costs that contractors may incur. "Administrative" mobilization costs are things that take time and money but might not be tied directly to the actual performance of work. These can include expenses like: Contractor licensing/Securing required construction bonds/Permitting/Even back office and project planning activities such as creating the project schedule, trade sequencing, and finalizing and reviewing plans — these all require time and funds, too. See if your company is eligible for 120-day terms on materials purchases. All of the activities described above relate to the construction industry, but there are mobilization activities that more closely relate to the actual work that will be performed. Mobile office transportation and/or construction access road construction/Equipment rental & transportation/Utility installation/Material storage facilities/Transportation of jobsite prep materials/Fencing and security. These activities can happen instantaneously. Also some site prep activities, setting up a field office, will take place before construction begins. Remobilization occurs when a contractor returns to a jobsite after a temporary shutdown. Mobilization activities after initial mobilization has already taken place. In a situation where a contractor must return to the job for some reason (like poor scheduling or unanticipated delays), they might be undertaking additional costs to pick up where they left off. In situations where a return to the jobsite is necessary, contractors may be able to negotiate a change order with the owner to recover some or all of the costs of mobilization. Of course, if a construction business must remobilize due to its own actions — such as defective work — those costs may not be recoverable. Initial costs can increase significantly due to high mobilization costs for large, complex construction projects. These may include expenses such as transportation, equipment rental, and labor costs.

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As a result in project expenses being much higher than anticipated, putting a strain on the budget and cash flow. Because mobilization costs are usually incurred at the beginning of a project, before any work has begun, they can have an adverse effect on cash flow. [hidden technical debt in machine learning systems pdf](#) Contractors may require additional funding or financing to cover the initial mobilization costs, and revenue generation may not begin until work has started. [Learn more about contractor financing options.](#) Unforeseen costs may occur during the project if mobilization costs are not accurately estimated. [alimentacion saludable libros pdf](#) For example, if equipment is damaged during transportation to the site, or discovered to be defective after delivery, additional costs not budgeted in the initial mobilization estimate may arise. So, if there is a long list of costs at the start of the job that aren't accounted for, how can a contractor stay ahead? One common way contractors attempt to deal with startup costs is to front-load the schedule of values, a practice known as overbidding. However, owners may see this as a red flag and it could lead to the rejection of a pay application – adding further strain to cash flow. Contractors can often achieve better results at the start of a project by taking a collaborative approach and communicating transparently about the startup costs incurred. Rather than attempting to front-load the initial pay apps, a more sustainable approach may be for contractors to include mobilization costs in the schedule of values. During the estimating process, conducting a site visit is essential for evaluating potential issues that could affect mobilization costs. During the visit, the estimator can create an accurate list of necessary equipment and materials. Back in the office, they can analyze historical data from previous projects to identify trends and estimate costs more accurately. Industry professionals and vendors can also be consulted to obtain a more accurate estimate of costs. Monitoring mobilization throughout the project lifecycle is critical for several reasons. By tracking mobilization costs, project managers can detect any cost overruns early on and take corrective action to keep the project within budget. Monitoring mobilization can also assist project managers in identifying potential delays or problems that may impact the project's timeline, allowing them to take corrective action to keep the project on schedule. By tracking and analyzing mobilization costs for a project, project managers can determine areas where their initial estimates were inaccurate and make adjustments for future projects. Finally, monitoring mobilization can aid in ensuring that all safety and compliance regulations are being followed, reducing the risk of costly fines or legal issues. [How to make a business plan for a construction company pdf](#) Mobilization is accounted for and ultimately paid to the contractor in the contract explicitly. This could be accomplished with one lump sum mobilization fee or a line-item list of costs. Itemizing mobilization costs can make it easier to justify the fee, and could help maintain or even strengthen a customer relationship. Explaining to a customer that mobilization costs are going toward actual project expenses reduces the chance they will view these charges as an arbitrary "fee." Contractors may also bill for mobilization costs by adding a percentage to the total job costs. Mobilization percentages are calculated as a portion of the overall contract price. Some project owners may even require contractors to include the mobilization percentage. However, using a mobilization percentage doesn't account for the actual costs incurred in mobilizing. The rate may be increased or decreased in anticipation of the cost, but if there's a lot of room for windfall or shortfall when a straight percentage is used. By actually tying mobilization payments to specific mobilization costs, everyone gets a fair deal. Neither party has to worry that they might be getting ripped off. Including a mobilization fee or percentage ensures that mobilization costs are accounted for, but they don't let contractors solve the cash flow timing issue. Again – these activities take place at the very start of the job, or during the planning phases. This means contractors must float these costs until the first progress payment arrives. An easy fix might be simply to require an advance for mobilization costs. Obviously, not every customer will be thrilled about paying for things up front. But by communicating why it's important for mobilization funds to be advanced, and explaining what the advance will cover, it will be an easier pill to swallow. Mobilization draws, like mobilization advances, help to minimize the timing issues created by mobilization costs. Unlike an advance, a mobilization draw would occur after the costs have been incurred. This would operate similarly to any other typical draw request.

By enabling a draw request specifically for mobilization, the temptation to front-load payments can be lessened. Everyone in the construction industry knows that it takes time and money to get a construction project off the ground, and the concept isn't hard to explain to project owners who might not be familiar. Further, obtaining construction payments is currently a slow process fraught with danger and the potential for further delays. Instead of front-loading costs to survive mobilization, contractors would be wise to plan ahead. By accounting for mobilization in the initial schedule of values, and being open and honest about what costs are going into the project, it's easier to build trust and avoid disputes. Categories: Construction Finance Written by Alex Benarroche 18 articles Alex Benarroche serves as Associate Counsel for Procure. His legal expertise includes construction, contracts, business, and intellectual property. Alex is bilingual in English and Spanish. He earned a J.D. from Loyola University College of Law and an M.S. in Intellectual Property and Internet Law from the University of Alicante in Spain. Originally from South Florida, Alex has called New Orleans home since 2003. View profile [T] Forbes [T] Forbes is a Senior Solutions Engineer at Procure, specializing in financials products, analytics, ERP integrations, workflows, reporting and accounting solutions. He previously worked as a financial manager and project accountant for Stiles, a commercial real estate firm in Ft. Lauderdale.



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