EAC in Plain English

A simple internal guide for PMs, accounting, and leadership

What is EAC?	Why it matters	Simple formula
Estimate at Completion — the team's best current estimate of total job cost when the job is finished.	It shows where the job is likely to land before margin problems fully hit the financial statements.	EAC = Cost to Date + Forecast Cost to Complete

What EAC means

- Cost to date
- Remaining labor
- Subcontract commitments and purchase orders
- Productivity trends
- Schedule impacts and known inefficiencies
- Approved and unapproved change work

Three questions every review should answer

1. What is the current EAC?
2. What changed since last month?
3. What are the 1–3 drivers behind the change?

Examples: labor productivity, higher committed subcontractor cost, material pricing, schedule pressure, rework, or unresolved scope.

Simple example

Input	Amount
Cost to Date	$1,200,000
Forecast Cost to Complete	$800,000
EAC	$2,000,000
Contract Value	$2,250,000
Forecast Gross Profit	$250,000

Red flags

- EAC changed, but no one can explain why.
- Margin moved, but forecast assumptions did not.
- Labor hours trend poorly, but forecast labor stays flat.
- Commitments are incomplete or stale.
- Forecasting happens live in the meeting instead of before it.

Bottom line
Bottom line: EAC is not just an accounting concept. It is a management tool that helps contractors spot risk early, protect margin, and make better decisions before the job is over. Best practice: A strong Monthly Job Review does not just ask for the number. It asks for the story behind the number. PMs update assumptions before the meeting, Accounting provides clean cost-to-date information, and leadership asks what changed and what action is required.