

# Information Management Research on the Cost Control of Real Estate Development Project

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**Abstract:** cost control is a comprehensive project through the real estate developing process, it is the centre of gravity of real estate developing companies work. this paper wants to study research that how to establish a unit of information management system, based on advance managing mode and management software, to help the real estate development item cost controlling exactly and conveniently, the information management system is based on the network development platform of information on the enterprises merger. Every functional departments and all staff real estate enterprises need to participate. This paper want to provides a learning mode on real estate enterprises' s costs control, to create the most profits.

**Keywords :** real estate development, cost control, information

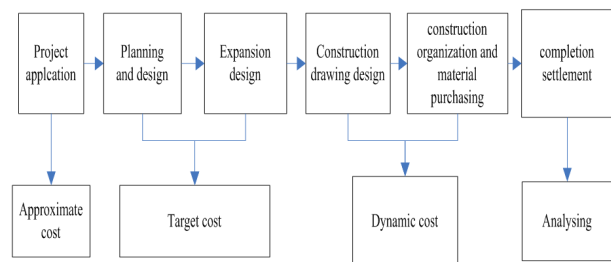
## 1. Introduction

With the rapid development of the information technology, information technology applications in enterprise management will play increasingly prominent role in the rapid development of real estate business, it is imperative trend. It will be increased development costs of property developers, even more serious result, that one step of development has a problem. because costs in building a real estate development occurs in entire process of development, such as program decisions, establishment of program, planning and design, bidding, and the construction process, complete delivery, the settlement, and sales and property management, etc. it is quite complex to operate, and every section has expenditure of money; meanwhile real estate business has features of real estate and construction period, a large investment, the risk of high quality. nowadays, real estate development costs of control has become an important weapon to get prior status in competitive market for the real estate company. How to make operation of development flow more close to specification in real estate development processes operation and how to elevate enterprise's core competitiveness, that has been a urgent problem need to be resolved.

## 2. the process of cost control

We need to follow these steps to achieve cost control of the information management. Firstly we need to accept new management conception and pull into project management software to build a platform of information. Everyone of company, from the leader of headquarter to the general staff of the branches, can operate with the permission on the unified platform; they can fully share and publish service information. They can improve and unify various fundamental data about project manage-

ment on this platform; business process will be optimization and curing down through the project platform, can achieve a reasonable division of the internal management of enterprises and management of professional and enhance the professionalism and efficiency to achieve economies of scale. Real Estate information management is a big project, So I will do some research into several stages of controlling cost only. Divided stages as following illustrate:



### 2.1. cost controlling in neutral term

To control a good estate development, we should make full preparations in early stage, feasibility study play crucial role and decision not to be a formality. A detailed report on the feasibility study, including terrains basic information, and peripheral environment and development trend, looking, partnerships and conditions, the preliminary planning and design, development pace and market positioning, etc basic content, moreover, it must include the following:

- ① The cost estimates and the control objectives and measures;
- ② investment and efficiency of measuring and profits tax for environmental impact and impact;
- ③ tax environment and its impact;

- ④fund scheme ;
- ⑤bidding for the proposal ;
- ⑥investment risk assessment and the corresponding countermeasures ;
- ⑦comprehensive evaluation of projects.

The estimated costs should be established in Project approval stage, acquire the relevant fluctuating data for project investment under influence of the key indicators' change ,such as sensitivity analysis, the probability that point, analysis, etc.

## 2.2 design phase of cost control

Design phase is the key and emphasis to real estate less proportion in entire process, only account for 1.5% ~2.0% of total cost .but effect to construction cost reached more than 75%. thus, the quality of the construction directly affect the cost and construction to completion, the length of the human, material and financial resources. Ther project cost control .though the engineering cost is efore we should pay regard to planning and design to prevent "deficiency". Suggestion for this program proposal has the following :

(1)The real estate company need to divide individual design into expansion design, construction drawing design in addition to the general plan design (which should include the general goal of construction cost control). The design unit must provide "budget and budget estimate in design"at every design stage , person who in charge of cost controlling must analysis the " budget and budget estimate in design" carefully ,compare with it and establish "budget and budget estimate in costruction cost" ,also can make the goal of the cost in individual project and control the next dsign phase<sup>[1]</sup> .

