

PREPARING FOR THE INDUSTRY OF TOMORROW



The Ideal Construction Dashboard

Presented by:
The Family Business Institute, Inc.



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This session is designated for **1.2 CPE credits** in the field of Business Management and Organization.

How to earn CE hours for this session

Participants must:

1. Check in with attendance scanner at the door or in the back of the room.
2. Attend at least 95% of the session.
3. Complete the session and post-program evaluation.
4. Complete a brief assessment with a score of 75% or greater.

Additional instructions will be emailed to attendees requesting CE credits.

You may contact **Jo-Anne Torres**, Manager of Professional Development and Continuing Education, at jo-anne.torres@agc.org or (703) 837-5360 for questions.

Learning Objectives

By the end of this session, participants will be able to:

1. Describe what it means to be “data strong.”
2. Identify examples of how top contractors use their dashboards to produce consistent results and success.
3. Discuss the most important ways to measure performance and success.
4. Explore how to use benchmarks to assess performance and capital structure.

Presenters:

Dennis Englebrecht

The Family Business Institute

Wayne Rivers

The Family Business Institute

Co-Presenters:

Tom Gerding

Gerding Companies

Fran McCann

Polk Mechanical



The “Ideal Construction Dashboard”

Financial Management and Business Development



What You'll Learn

- Why you should have a dashboard
- The importance of benchmarks
- Trending and early warning signs
- Dashboard components and explanation
- How to develop your own dashboard



“What gets measured gets done!”



“What gets measured gets done!”

1. Profit Performance
2. Operational Performance
3. Pre-construction, Estimating, and Business Development Performance
4. Culture and Organizational Metrics
5. Capital and Cash Management



1. Profit Performance

- Gross Profit (GP) Booked vs. Goal, Current Year, and Following Year
- Overhead (OH) vs. Goal YTD
- Annual ROA for the month/YTD vs. Target
- Annual ROE for the month/YTD vs. Target
- Return on Sales Revenue (ROS) for the month/YTD vs. Target
- Projected % of Employee Bonus Pool Earned (optional)



2. Operational Performance Indicators

- Gain to Fade Ratio
- Billings Latest Month
- Schedule
- Change Orders Outstanding
- Contingency Carried as of Month End
- Gross Profit Per Team Members vs. Target



3. Pre-construction, Estimating, and Business Development Performance

- Backlog
- Pre-con Revenue vs. Pre-con Cost vs. Goal
- New “lifetime customer” prospects booked
- % of book work negotiated, best value, qualified/select bid, open bid
- # of new subs with winning numbers YTD vs. goal



4. Culture and Organizational Metrics

- Headcount vs. Target
- Turnover Rate
- Community Involvement
- Employee Morale/Engagement



5. Capital and Cash Management

- 12 Month Rolling Days A/R Inclusive of Retention
- 12 Month Rolling Days A/R Without Retention
- Ratio of A/R to A/P
- Equity
- Working Capital
- Days Past Beginning of Month Financial Package is Distributed
- Other Income Earned
- Cash



