

The Secret of Successful Job Costing

There are many reasons why job costing may fail, but following a few simple rules can help improve the reliability of your job cost reports



1. KEEP IT RELEVANT

Decide what information you want to get out of the process, if you are not going to use the information there is no point in entering it.

- ▶ **Work out the level of detail your job needs and stick to it.**

2. KEEP UP TO DATE

Make sure data is entered quickly and regularly so you can focus on the job in hand.

- ▶ **Work with a simple system that enables ease and speed of updating your data so you don't get bogged down.**



3. ACCURACY

Simple data entry keeps errors to a minimum and a good system allows you to view reports and fix errors efficiently.

- ▶ **Ensure that you, and those customers you are billing, can trust the data in your reports.**

4. KNOWING THE COSTS, BUT NOT WHAT IT MEANS

How do I know if a spend of £350,000 on job X is good or bad?

- ▶ **Setting budgets against a job, and being able to compare to actual spends, tells you exactly where you are making and losing money.**



5. WHAT ABOUT ALL THOSE VARIATIONS?

Know what has changed, what it cost and who should pay.

- ▶ **Make sure you set up the appropriate cost codes and levels of detail required for each job.**