

Building Success: Optimizing Resources to Maximize Project Margins

How IFS Cloud Can Transform Your Construction
Company's Resource Management



Contents

Current Landscape

As a construction company, if you're standing still, you're moving backwards. In today's fast-paced business environment, the competition is fierce, and the stakes are high.

Contractors are facing unprecedented challenges. They have always had to operate on tight project margins, but now face even greater pressures due to labor shortages, varying jobsite productivity levels, high inflation, rising interest rates, volatile supply chains and increasing raw materials costs.

The industry is growing and there is money to be made, but contractors can only exploit this opportunity if they take steps to drive productivity improvements and optimize the resources needed to deliver their projects on time and on budget.

1. [US Census Bureau](#), 2023
2. [EMR, 2023](#)
3. [McKinsey Global Institute, 2023](#)

What resources do contractors need to manage?

Resources play a vital role in the success of any construction company and can be broken down into four main components: labor, equipment, subcontractors and materials.

Each resource type carries its own significance and can significantly impact a construction company's operations and profitability if not managed properly.

The weight and importance assigned to each resource can differ from one company to another, influenced by various factors such as project type, construction method, scale, organizational goals, and processes.



Labor

Labor often stands at the forefront of resource management, particularly for contractors who are executing projects using a self-perform model and are responsible for bringing projects to life. Skilled and dedicated laborers are crucial for executing construction tasks effectively and efficiently—but are also hard to come by these days and retain with the industry suffering from a

skills shortage, an aging workforce and high turnover.

Ensuring that your labor workforce is effectively utilized and managed is critical to the successful delivery of work for your clients. IFS Cloud enables better planning, bringing together and synchronizing all resources so that labor can continue to be productive at all times.

“

IFS provides the platform we need to develop and integrate other technology to support our field workers. Our mobile fitters, for instance, are now equipped with digital pens and software that integrates with IFS.”

[Read more](#)

4. The Construction Associate, 2023
5. [U.S. BUREAU OF LABOR STATISTICS](#), 2022
6. Build Zoom, 2017
7. [U.S. Chamber of Commerce](#), 2021

Are you embracing modern methods of construction to its full potential to optimize your resources?

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Subcontract

Most contractors deliver projects using a mix of self-perform and subcontract models. Where large subcontract packages must be managed, it is critical that we have effective business processes in place to ensure that the subcontractors deliver work on time and to a high quality.

Successful management of subcontractors relies on the collaboration of multiple key roles within a project, and the transparency of data, ensuring that the main contractor is working from a single source of truth.

Watch Multiplex's Customer Testimonial

Managing the commercial aspects of the subcontract is imperative if we are to keep the project margin on track. Change management is a crucial area as contractual change is where control can be lost. Other aspects such as making sure we manage risks and insurances are also extremely important.

IFS Cloud's Subcontractor Management Module provides a platform with one source of truth, where the data is real-world, live, accurate and protected from manipulation – allowing contract and project managers to evolve away from struggling to handle hundreds of different static excel spreadsheets at any one time.

What is subcontracting?

A subcontractor is a party which agrees to perform part or all of the obligations of another party

On average it takes 22 different subcontractors to build a home⁸

When does subcontracting become procurement?



Materials

Materials form the backbone of any construction project. From raw materials like cement, steel, and lumber to finishing elements like tiles and paint, the quality, availability, and cost of materials significantly impact a construction company's operations.

Efficient procurement, inventory management, and cost control are critical in ensuring a steady supply of high-quality materials whilst minimizing waste.

Reducing the materials cost within a construction project is not easy. However, there are a number of areas that can help to reduce this cost. One of these areas is to improve project material planning by linking the project material plan to the project plan so that the materials arrive when they are needed. This increases the likelihood the project will be delivered on time, and will also

help to reduce material wastage.

Another aspect is to increase the level of material standardization by introducing standard designs – modules, components, panels, assemblies etc. which can be reused across multiple projects. Think Lego parts – where you can build an infinite number of unique models from the same standard set of materials. Introducing part numbers where appropriate and having proper site based inventory control will also drive down the material cost.

“

IFS gives the customer confidence because all the materials, sub-contracts, costs and labor are all captured by the solution. The level of detail and ability to drill down if needed works for everyone involved.”

Barry Logan, ERP Solutions Manager, Babcock International

Babcock delivers over 4,630 projects with IFS

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Equipment

Equipment such as cranes, excavators, compressors, scaffolding is needed on all construction projects. The equipment is either owned by the main or speciality contractor, or is supplied by external equipment suppliers, or even a mix of all three. The financial model could also be leasing or renting. There are different perspectives depending on whether you own the equipment or are a user of the equipment on a project.

If you own the equipment you need an asset management solution which supports strong asset tracking and rental capabilities. The primary focus is to make sure you can satisfy the demand coming from internal or external projects, so demand planning and availability management is very important. In addition to this, the equipment must be fit for the purpose it is to be used for, and have high reliability and availability.

Lastly, the asset owner wants to achieve high asset utilization and high asset profitability, so having effective modern maintenance management and rental processes are key. We are transitioning to a world of automated and autonomous equipment so making the right asset investment decisions is increasing in importance.

For contractors who don't own the equipment assets, but rather rent them from internal or

external suppliers to use on their projects – their focus is different. The contractor wants the equipment to be available when they need it, low rental cost, high reliability and high quality assets that deliver maximum productivity. In addition, they need to make sure they can easily track what assets they have on rental, where they are and when they are due to be returned. This will make sure they are not paying for equipment they no longer need, which would have directly reduced their project margins. Accurate equipment planning linked to the project plan is therefore a key requirement.