Construction Dashboards at Work

Construction Dashboard at Work - Mechanical



Using Data to See Aged AR Impact Analysis on Cash & Line of Credit

Construction Dashboard at Work - Mechanical



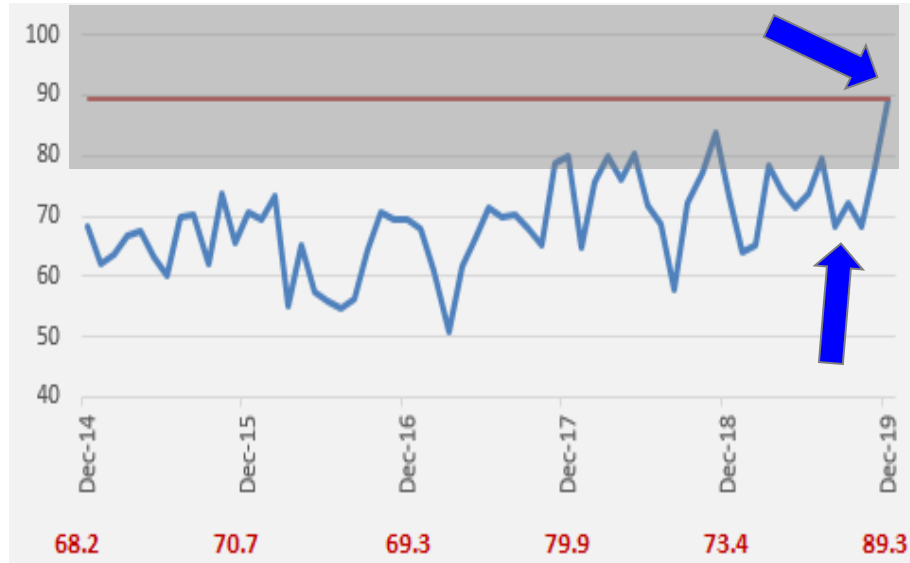
Accounts Receivable





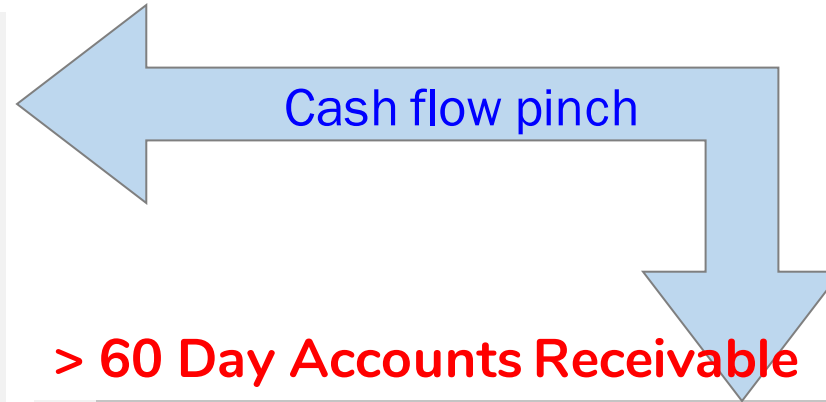
Construction Dashboard at Work - Mechanical

