



INSIGHT BRIEF · CONSTRUCTION

Three WIP Numbers That Predict Trouble

For CFOs and controllers: the three numbers on a WIP schedule that flag a job going sideways before it has a name, and why a trustworthy WIP is a systems question before a discipline one.

A work-in-progress schedule is the closest thing construction finance has to an early warning system. Read correctly, it flags problems while there is still time to act. Read casually, it is a compliance document the bank asked for.

Three numbers do most of the predictive work.

1. Underbilling that keeps growing

One month of underbilling is timing. Costs landed before the billing cycle caught up. It happens.

Three months in a row is a pattern, and patterns have causes: either the job is quietly going over budget, or billing has fallen behind the work. Both leak cash. Find out which one it is while the job is still open.

2. Margin fade between periods

The estimate said 12%. The WIP says 9%. Somewhere between those two numbers is a story, and somebody on that job already knows it: a productivity problem, an unbilled change, a buyout that went the wrong way.

The fade itself is not the emergency. The emergency is finding out at close-out, when the only thing left to do is write it down. Fade caught mid-job is a conversation. Fade caught at the end is a loss.

3. A cost-to-complete nobody updated

Cost-to-complete is the one number on the WIP that requires judgment, which means it requires a human, which means it goes stale.

If CTC has not moved in 60 days on an active job, the percent complete is wrong, the revenue recognition is wrong, and the margin is wrong. The whole report inherits the staleness, and every decision made on it does too.

The systems question underneath

All three signals depend on one thing: cost data that is current. If field time arrives on Fridays and AP lands whenever it lands, your WIP describes three weeks ago, and none of these warnings fire in time.

That is why a weekly WIP habit is a systems question before a discipline one. Teams review reports they trust. They quietly stop reviewing reports they have learned to doubt.



Questions about any of this?

Summit Business Systems has been implementing ERP for Ontario businesses since 1991. We are an Acumatica Gold-Certified Partner based in Barrie, working with construction, field service, distribution, and professional services companies across the province. If you want a second opinion on anything in this insight brief, we give straight answers.

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