ENGINUITY TUTORIAL

The Labour Used to Progress a Job

The Labour used to Progress a Job

The labour used to progress a job is classified in a number of ways :-

- Planned labour
- Effective labour limit
- Total labour allocated
- Effective labour
- Ineffective labour

The following example should demonstrate the classifications.

The Labour used to Progress a Job

Planned Labour Level

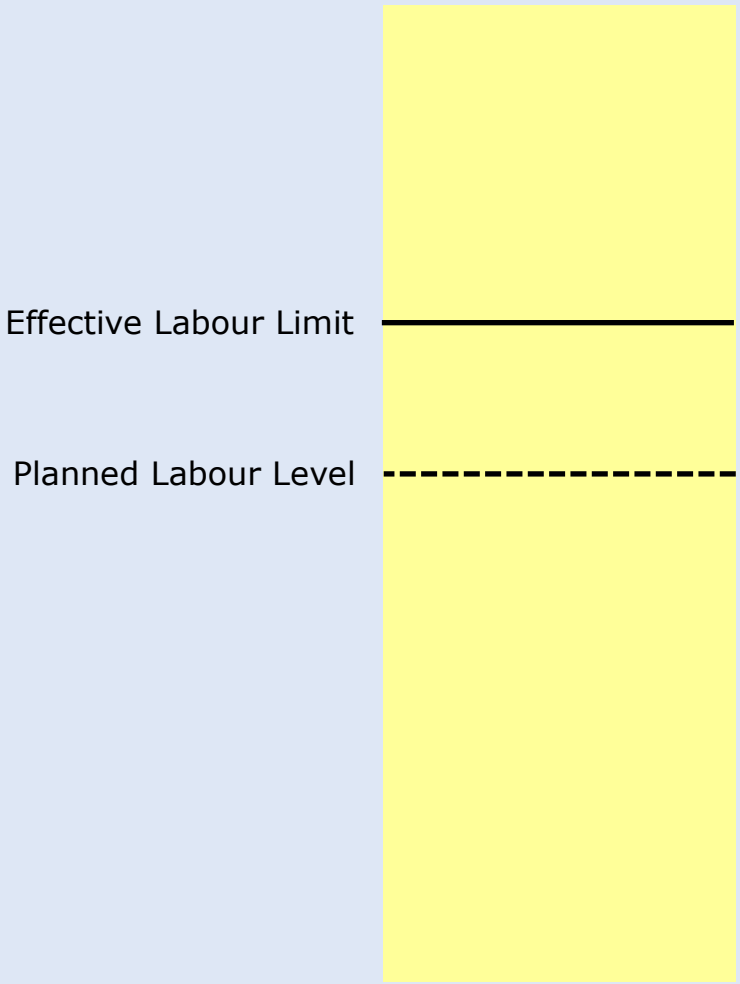
PLANNED LABOUR

The planned labour level for each period was estimated when the job was identified in order to complete a contract on time.

ESTIMATED COSTS / PLANNED LA[illegible]H SCHEDULE

Job period	Estimated build cost	Estimated site cost	Planned labour	Cumul % complete
1	761,072	152,215	17	30
2	1,268,454	253,691	29	80
3	507,382	101,476	12	100
	2,536,908	507,382	58	

