

8 Ways to Increase Efficiency for Real Estate Development Teams



Whether you're a developer who is growing fast and needs to boost productivity, or you're just tired of unnecessary mistakes costing time and money, it all comes back to efficiency.

Managing project finances for real estate development projects involves many people, processes, and moving parts which contribute to inefficiency. Information needs to be easy to understand and kept up-to-date. Processes need to be flexible yet also standardized. Employees need to be able to effortlessly update each other, quickly find answers, and communicate professionally with external parties. Fortunately, achieving all of these outcomes is no longer the administrative headache it once was. This guide will lead you through eight ways to help your real estate development team save time while improving their ability to effectively manage projects.

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01 Centralize and digitally connect all project information

KEYS TO SUCCESS



A cloud based solution to centralize documents AND guide workflow



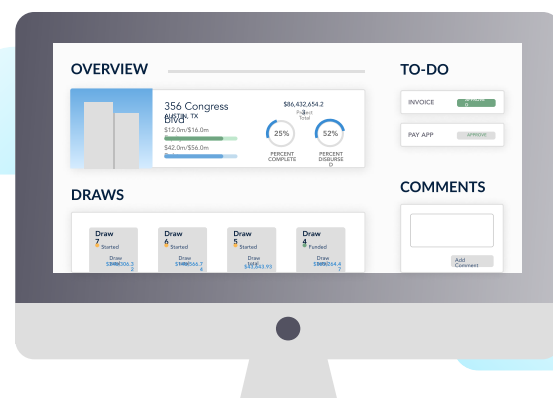
One place to collaborate on issues and discrepancies



A digital workflow that keeps everything consistent

First and foremost you need to **centralize and connect your project finances**. But hold on, before you start copying everything into one spreadsheet, start simple. List out the different items that you're tracking on your development projects and identify which items take the most time. You'll probably find that much of your time is spent waiting for colleagues to send you documents, asking for clarification, or manually delivering documents to someone and waiting for approval. You might even realize that you lose the most time when, after hours of work, you notice the general contractor sent you an incorrect document and you need to start over...at 5:30pm...on Friday.

Picture a world where you don't have to manually prepare draw packages, development managers have all project information in one place, and data is incredibly organized. Centralizing your information is the key to making that dream a reality. So how exactly do you do that? The first step is moving your project finances from siloed spreadsheets and emails to a cloud-based solution. Implementing cloud-based software empowers your team to organize all information in one place and access it from anywhere. The most up-to-date budgets, invoices, lien waivers, pay apps, approvals, project communication and more, should all be easily accessible by your team. **The key here is that you are digitizing and connecting all of the information.** You aren't just dumping a bunch of files in a cloud storage service and calling it centralized. You are equipping your development team with a completely digital process for handling their workflow, no emails, printing or company drives required. This ensures that you only have to add information once and it becomes immediately accessible wherever it is needed without ever having to reference a document. Ultimately, this connected information allows you to **stay ahead of cost overruns and prevent major issues before they occur.**



