# Out With the Old

## Break bad habits—implement software systems to increase productivity and boost the bottom line.

by John Meibers

Like the new backhoe that boosts daily field production by 20 percent, integrated software tools can yield surprising, lucrative results. To put this into perspective, consider how many accounting, job costing and project management tasks are completed outside your main construction software system. I talk with contractors every day who use spreadsheets and paper-filled binders for everything from estimating and scheduling to logging change orders and creating work-in-progress reports. If this sounds familiar, your staff is undoubtedly entering the same information two and three times, which is not a productive way to manage your business.

Whether you purchase a new solution, or take steps to fully utilize the program you already have in place, re-engineering spreadsheet and paper-based tasks so they are managed within your main construction system is the key to making money with your software. Using software to increase office productivity will allow your company to complete the same amount of work with fewer staff members and grow revenues without adding additional employees to your office team. There is a less obvious benefit related to more efficient office operations: the ability to get accurate and timely information back to the field.

Arming your office staff with an integrated, construction-specific software solution lays the foundation for better communication between the office and the field. The end result is increased productivity across the board. I have identified several bad habits that may indicate you are due for a change. Here are specific strategies that construction-specific software will allow you to implement immediately.

### Document Management

**The old way:** Paper is everywhere—on desks, in filing cabinets and in job binders. Documents are copied three and four times and delivered by

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mail or courier to the jobsite. Expired insurance certificates slip by unnoticed. Change requests, scribbled on a notepad, are frequently overlooked. Paper invoices languish on a project manager's paper pile, unapproved and uncommitted to the job.

*Your strategy:* Electronic document management has replaced paper. Submittals, transmittals and requests-for-information (RFI) are managed and shared electronically. From a single software screen, documents that need a response are easily identified. Potential changes are logged early, and, when approved, are instantly converted to change orders. Invoices are scanned and routed electronically, too. Spending time and money copying documents and sending them to the jobsite becomes a thing of the past.

## Purchasing

*The old way:* Material prices are negotiated and a verbal agreement is made at the time of purchase. A quote may even be sent to the purchasing agent by email. Although materials are committed to the job, that commitment will not be recorded until the invoice is approved, which can delay job cost updates for 30 days or longer. When the material invoice arrives, over-billings are tough to catch because there is no corresponding record in the company's software. A busy purchasing agent may sign off on that invoice without realizing that 1,000 widgets with a negotiated price of $2 each were actually invoiced at the $3 each.

*Your strategy:* Material prices are negotiated and a purchase order is issued, which immediately updates the committed costs for the job. When the material invoice arrives, the accounts payable clerk scans the invoice, matches it to the purchase order and routes it to the appropriate staff for review and approval.

Over-billings become a thing of the past and the project team never has to wonder if outstanding material commitments will lead to profit fade at the end of the job.

## Timesheets

*The old way:* Employee time and production quantities are entered on paper timesheets or logged in a spreadsheet and returned to the office in batches, often at the end of the week. Accounting must re-enter the information before processing payroll. In the meantime, job cost updates are delayed, which prompts some project managers to track time in their own job logs.

*Your strategy:* Using an electronic timesheet application, employee time and production quantities are entered daily from the field and wirelessly transferred to your construction software at the office. Duplicate data entry is eliminated: The payroll, job cost and equipment modules are automatically updated in real time. Busy project managers no longer need to keep redundant logs because job cost reports are always up-to-date.

## Change Orders

*The old way:* Proposed change orders are tracked on paper or in spreadsheets, where they are easily overlooked. In this business, it is not uncommon to begin working on a change before the paperwork comes through. If the work gets completed before the change is approved, your company may never get paid for that work. Sometimes, even approved and completed change orders fall through the cracks and never make it to the accounting staff for billing. Unbilled change orders are lost profit.

*Your strategy:* Proposed changes are logged in the construction software when they are first requested and are regularly monitored by status.

By having visibility into proposed change requests, the project team can postpone associated work until the changes are approved by the owner. When a change is approved, the schedule is updated so that resources can be allocated. In addition, the accounts receivable module prompts the accounting staff to invoice for the completed change. This procedure eliminates the chance that change orders—and associated profit—can fall through the cracks.

## Financial Reporting

*The old way:* Financial reports are produced days or weeks after the actual work because creating documents like work-in-progress reports is a manual undertaking. Information from multiple sources, sometimes with questionable accuracy, must be consolidated before the job's status emerges. The problem is that the status tells you where the job was a month ago, which does not help you.

*Your strategy:* When a fully integrated construction software system is used, financial reporting is automated and accurate. Since costs are collected in real time, you will have the information you need today to make better project management decisions tomorrow. When the job is 10 percent complete, you will have a good idea whether you are heading down the path to profit or loss. ∎

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