Accounts Receivable DSO

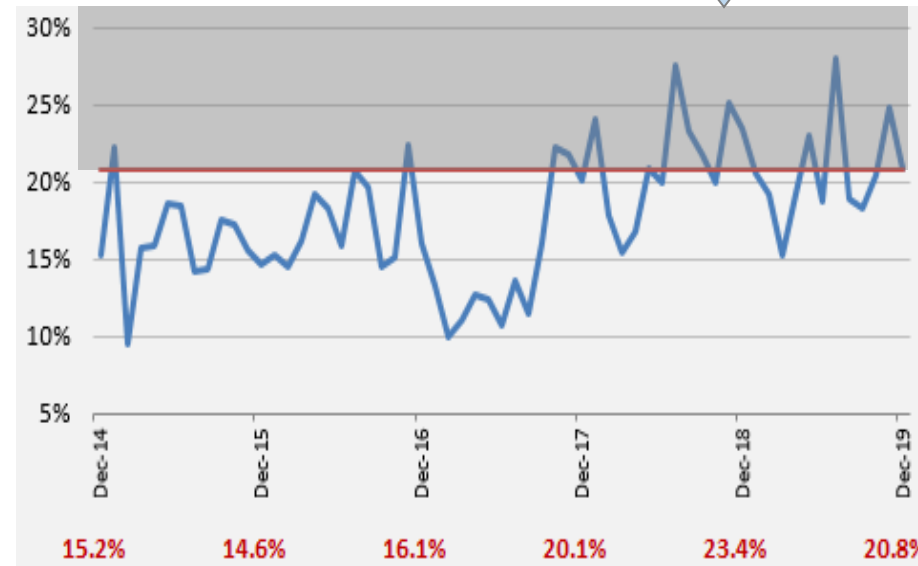


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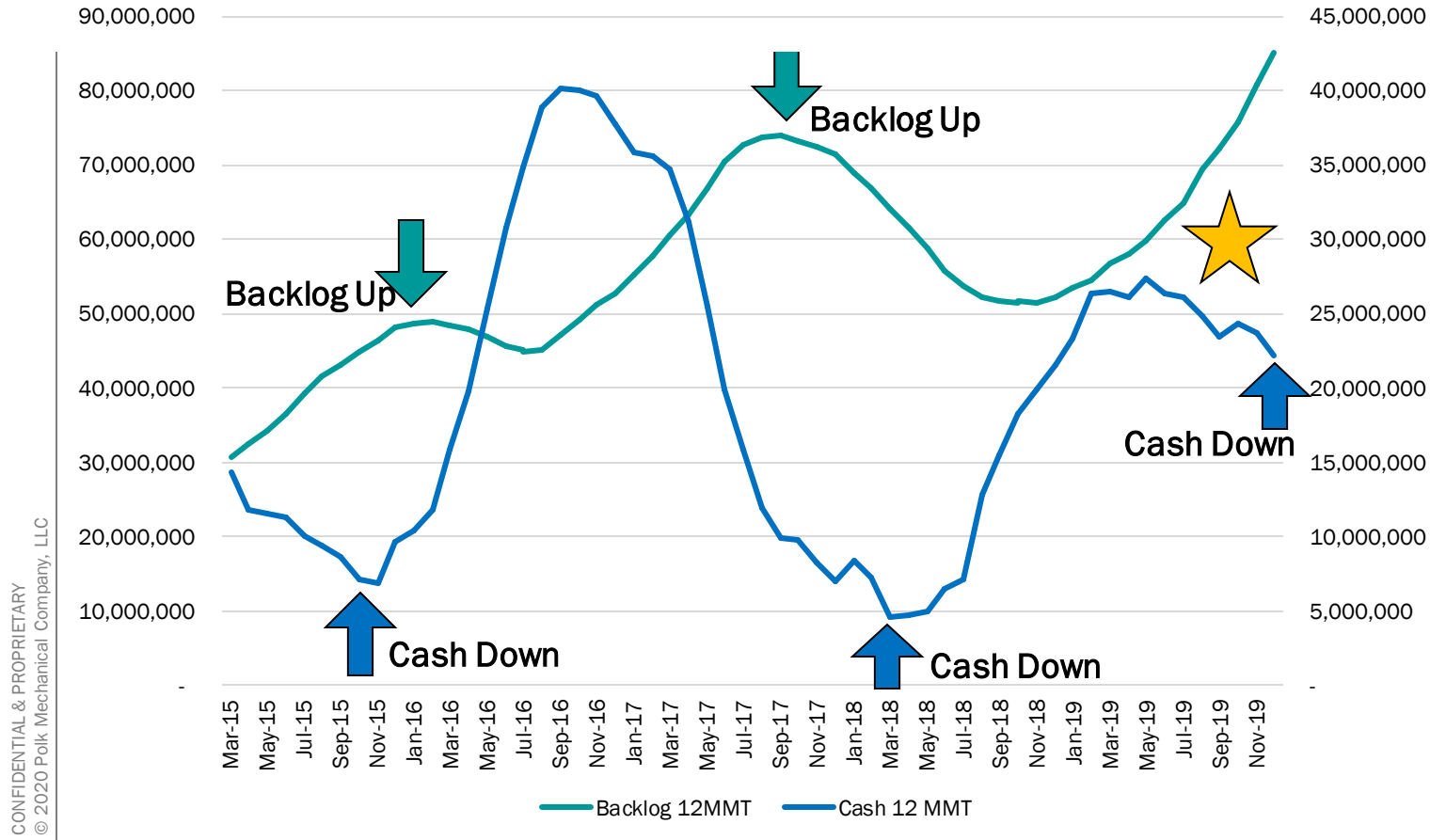
DSO went from:
