



MICHAEL F. ALLEN & ASSOCIATES

THE CONSTRUCTION MANAGEMENT PROFESSIONALS



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Customer: Operating Unit of a multi-billion dollar S&P 500 Company

This customer is a global market leader specializing in electrical and instrumentation construction and maintenance.

Project Location: New York

Customer's Challenge

The customer needed to rebuild multiple 345kV substations in 14 months that were key to the reliable supply of power to New York City. This \$8 million contract was firm lump sum price with an aggressive completion schedule and required working through severe winter snow conditions with a relatively inexperienced project team. The project was severely impacted with over four feet of snow one month after mobilization and five months into the project significant margin erosion began to appear and the ability to forecast the final completion cost was becoming difficult and unreliable.

Customer's Solution

The Customer engaged **Michael F. Allen & Associates (MFA&A)** approximately five months into the project to perform a forensic root cause analysis to identify the cause(s) for the margin erosion and cost forecasting issues and develop a recovery plan. It was determined that the margin erosion and cost forecasting issues were caused by several factors such as:

1. Project Baseline was not established prior to starting work
2. Weather significantly impacted the manpower staffing level & overtime cost
3. Subcontractor cost overruns
4. Field office and craft supervision cost overruns

MFA&A developed and maintained a project control toolset to monitor the key cost drivers on the project including: Key Performance Indicator Curves, Risk Matrix, Integrated Resource-loaded CPM Schedule, and a streamlined monthly Cost-To-Complete (CTC) Financial Bridge report. These project control tools enabled the Customer to link daily production, time, and quantity reporting directly to cost and schedule forecasting. This enabled accurate assessment of daily progress against the performance targets, daily communication of crew productivity performance to the craft, and field performance adjustments on a weekly basis.

Customer Value Created

At the conclusion of the project, MFA&A was able provide the Customer with a project control toolset that could be used on any project to accurately monitor productivity, quickly communicate progress, forecast costs, and identify opportunities to improve & reduce costs to improve margin. For this project, the use of these tools by MFA&A substantially improved the project performance and successfully mitigated margin erosion on the project by recovering over \$1 million in margin.