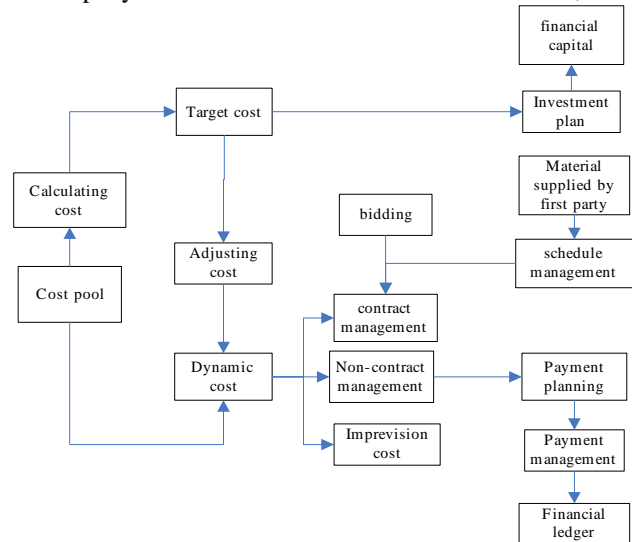
(2)A group should be built that member come from design unit、 cost management department engineering management department 、 and supervision unit.The group check the technical, security, economy and precision of the construction drawing ,make some clear written auditing opinion after checking .In order to avoid or reduce investment loss waste.resulted from design error ,doing supervision and inspection to design unit.

Target cost controlling is the key link in the controlling process,which should as detailed as possible, unpredictable costs and risks for the implementation process should be included in.It is very important to checking and controlling in implementation process. Every stage of the cost of the project in the following figure shows :

## 2.3 (Tender for the construction contract )out-come of cost control

### 2.3.1, bidding

company shall establish a vendor information data,



manage by classify vendor accoding to the supplier qualification, economic strength, technology strength, the past construction project and construction management, credit management etc.

it elevate Transparency for engineering, purchase, providing up to standard, an inquiry, avoid ah management, improve the procurement information sharing and management of transparency. It should be organized four joint working group of the design, engineering, cost, financial professionals .they should make a detailed and specific plan about scope of biding ,binding content ,biding condition ;draw up bidding document, held bidding activity.

### 2.3.2.contract clauses

Contract management has always been the focus of the estate management, In the traditional way, the main problem is lack of systematic management means and mainly existing the following problems :

(1) Contract disperse each business department, information and communication channels are not smooth in the contract implementation process, it is an arduous work that check the contract information,it will spend enormous energy to modify for any difference<sup>[2]</sup> ;

(2) Lacking of effective means of evaluation to the second party who carry out the contract ,result in not qualified suppliers bidding for a long time in fact, and

substituted some better alternative suppliers successfully .

Real estate company can achieve powerful contract management functions after information management. the project management software are particular contract management module, a contract category, the drafting of the contract, the contract templates, the information, the ledger timely, contract, the contract variation, the claim, the split and comprehensive management of the business and dozens of the reports from different angles and levels reflect the dynamic execution.

## **2.4, the cost control in construction process,**

### **2.4.1, the constructing visa and change in engineering**

(1)A site visa must contain bill quantity of construction practicality works ,. The engineers come from the unit engineering management and the unit cost of construction site management, supervisors should composed a party,and joint Signature on the site visa . the party must responsible for quantity of construction practicality works 、 unit price、 labor.

(2)a visa must be signing at the scene happened , it is processed within seven days after the signing. prohibition signing it in hindsight. The quantity of construction practicality works 、 content 、 reason must be clear in a visa, alteration, and copies of visa shall not serve as a basis for settlement<sup>[3]</sup> .

The engineering changes include design and construction,schedule plan and the engineering project. this change mainly caused by the construction unit. After the negotiation both sides should be based on the decrease in the budget in time, the audit should be strictly implemented quotas and state regulations .