72.3 @ end of FY (Sept 30)
to
89.3 @ 12/31



> 60 Day Accounts Receivable



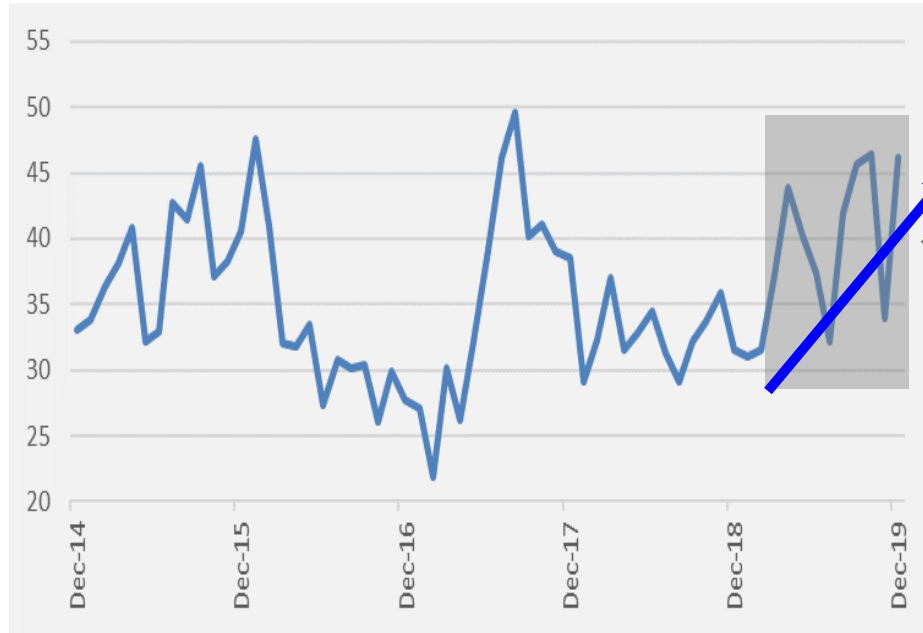
Construction Dashboard at Work - Mechanical