The Labour used to Progress a Job



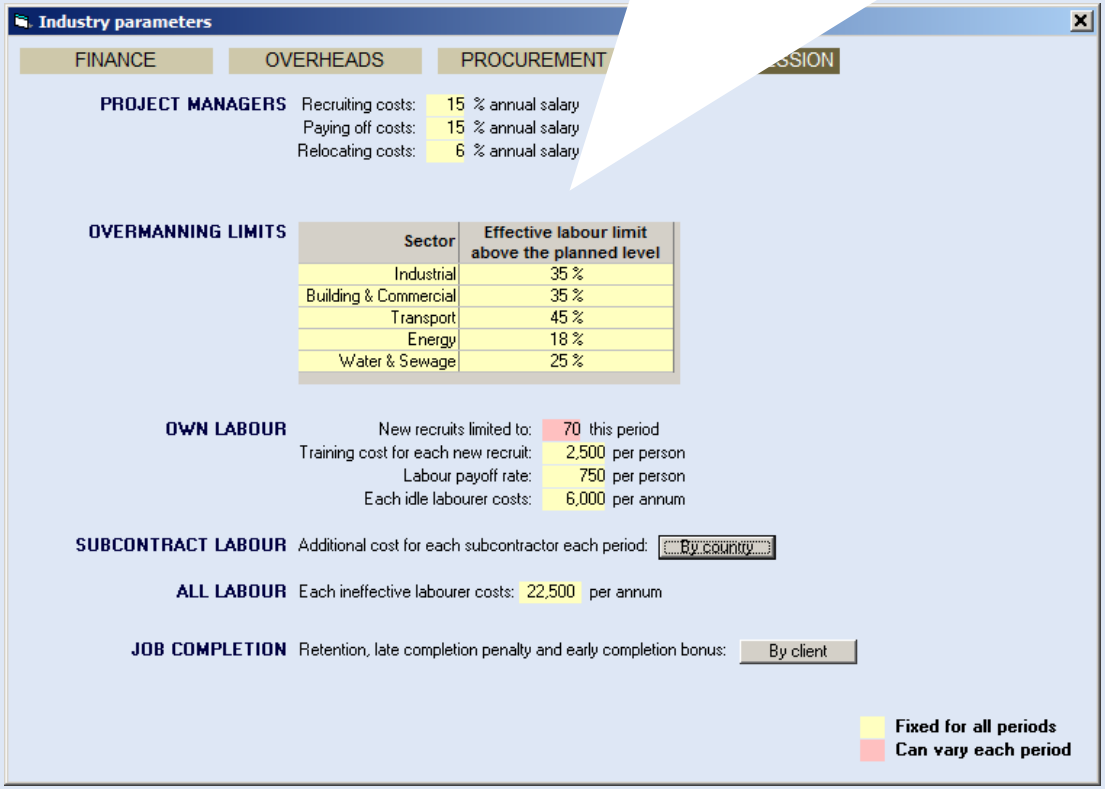
EFFECTIVE LABOUR LIMIT

The planned labour can be exceeded each period up to a point known as the **effective labour limit**.

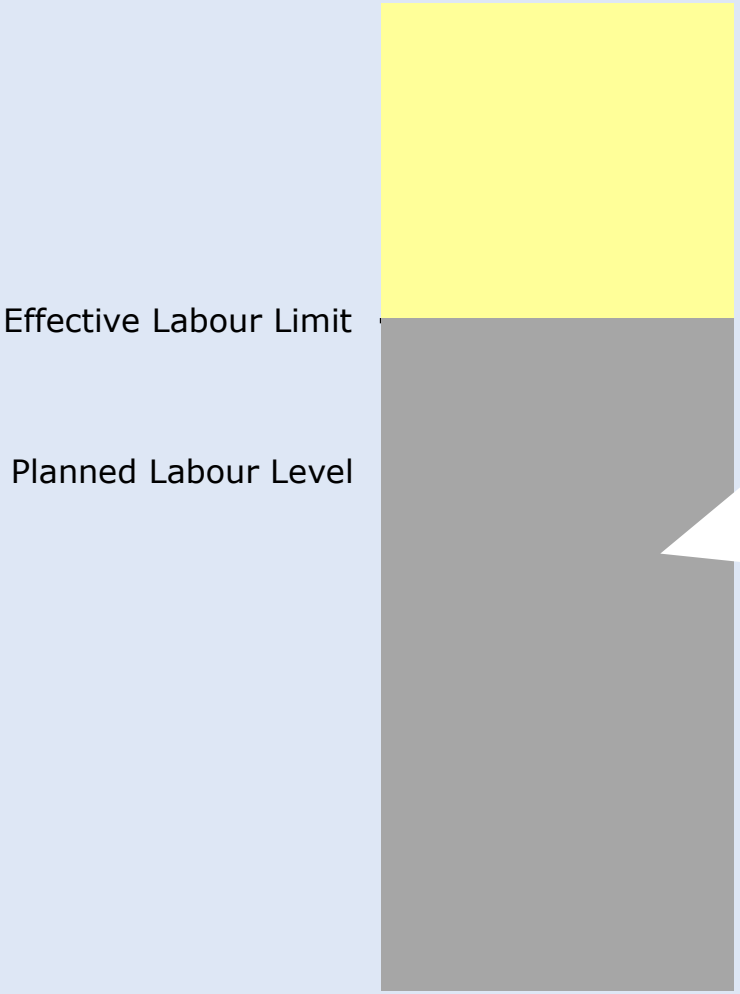
The overmanning limits are sector based, and shown in the **Industry parameters**.

KEY POINTS

- It would be necessary to overman a job to complete it early e.g., to complete a 5-period job in 4 periods, 4-period job in 3 periods etc.
- 2-period jobs can never be completed in 1 period.