02 Track all current and upcoming costs confidently (stay ahead)

KEYS TO SUCCESS



Roll forward previous amounts and reallocations without spreadsheets

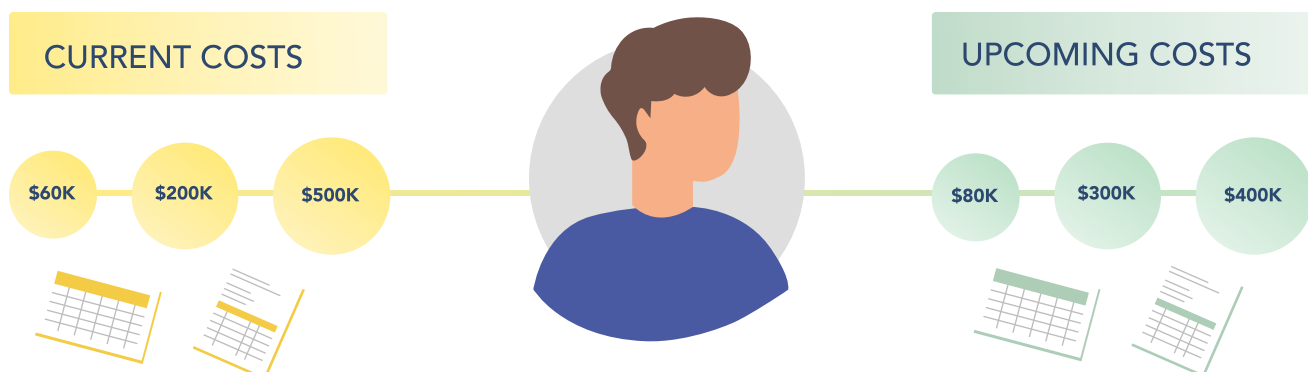


House the data where all team members can access it

It's happened to you. It's happened to your friend. It will probably happen to you again. You find inconsistencies, a calculation error, missing documentation or typos. Those issues require you to start over and make you paranoid the next time you review your data. As a result you spend even more time checking documents because you're worried about errors that expose you to risk. Together, these issues make it difficult to track costs confidently.

First off, hats off to you for meticulously checking your data. Second, wouldn't it be nice if you had a process for automatically catching issues when you still have time to do something about it? If you find the same errors happening frequently, **set up automated workflows to check for your custom rules**. If you've already implemented a real estate development management platform that's great, it can do this for you automatically. If not, you need to consider digitizing your process as we discussed in step one. Sure, anyone can build a nifty macro that analyzes data, but housing the data where everyone can access it and alerting users immediately to issues is where the biggest efficiency gains lie.

Additionally, digital platforms allow you to track not only the costs that have been spent, but also the costs that are coming whether it is estimated on the PCO log or just known from a submittal or RFI. Tracking all of that in spreadsheets can make gaining confidence on the status of the project difficult. The whole goal is to make sure that your project has no lingering issues. Tracking potential change orders and exposures along with complete contract history of a vendor will ensure that you always are alerted to potential issues in a timely manner.



03 Spend time solving problems, not searching for them

KEYS TO SUCCESS



A mechanism for detecting issues earlier so you have more options to solve them



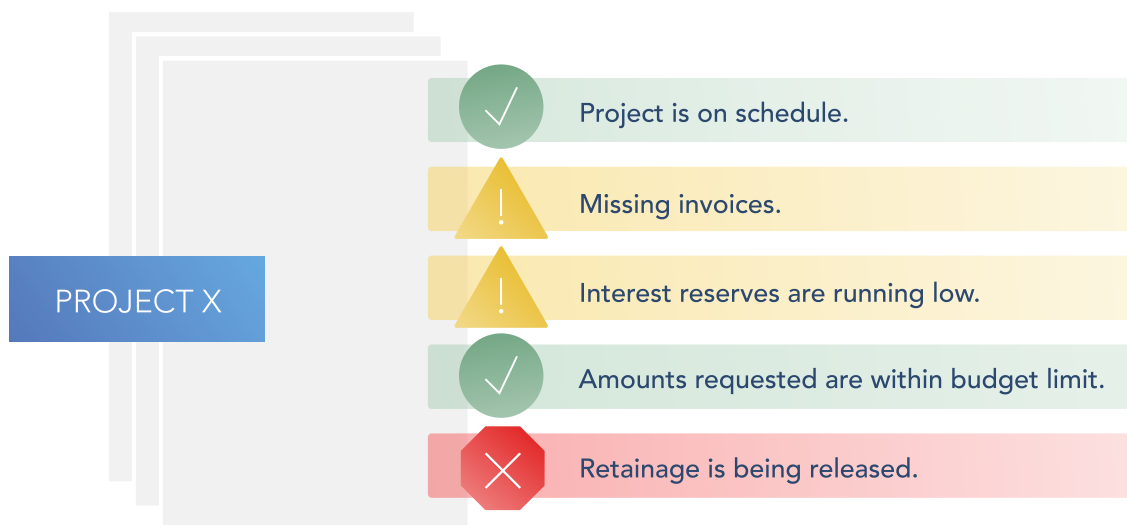
A solution to review your team's work faster (from hours to minutes)



