

Construction

Reaching 117,000 Construction Business Owners and Key Decision Makers

Executive Insights

FROM LEADERS IN CONSTRUCTION ACCOUNTING

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eriods of economic downturn afford contractors an opportunity to re-evaluate their internal financial controls and business processes. "It is often easier to implement new systems and technologies when owners, managers and key employees are not as busy and times are quieter around the office," says Morgan Sadler of Jonas Software.

A slowdown is a great time to maximize surety bonding capacity and be on the lookout for bargains from suppliers. Equipment and fleet management software can help evaluate a potential purchase and determine the actual cost of ownership compared with renting or leasing.

When thinking about operational changes, a CPA well-versed in the unique challenges of construction can assist in the decision-making process and help identify the benefits, costs and any potential pitfalls. *Construction Executive* asked some of the industry's top CPAs and leading technology solution providers for their insights on what you can do now.

"What strategies and advice would you give to a contractor considering equipment purchases or other significant capital expenditures?"



JOHN MEIBERS

President
ComputerEase

Before purchasing equipment, it's important to have technology in place that allows you to track the information needed to maximize the investment over time, specifically costs, revenue and utilization. Equipment costs fall into two categories: costs to own, such as depreciation and insurance, and costs to operate, which include fuel, maintenance and repairs. Equipment revenue is the internal rental rate charged to jobs. Utilization is the number of hours that a piece of equipment is used.

Although equipment tracking can be handled using makeshift spreadsheets, the ideal option is to use an equipment management system that integrates with your accounting program. Designated equipment management systems provide many benefits over less robust technology options. Features for tracking preventative maintenance schedules, generating associated work orders and automating tasks like recurrent billings are just a few examples. Most importantly, an equipment management system provides the detailed reporting and historical data needed to make informed business decisions that enhance

the profitability of your fleet.

If you're currently renting heavy equipment, it may be tempting to assume that ownership will save your company money. But without a systematic method for managing the complex variables associated with equipment, how will you determine whether an equipment purchase is a prudent capital expenditure?

Successful equipment management is similar to successful project management. Visibility into the day-to-day details is what allows you to control the final outcome. In either case, technology is key.

BY DONALD BERRY

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