The Labour used to Progress a Job



LABOUR ALLOCATED TO SITE

The Construction Manager determines the **total labour** to allocate to site in the period depending upon the requirements of the job.

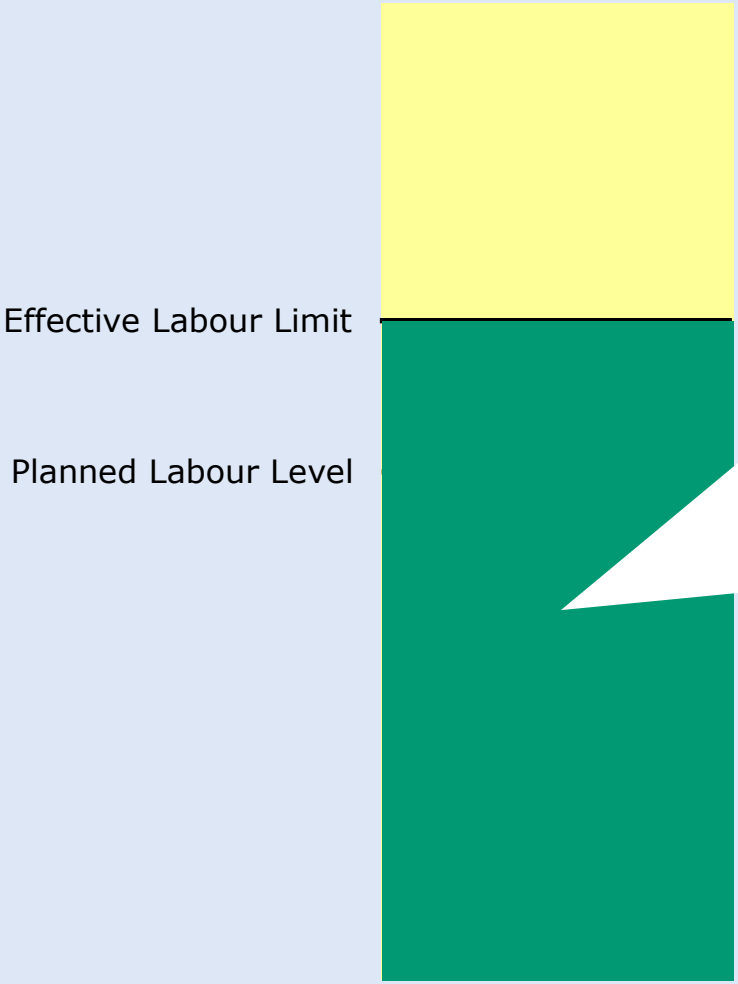
The total labour level is adjusted by affect of any delays to leave the 'potential' effective labour on site.

The labour lost by delays is **classed as 'ineffective' labour**.

KEY POINTS

The total labour level allocated may be higher than the anticipated required level to compensate for any delays to the job that may occur.

The Labour used to Progress a Job



EFFECTIVE LABOUR

After allowing for delays the labour BELOW the effective labour limit is classed as the **effective labour on site**, and contributes to progressing the job.

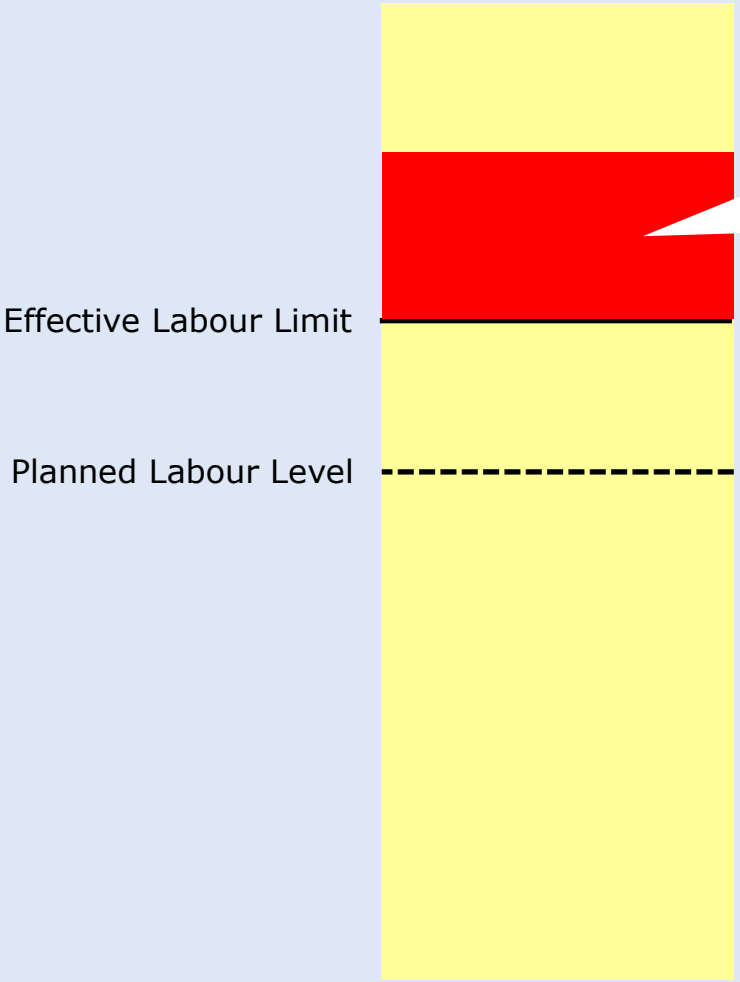
Only effective labour generates value, or money from the client.