Reduce opportunities for human error (and get alerted when errors happen)

When it comes to addressing problems, it's easier if you know about them earlier. The sooner you know about it, the more control you have over how to deal with the issue. Luckily, affordable technologies exist today that leverage machine learning and advanced analysis to automatically alert developers to issues on their project finances. For development managers, that means giving your team the ability to track project costs in real time and easily deal with change orders or other unforeseen issues. Because you know where things stand at all times, you always know where you can pull from in the budget to cover changes. **Best of all when budget issues or data discrepancies do occur, you will know about it immediately, and not when it's too late.**

To optimize project ROI it's important to ensure individual line items don't overdraw, and have supporting invoices or documentation. Unfortunately, manually reviewing line items takes a lot of time and is susceptible to human error. Luckily, modern day development management tools can automate these tasks for you. Instead of going line by line, today's development management software can automatically flag items that require the reviewer's attention. This saves hours of time as the software automatically detects inconsistencies or errors in the data. As a result, you spend less time searching for errors and more time actually fixing them.



04 Empower your team to compare data, vendors, and exposure across projects

KEYS TO SUCCESS



Surface project progress and status metrics across your entire portfolio



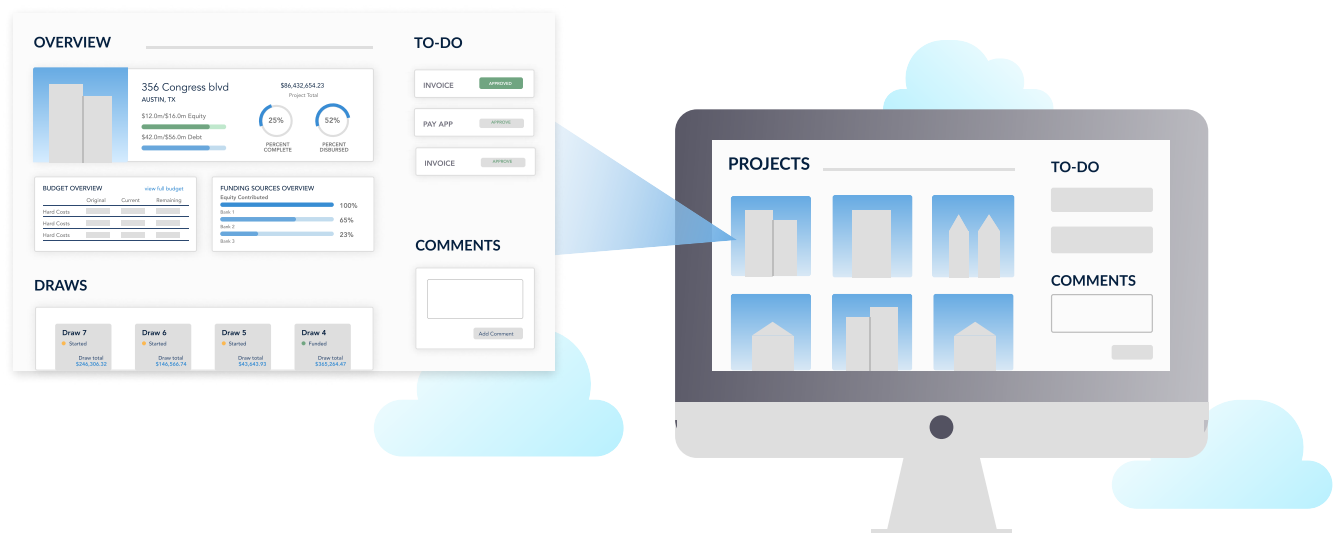
Allow users to customize dashboards to see information relevant to them



Track vendors across projects

Your team needs a way to track vendors across projects and instantly gain visibility into exposure. Similarly, the reporting solution you implement should allow you to look at all projects from a summary view to spot issues with project completion. By creating a centralized source of truth you reduce the need for one off reports and your data becomes exponentially more malleable and transparent. Your team will automatically have access to many portfolio metrics that previously required manual work to track (project status, regional reporting, funding sources remaining, contingency left, etc.) or that you weren't able to track at all (vendor exposure across your portfolio).

