



MICHAEL F. ALLEN & ASSOCIATES

THE CONSTRUCTION MANAGEMENT PROFESSIONALS

EST. 2000



601 FRONT STREET • LISLE, ILLINOIS • 60532 • (630) 515-0883 • www.MFA-A.com

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: Wisconsin and Minnesota

Customer's Challenge

The customer needed to construct 220 miles of 345kV double circuit bundled conductor Transmission Line in 38 months over mountains, wetlands, and National Forest terrain between Duluth, MN and Wausau, WI. This \$150 million contract was unit price with several hundred units and a labor force mixture of 40% self-perform and 60% subcontract. The project was fourteen months from final completion and was encountering significant margin erosion 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 two years 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. Equipment cost overruns
2. Large variances in the average unit pricing
3. Subcontractor cost overruns
4. Reduction in scope quantities
5. 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, and a monthly Financial Bridge report. These project control tools enabled the Customer to accurately assess and communicate field performance status, quantify what had been physically completed, the associated cost-to-date, as well as accurately predict the final project Estimated Cost At Completion (ECAC).

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, communicate, and control costs. For this project, the use of these tools by MFA&A increased the total project margin by approximately 2.7% which generated over \$4 million in additional margin.