As a rough guide, if the effective labour on site is 30% of the total labour required to complete a job, 30% of the job's value (original bid) should be earned from the client.

However, there are numerous other factors that can affect the measured value recovered, including :-

- The quality of the project manager on the site
- Morale of the company's own labour
- Measurement effort across the company

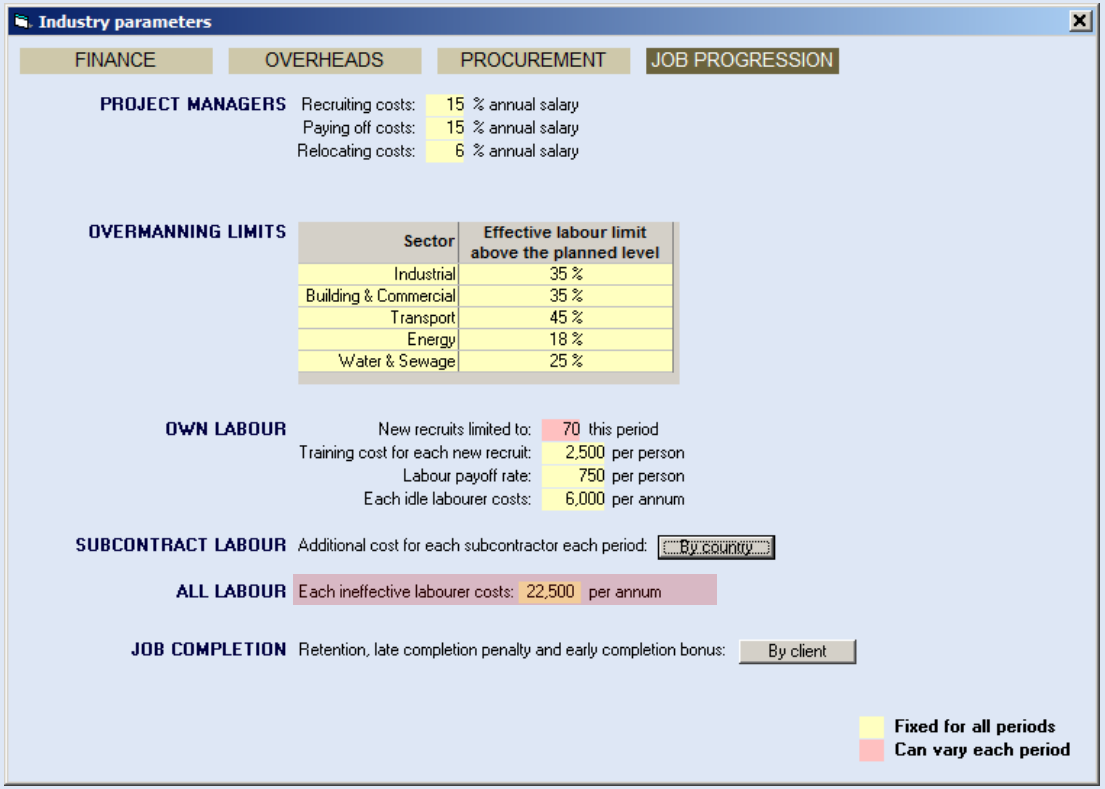
The Labour used to Progress a Job



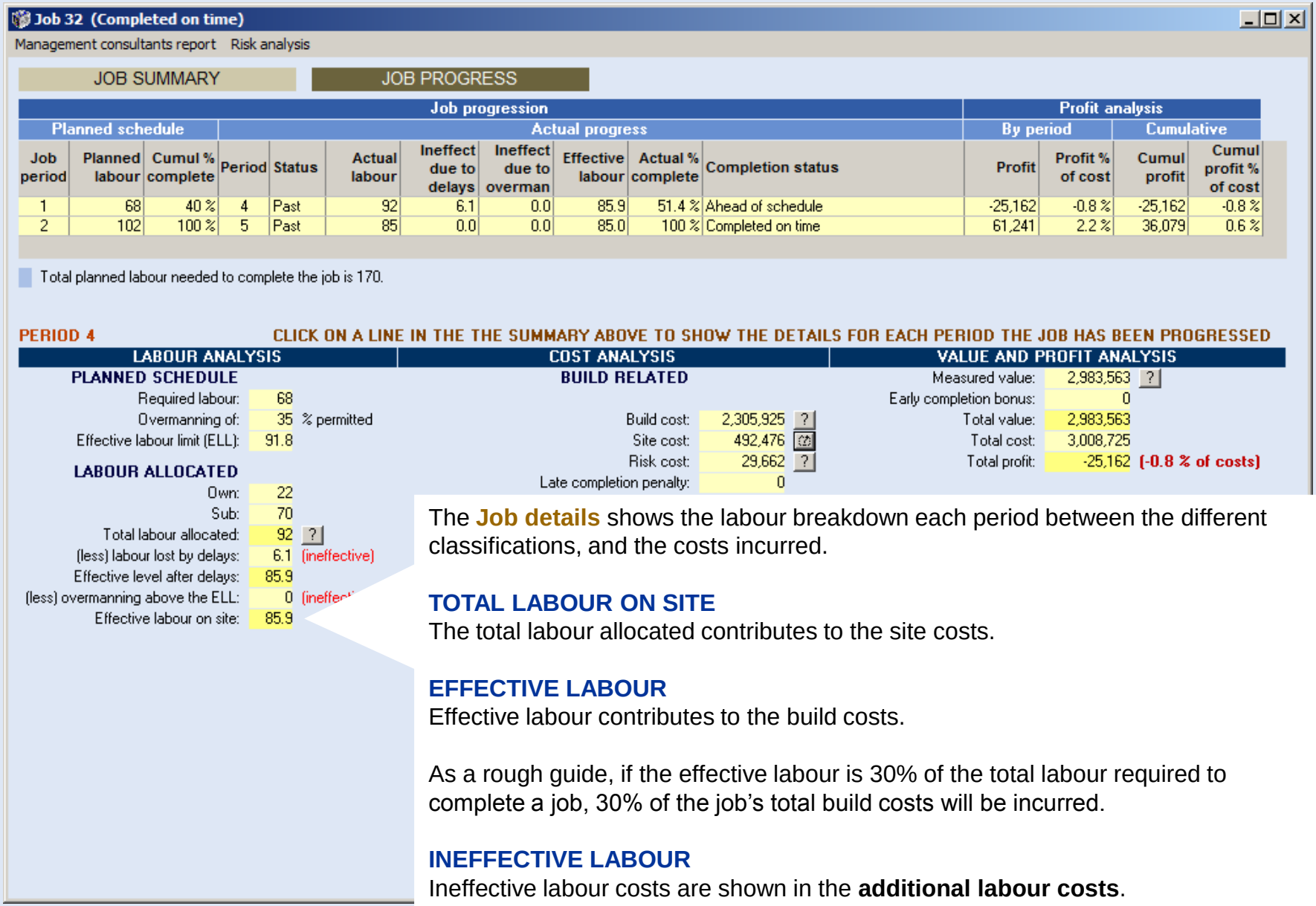
INEFFECTIVE LABOUR DUE TO OVERMANNING

After allowing for delays the labour ABOVE the effective labour limit is classed as **ineffective labour due to overmanning**, and does not contribute to progressing the job.

The cost of ineffective labour is shown in the **Industry parameters**.



The Labour used to Progress a Job



The **Job details** shows the labour breakdown each period between the different classifications, and the costs incurred.

TOTAL LABOUR ON SITE

The total labour allocated contributes to the site costs.

EFFECTIVE LABOUR

Effective labour contributes to the build costs.

As a rough guide, if the effective labour is 30% of the total labour required to complete a job, 30% of the job's total build costs will be incurred.

INEFFECTIVE LABOUR

Ineffective labour costs are shown in the **additional labour costs**.