Aside from visibility, your team needs a configurable reporting solution. If team members can't customize their views to see the data they need most, your team is losing hours of time building reports instead of analyzing them. Ensure each team member can gain quick access to the unique metrics they need without having to export or restructure data each and every time.



05 Streamline communication with internal and external parties

KEYS TO SUCCESS



Centralize and digitize your approval process with notes and alerts



Implement a system for automatically packaging information into highly organized draw packages



Stop manually building the same reports over and over from scratch

How efficiently you communicate with colleagues, lenders, equity partners and service providers impacts productivity significantly. Three key areas to examine include approvals, report generation and draw preparation.

Approvals: Odds are you've experienced the pain of waiting for approvals many times. If you've already implemented software to help automate reconciliation and track project finances, integrate your approval process in the same system. **The best systems allow development managers to see which items need to be approved in a centralized platform, 24 hours a day, 7 days a week** (don't forget to use alerts to avoid redundant emails and keep projects moving).

Draws: As you're probably painfully aware, draw packages can contain hundreds of documents including invoices, lien waivers, pay apps and more. Your lender has specific requirements for what needs to be included and any errors result in delays, friction, and redundant work. To ensure maximum efficiency, use development management software that intelligently organizes and exports professional draw packages in minutes with just a few simple clicks.

Reports: With data centralized and digitized it becomes much easier to automate reports, save unique report views and eliminate redundant tasks. Rather than entering the same information into endless spreadsheet templates, you can empower your team with a system that automatically connects relevant data and surfaces key metrics without any manual calculations.



06 Use an intelligent document organization system

KEYS TO SUCCESS



Automatically organize documents for easy access



Automatically extract data from PDFs and spreadsheets

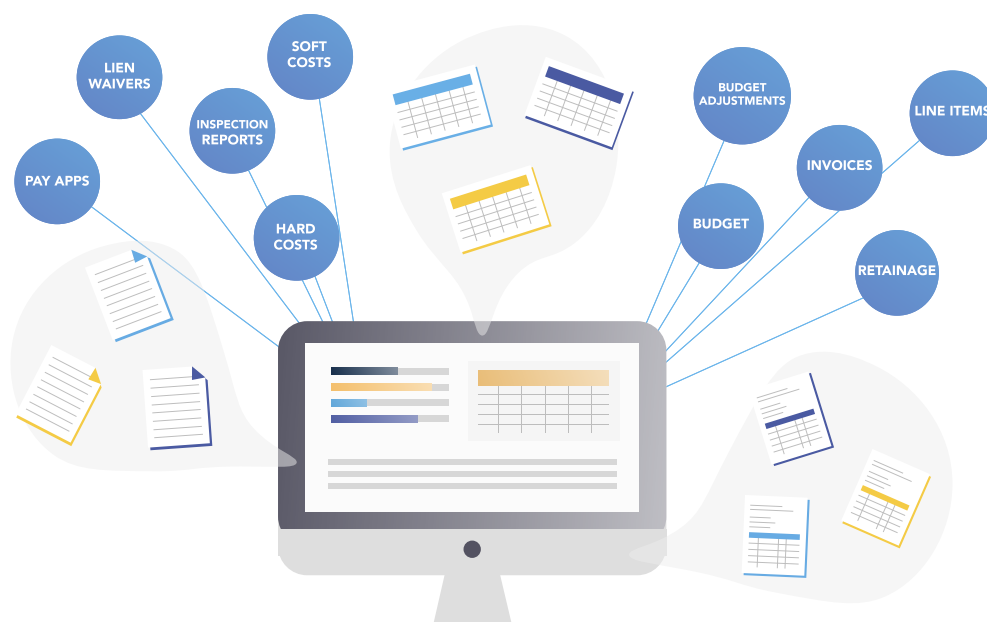


Eliminate siloed data stored where only one person can access it

Imagine how much time you could save by eliminating back and forth document transfers. Instead, equip your team with an intelligent document organization system to house each document in one location with all the information linked to your budget. This allows your team to easily check budgets, agreements, change orders, invoices, pay applications and lien waivers without breaking stride. No emailing, no digging through outdated spreadsheets and significantly less data entry. Many solutions today even combine artificial intelligence, Optical Character Recognition (OCR) and machine learning to get more and more accurate each time you use them.