The effects caused by using a computerized management in Visa link were immediately. In the traditional mode, a visa need 3 or 4 days so as to finished, if a visa was sent to a department and the departments forget to deal with it, time is very very long. Now the real estate companies are generally own their OA systems, through the information dissemination on the platform, the visa in which department in the process that can be seen by drafter.If there is any emergency,the drafter can also urged whom in charge of every nodes ,even the person form management stratum can handle business through mobile phones. Two hours, even a short time can complete the process .and the visas archiving will become conveniently helped by software<sup>[4]</sup> .

### **2.4.2 progressing payment of engineering**

It is very important to real estate business that making financial plan 、 controlling bill payment and pay-

ment analysis<sup>[5]</sup> . with the help of information platform ,we can establish the payment of the ledger timely, and the management stratum can often monitor project progress, strictly control progressing payment of engineering and through the payment plans data provide funding and financing plan decision to the finance department based on information platform.

## **2.5 engineering equipment and materials management**

(1)The engineering management department and design department should draw the list in necessary to materials and equipment in time and decided which supply method before start operation .The supply methods should be clear in the engineering construction contract ;

(2)The materil department should arrange materil purchasing quantity and the exact source of time reasonably in the actual engineering progress . it can prevent for materil overstock and run idle.

(3)The materials and equipment purchasing must inquiry extensively, also can bidding for major equipment and large construction materials for purchasing .

(4) The materil department must establish internal system that all materials in the inquiry, pricing, signed, stock and be kept separate from acceptance, a buying clerk complete material purchasing in the whole process was not allowed.

(5)Equipment and materials that supplied by construction unit should according to the quality ,the price should within the price caps scope which the cost management staff controlling price .In order to check quality ,the construction unit must send samples to real estate company. Both material and equipment should be allowed to issue the inspection certificate.

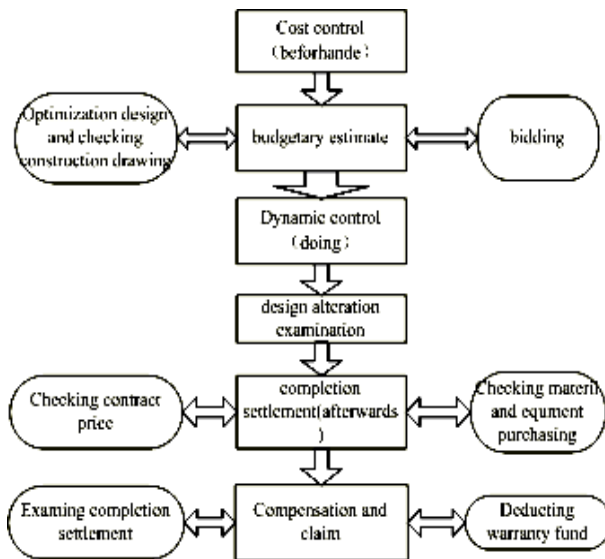
Project management software support the reunification of the procurement plan,and monitor the price of each procurement contract . and materil department don't need to put a lot of time to statistics, check out accounting, all the work is done by software automatically<sup>[6]</sup>

## **2.6 Cost control in the completed step and settlement step**

(1)A single project or completed project turn over must after self-check、 review and check-accept .

(2)A project settle account must have following basic requirements:

①According with the relevant settlement clause in the contract (agreement) ; Have the full and effective quality assessment results and to fit the norms of information on completed project;



②the design changes of the project 、 the site visa and other relevant materials with settle account ；

③The hand down problem of project are completed.

④Establish the date base after analysis and summary the cost of building, all those need based on the settle account of the completed project. The after construction projects can consult the construction management in this way. The enterprise can also assess the project department by this way. All the management department can summering and finding experience and lesson in the process of project management and cost of construction, can hand on a more perfect scheme in future.

In the information platform, the managers in all levers can inquire the reality cost and budget cost which can find out the problems and take measure in time. But

information management is only a measure which can help cost control. All the software needs man to operation. So we need make clear business process, provide staff training, achieve the man-machine integration. The processes of cost control as following.:

### 3. Conclusion

To realize the information management is a very complex engineering system which need for strong leadership, organization and strict regulation. To prepare well or not is the key to success of the system implementing, and the system can be successfully use is also concern meticulous cost control realization, which is the power chip to enhance the core competitiveness of the enterprise.

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