Construction Dashboard at Work - Mechanical

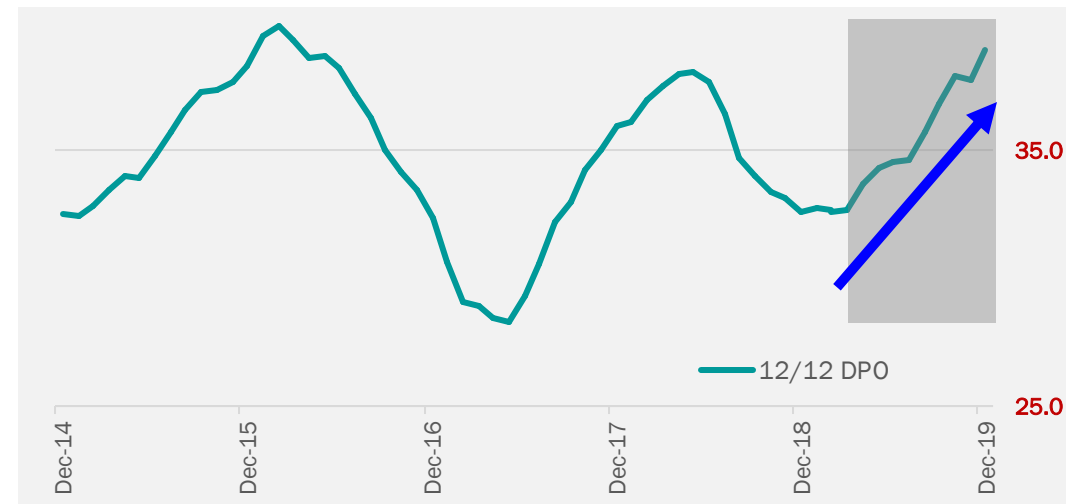
Accounts Receivable DSO



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Mitigate DSO w Higher DPO

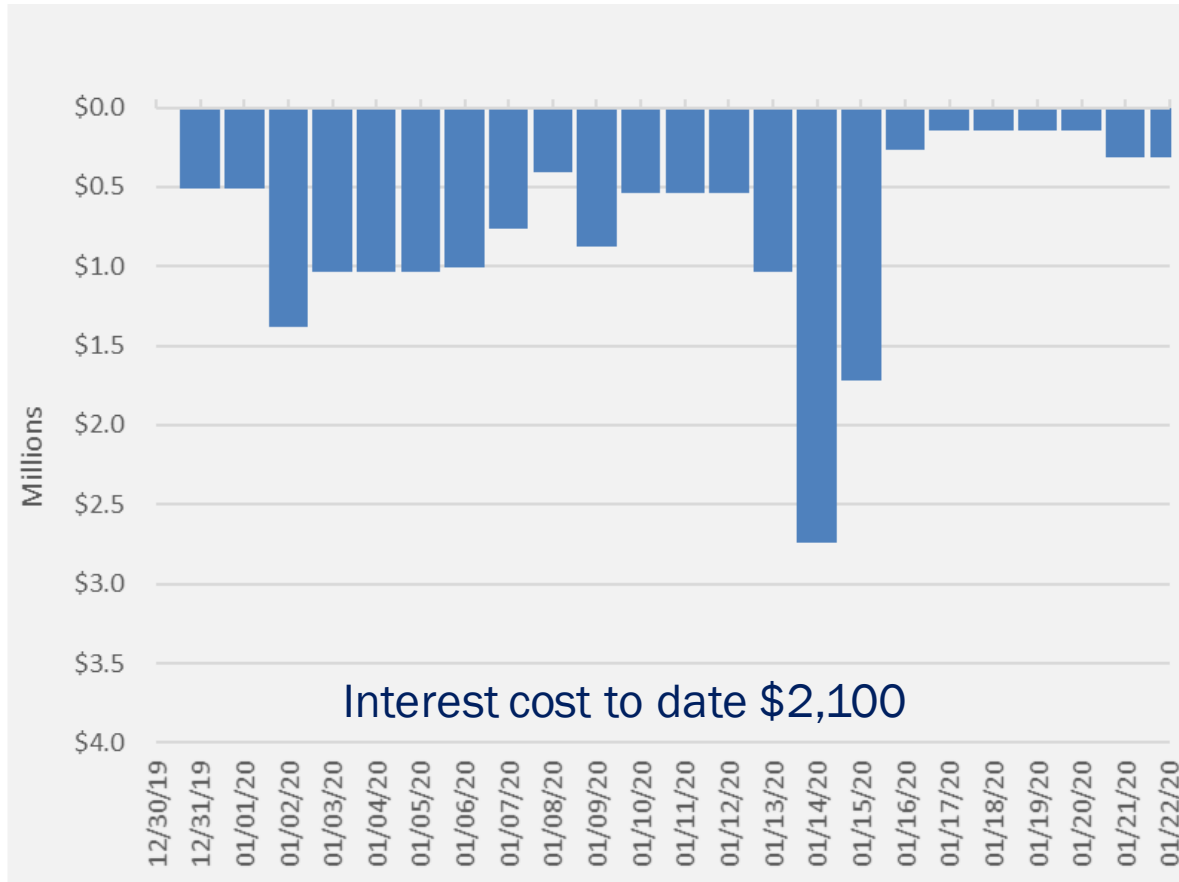
DSO v. DPO



Construction Dashboard at Work - Mechanical



Line of Credit Outstanding



Have now been in the LOC 23 days in month of January and have had to draw down 6 times equal to \$4.2M

(against a \$5M LOC)

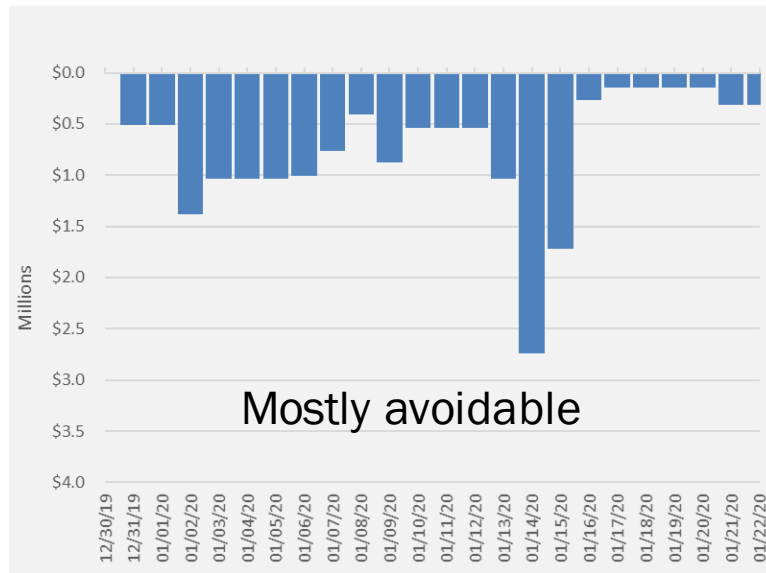
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Construction Dashboard at Work - Mechanical