Picture a world where you don't have to organize documents for each draw or manually compare spreadsheets to PDFs. If your team uses the right real estate development management platform you can simply upload documents and let the platform automatically organize and classify documents for you. The documents should be organized within the context of the budget so they are easy to reference rather than siloed in various folders.

The best part of implementing a system like this? No more manual entry switching from document to document or screen to screen. Using the right technology can automatically extract information from documents and put it everywhere that you need it.



07 Automate pay app reconciliation and retainage calculations

KEYS TO SUCCESS



Eliminate the need to manually reconcile pay apps between the GC and Sub



Automate G702 vs. G703 comparisons



Automate retainage calculations

Ahh, good ol' pay apps. After manually comparing the G702 and G703 there's a good chance the figures don't match up or the retainage for the current period is missing. You might also need to manually reconcile the Subcontractor pay apps to the General Contractor pay apps. Many developers avoid reconciling this data because it's a difficult or tedious process. Ultimately the bank finds issues and you have to redo things or waste time on unnecessary back and forth communication with your lender. If you're already doing the work to reconcile pay apps, technology can make it easier.

Retainage is another area where issues commonly occur and calculating it can get dicey at the end of a project when all parties don't agree. **If you leverage technology to track retainage appropriately, you won't have to go back and figure it out, it's always there for you.**

This is another great opportunity to boost efficiency with technology. **Solutions exist today that read the G702 and G703 documents, compare values to the budget, and calculate both the current period retainage and any retainage releases.** Best of all, they even provide an easy view of Subcontractor pay apps reconciled against the GC pay apps.

GENERAL CONTRACTOR					SUBCONTRACTOR				
Requested	Amount Requested	Retainage Amount	Conditional Lien	Unconditional Lien	Requested	Amount Requested	Retainage Amount	Conditional Lien	Unconditional Lien
\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80
\$8,120.70	\$8,120.70	\$902.30	\$8,120.70	\$8,120.70	\$8,120.70	\$83,773.80	\$83,773.80	\$8,120.70	\$8,120.70
\$80,410.50	\$80,410.50	\$83,773.80	\$80,410.50	\$80,410.50	\$83,773.80	\$80,410.50	\$83,773.80	\$80,410.50	\$80,410.50
\$83,773.80	\$76,500.00	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80	\$83,773.80
\$80,604.00	\$80,604.00	\$83,773.80	\$80,604.00	\$80,604.00	\$83,773.80	\$80,604.00	\$83,773.80	\$80,604.00	\$80,604.00