Unlike traditional ERP software IFS Cloud deliver a combined project lifecycle and asset management solution—a true 'cradle to grave' approach rarely found in one single solution.



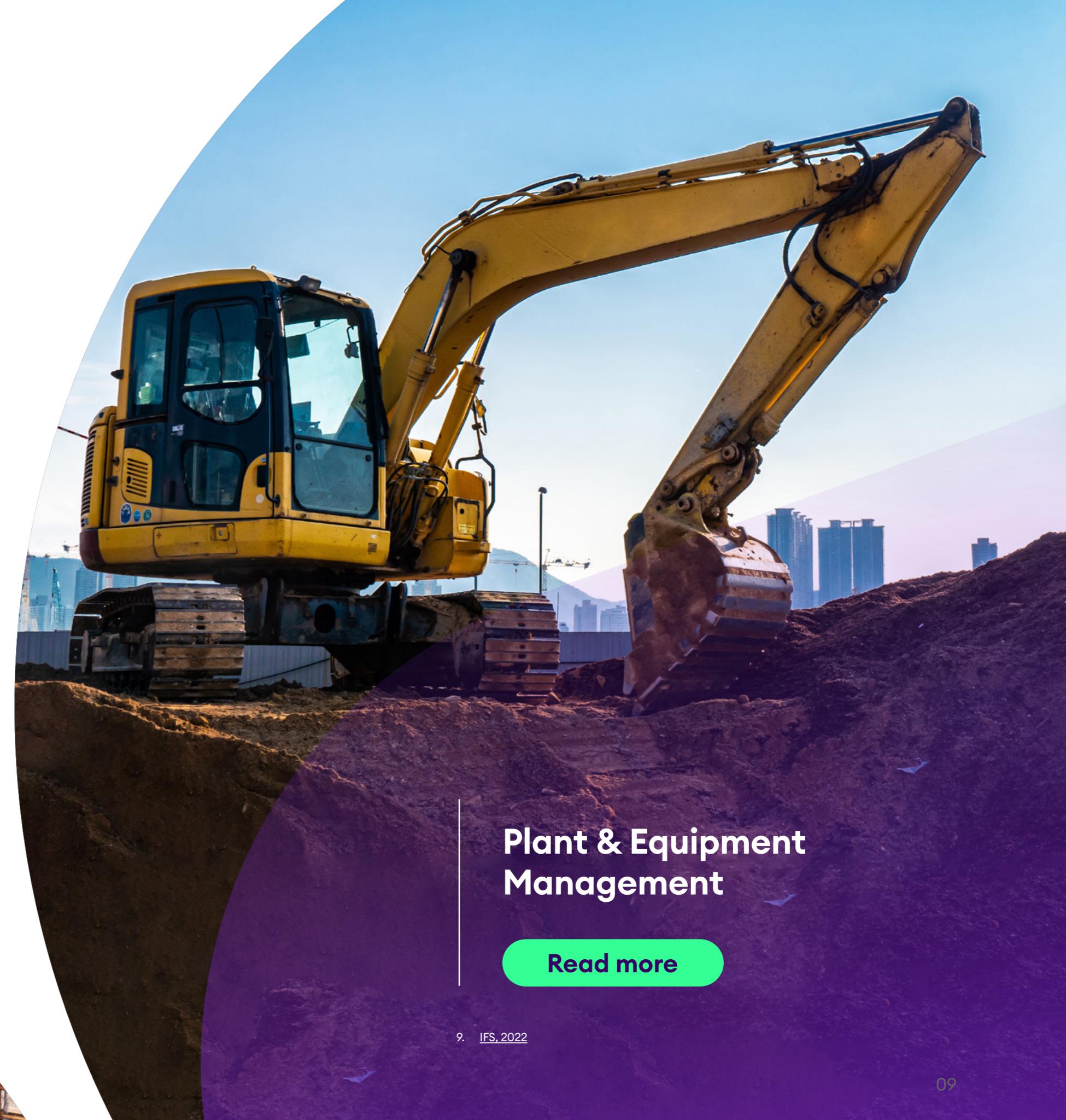
“

It is unacceptable to see that equipment is used rarely or never. IFS will allow us to make this observation and then, by combining the information collected with the monitoring of worksites in the IFS solution, to allocate resources and increase the time of use.”

Jean-Sebastien Leoni, Deputy Chief Executive Officer of NGE

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Plant & Equipment Management

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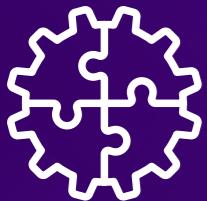
IFS Cloud for Total Resource Control

For construction and engineering companies ensuring your resources are balanced is key to delivering a project on time, on budget and at high quality.

IFS Cloud can help you simplify your operations and provide a platform that ensures you always remain in complete control and maximize project profitability.

Contact a specialist today:

[Read more](#)



Find out how IFS Cloud for Construction ensures successful project delivery

[Factsheet](#)



About IFS

IFS develops and delivers enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations.

Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers—at the Moment of Service.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector.

Our team of 4,000 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers. Learn more about how our enterprise software solutions can help your business today at [ifs.com](https://www.ifs.com).

#MomentOfService

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