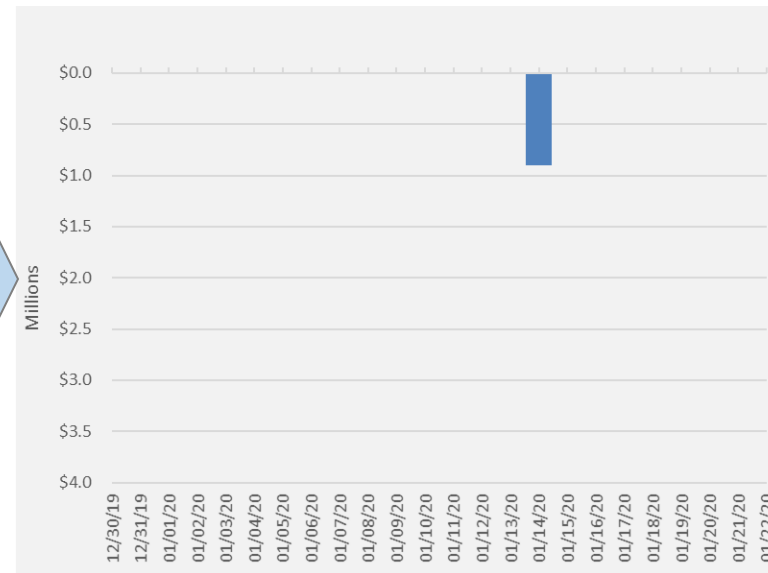


23 Days in LOC vs. 1 Day in LOC

Line of Credit Outstanding



Line of Credit Outstanding



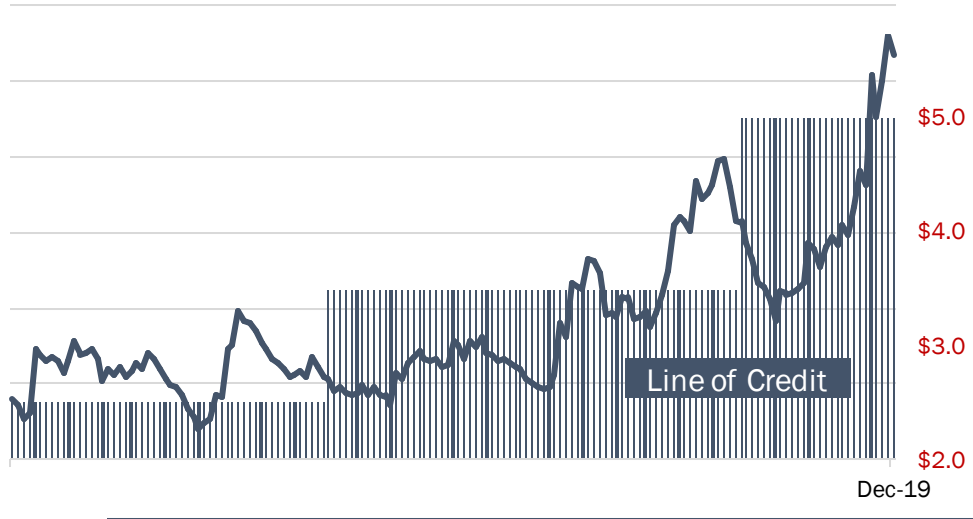
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Without >60 AR degradation:

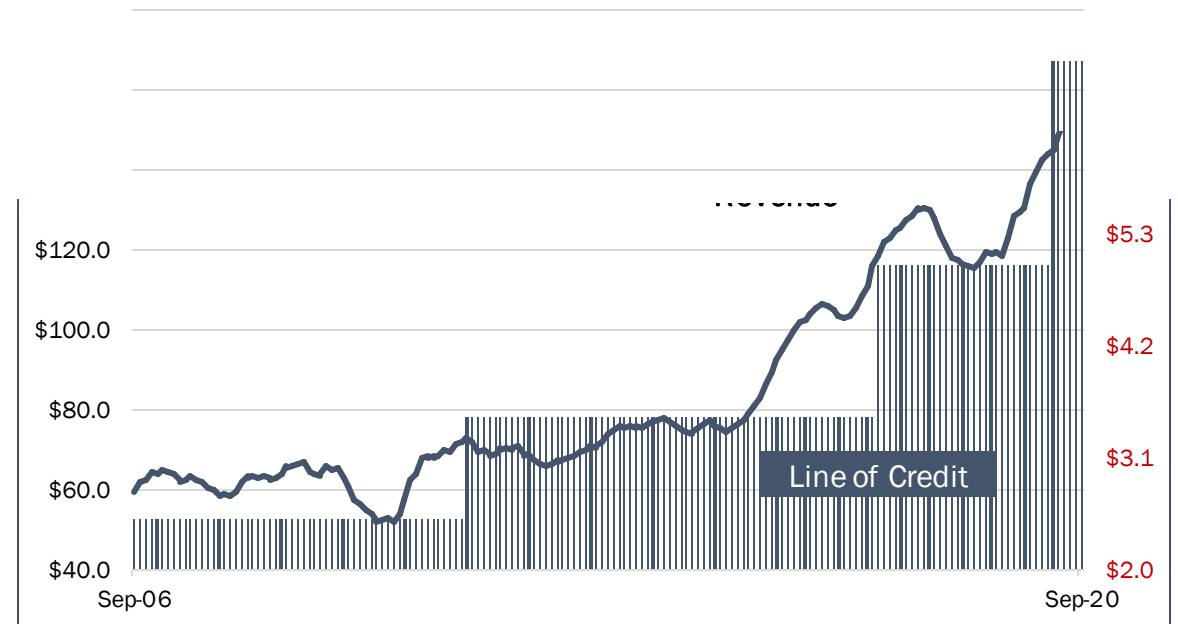
(if DSO stayed 72.3 vs. 89.3)