08 Automate lien waiver reconciliation

KEYS TO SUCCESS



Make GC and Sub pay apps easily referenceable



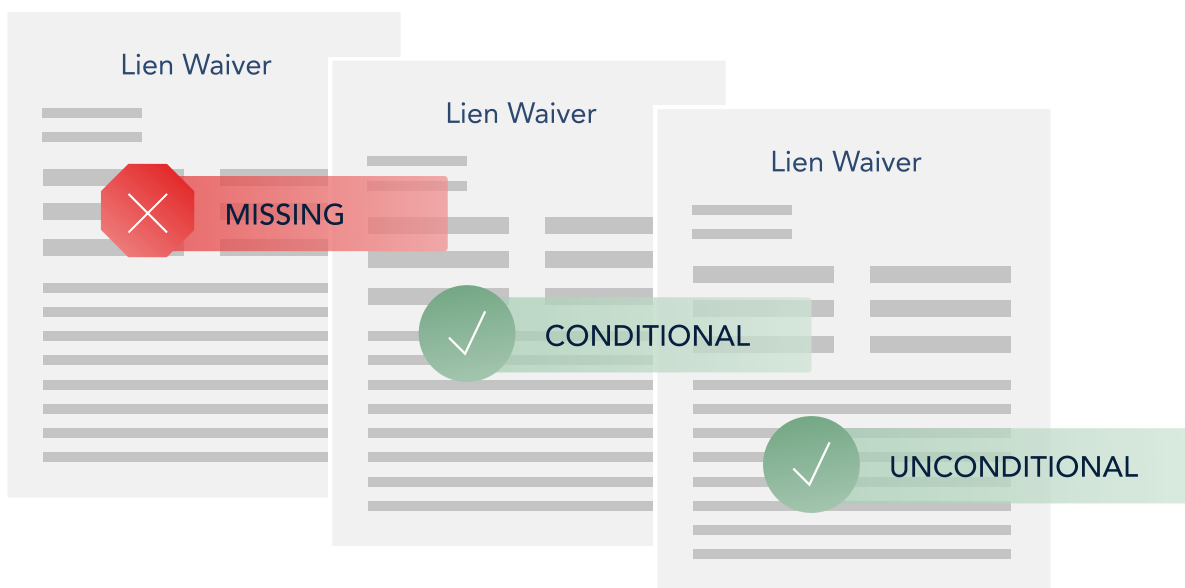
Eliminate manual calculations for lien waiver reconciliation



Automatically classify lien waivers by type

Reviewing and reconciling lien waivers is another step you can streamline. If your current process requires team members to manually classify lien waivers, run calculations to reconcile amounts, or spend time looking back and forth between lien waivers and pay apps, you have multiple opportunities to introduce automation.

To achieve optimal efficiency, first put an automated workflow in place to reconcile the lien waiver amounts with the amounts on the General Contractor and Subcontractor pay applications. Team members should be able to quickly and easily reference both pay apps in the same window. Next, make sure your system is automatically classifying the lien waiver documents and indicating whether lien waivers are conditional or unconditional. Once these processes are in place you can reconcile line items and hard costs by simply scanning a few quick metrics, no manual work required.



Efficient Real Estate Development Management Checklist

Inefficient	Efficient
 Passing spreadsheets back and forth, losing track of who did what	 Digitized, standardized workflow
 Digging through email or folders for the most recent version of a document	 A single, organized source of truth, always up-to-date and easily accessible
 Figuring out who's paying for what after an overrun happens	 Foreseeing the overrun while you still have options to address it
 Comparing documents, checking invoices and transferring information via data entry	 OCR to quickly analyze hundreds of documents and automatically parse information
 Manually preparing draw requests for your lender and going back and forth about the information	 A system that automatically packages the necessary documents and information for a draw request in a professional, organized draw package...in minutes
 Manual approvals that require emails or physically exchanging documents	 Digital approvals with alerts, notes and guided workflow
 Starting a new project without lessons learned from prior projects	 Comparing costs across prior projects to better model the next one
 Pay application or retainage discrepancies costing time and money at project close out	 Preventing pay application or retainage discrepancies from occurring at all

More Productivity. Higher Returns. Better Reputation.

Ready to implement these eight steps in your own organization? Remember, when processes change people resist. When that happens it's important to show that you aren't just trying to add efficiency for efficiency's sake. The efficiency gains outlined in this guide will not only increase productivity but also decrease the time spent on manual data entry. As a bonus, you'll have better visibility into the finances of all your projects so you can make proactive decisions and maybe —just maybe— you might even make it home on time.

Don't let inefficient processes get in the way of project visibility.



75% Less Time
Managing Documents



50% Less
Manual Work



1 Place to
Track Everything

Unlock Visibility Into
Project Finances

About



Rabbet provides cloud-based solutions powered by machine learning to help real estate developers manage project finances efficiently from anywhere. We centralize information that was previously spread across documents, tie everything to the project budget and reduce the time developers spend on administrative tasks.