1 draw outstanding for 1 day \$901K; interest \$105

Construction Dashboard at Work - Mechanical



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Construction Dashboard at Work - GC



Financial Dashboard



Construction Dashboard at Work - GC

Financial Dashboard December 31, 2020

<u>Income Statement</u>	<u>Current Month</u>	<u>Year-to-Date</u>
Revenue	\$9,933,334	\$116,700,000
Job Costs	<u>\$9,395,687</u>	<u>\$110,161,300</u>
Gross Profit	\$537,647	\$6,538,700
Gross Margin	5.4%	5.6%
Operating Expenses	<u>\$399,852</u>	<u>\$4,623,368</u>
Operating Profit	\$137,795	\$1,915,332
Operating Profit Margin	1.4%	1.6%
Misc Income/(Expense)	<u>\$104,650</u>	<u>\$573,350</u>
Net Income	<u>\$242,445</u>	<u>\$2,488,682</u>
Net Income Margin	2.4%	2.1%

<u>Balance Sheet</u>	<u>Current Month</u>	<u>Last Month</u>	<u>Last Year</u>
Cash on Hand	\$4,156,541	\$3,654,589	\$2,605,585
Line of Credit balance	\$0	\$0	\$0
Accounts Receivable	\$22,496,335	\$23,952,555	\$24,822,685
Total Current Assets	\$28,678,454	\$28,029,969	\$30,379,182
Total Assets	<u>\$36,558,974</u>	<u>\$36,002,528</u>	<u>\$35,081,248</u>
Accounts Payable	\$14,985,255	\$14,714,980	\$15,632,303
Total Current Liabilities	\$20,558,682	\$20,317,749	\$22,986,057
Notes Payable	\$8,156,542	\$8,220,460	\$9,222,760
Total Liabilities	<u>\$30,276,896</u>	<u>\$29,962,895</u>	<u>\$31,287,852</u>
Total Equity	<u>\$6,282,078</u>	<u>\$6,039,633</u>	<u>\$3,793,396</u>

<u>Payroll Hours - December</u>	<u>Billable</u>	<u>Total</u>	
TGC Structural	17,515	19,420	90.2%
Gerding Builders	2,773	3,962	70.0%
GCI	253	480	52.7%



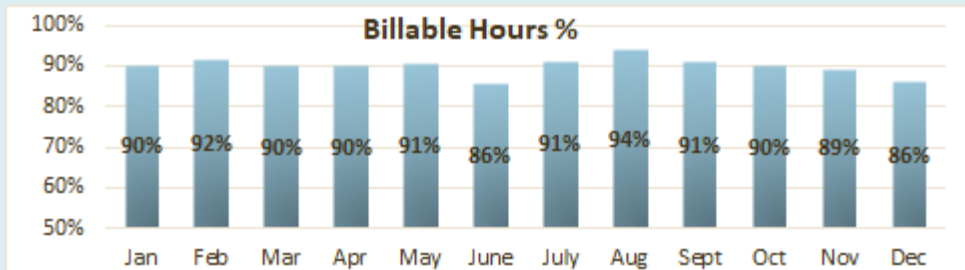
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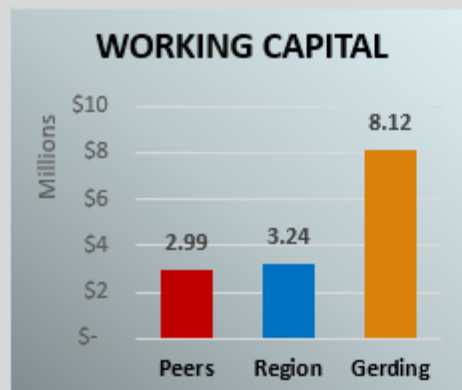
The Ideal Construction Dashboard - "What gets measured gets done!"



Construction Dashboard at Work - GC



Metrics	Current	Target	Last Year
Current Ratio	1.39	1.2+	1.32
Working Capital	\$8,119,772	\$2,500,000	\$7,393,125
Cash to Overbilling Ratio	1.03	1.0+	0.51
Gross Profit %	5.6%	5.0%	6.9%
Net Profit %	2.1%	2.1%	3.7%



TGC Backlog: \$7,854,612
 GB Backlog: \$64,917,556

Working Capital Position 11.7%
 (WC/WIP backlog costs)

TTM Revenue \$123,738,414
 H \$15,624,440 L \$7,193,570

TTM Net Income \$4,154,806
 H \$1,043,659 L \$80,436

Sales Growth 12.9%
 (CY Rev-PY Rev)/PY Rev

Profit Growth 11.5%
 (CY NI -PY NI)/PY NI

Return on Assets 6.9%
 (Med 8.7%, UQ 14.9%)

Return on Equity 49.4%
 (Med 29.3%, UQ 50.9%)

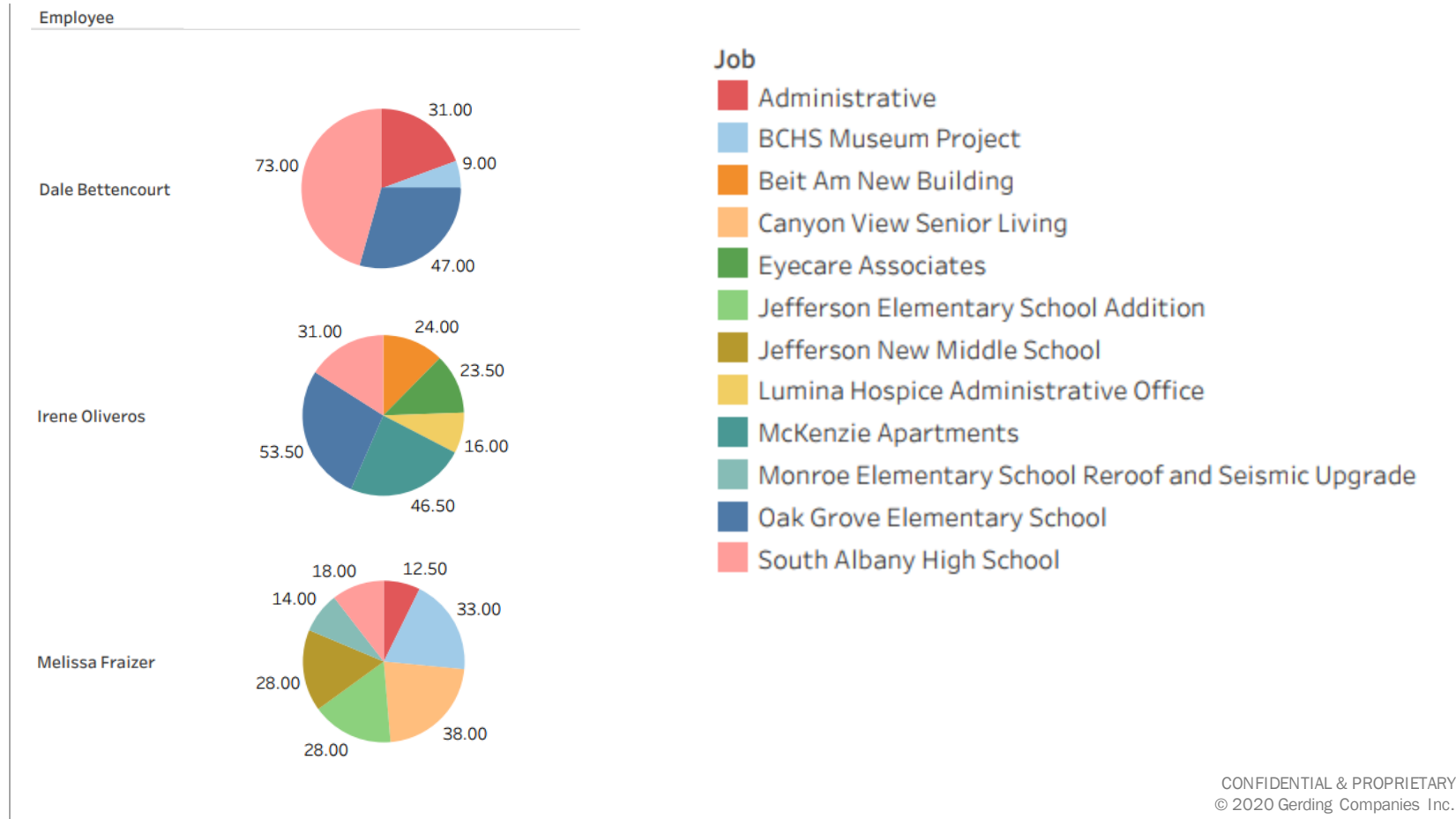


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Construction Dashboard at Work - GC

Employee Hours Report - October





We welcome your questions and feedback – please call or email us at

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