

# Construction Software Review

*Should Feed Top and Bottom Lines*

by Tom Johansmeyer

Increasingly, software is becoming the foundation of business management. For construction firms, the attention to detail that technology affords is salient, as multiple projects across several sites have become the norm. In addition to tracking the financial details of each project, which sometimes includes many change orders, operations must be managed as well. What happens in the field needs to converge with the activity of the back office. Every project has financial implications, and each transaction must correspond to an operational activity. Construction industry accounting software should support the connection of operations and accounting without requiring employees to surrender skill to pre-configured software processes.

By automating the process of firm financial and operations management, construction firms will be able to track the costs and obligations of each project, use resources more effectively and ensure that relationships remain profitable. A successful implementation will stay focused on growing the firm's top-line and bottom-line results, from identifying and managing new business opportunities (such as change orders) to ensuring that actual expenses are consistent with estimates. Using construction software, firm managers can spot problems early, remedying a \$1,000 mistake before it becomes a \$100,000 problem.

The functionality offered by the software products reviewed this year varies greatly, as each targets different sectors of the construction business. eTEK is ideal for smaller companies that do not have internal information technology (IT) expertise and are not prepared to pay for the services of consultants. Spectrum



and Foundation are designed to meet the needs of mid-sized and larger businesses, as they offer extensive functionality that facilitate the integration of business operations and financial management. Sage Simply Accounting and Intuit QuickBooks are focused on mid-sized businesses. They are easy to install and use but packed with important functionality that were once the exclusive domain of larger firms.

## Tracking and Managing the Business

Profit is in the details. Construction management software should have the singular focus of ensuring that every new business opportunity, change order and supplier invoice is identified, addressed and stored for future reference. The software itself will do little to assist in the business of construction. After all, that is the role of each company's talent and expertise. Construction management software should allow employees to deploy their skills more effectively, resulting in more profitable projects.

**Bose**

**A Benefit with Proven Results for Tax Professionals Nationwide**

Become a BASE\* Business Partner and take advantage of a benefit sure to help your clients save money!

Through a Health Reimbursement Arrangement (HRA), small business owners are able to utilize tremendous tax savings by deducting up to 100% of their family's qualifying medical expenses as a business deduction.

As a BASE\* Business Partner, you could help your small business clients save thousands of tax dollars each year.

**In fact, our average small business client saves over \$3,800 each year with the BASE\* HRA. That's over \$300 per month in tax savings!**

Act now and let BASE\* work for you and your clients. If you have small business clients that could benefit by deducting eligible medical expenses each year, become a BASE\* Business Partner today.

Call BASE\* today and mention this advertisement and we will take \$10 off your contracting fee. With this special offer, your initial sign-up fee is only \$20!

For more information, call 1-888-386-9680 or visit [www.baseonline.com](http://www.baseonline.com).

Reader Service Card No. 12

**OnTrax Manager** Integrated Time Tracking and Project Management Software

- Track time and Expenses against project
- Exports payroll hours and external rates for customer billing
- Exports directly to Quickbooks and Sage Accpac accounting software
- Reseller program available

[www.OnTraxManager.com](http://www.OnTraxManager.com)  
866-999-2800

Reader Service Card No. 43



Features vary substantially in the construction management software market. eTEK's Microsoft Access-based solution provides basic construction accounting functionality, such as job costing, general ledger and estimation, while Dexter+Chaney delivers a broad array of tools including mobile time and expense entry and the ability to drill from a financial dashboard into a specific client request for information (RFI).

Foundation Software also offers a dashboard, its CPA Audit/Review Console provides a comprehensive dashboard of key metrics. Sage is able to turn dashboard information into graphs, offering a visual representation of business performance that can make successes and challenges easier to target.

To help firm managers watch and

operate the business, the ability to capture workflow is crucial. Dexter+Chaney and Foundation effectively reflect the concurrent flows of operations and finances with the powerful features that larger firms will need. eTEK tends to be more task-oriented, addressing the construction accounting challenges that smaller firms will face, and Sage and Intuit sit in the middle, offering extensive functionality in an environment ideal for medium-sized businesses that may not need the full capabilities of the more robust solutions on the market.

### **Installation, Configuration and Ease of Use**

As with any "do it yourself" task, projects can range from routine to complex. A firm may be able to accomplish small-

er tasks that do not require substantial expertise, while slightly more complex tasks may require outside help. Finally, there are the mammoth exercises that are best left to professionals. These principles from the construction business apply to the installation and configuration of accounting and business management software as well.

eTEK was the easiest of the solutions to install, as it is based on Microsoft Access and integrates easily with the entire suite of Microsoft Office products. QuickBooks was fairly easy to install as well. This solution "interviews" the user in order to secure configuration information, building a workflow and including features that pertain directly to the business using the software. Simply Accounting had a rapid installation process as well. For both Simply Accounting and QuickBooks, though, the process could become more intricate if the software is to be used across multiple locations.

Dexter+Chaney's Spectrum is considerably more complex, largely because of the underlying technology and the breadth of features that they offer. Spectrum requires that the firm have Microsoft SQL Server 2000 running in order for its construction software to be installed. While this complicates the installation process, it also provides an extremely powerful database that supports larger volumes of data and richer functionality. Foundation is a bit more difficult than average as well, for this year's solutions reviewed, but the corresponding functionality (as with Spectrum) is substantial.

Once installed, construction accounting software of any complexity level should not require employees to sit through endless sessions of instruction. While the more complex solutions will require at least some training—followed by time to become acclimated to the software and resulting changes to the normal flow of business—users should not have to spend months with the manual open next to the keyboard. eTEK, QuickBooks and Simply Accounting require little instruction or acclimatization. Foundation and Dexter+Chaney, with more robust technology and a wider selection of features, may require some formal training in order to help firms realize the full value

of the software.

To ascertain the difficulty of software installation and configuration, one can take look to business size and operational complexity for cues. A smaller firm with a handful of employees and only a few projects at a time should be able to use a solution that it can install, configure and manage without support from IT experts. But, a larger firm with several “moving parts” may need powerful software—which implies underlying technological complexity.

## Flexibility

Obviously, no two construction firms are the same. Each has unique characteristics that must be addressed. Every construction firm manager is aware of this fact—and knows that addressing the problem is much more difficult than identifying it. Software solutions must be flexible enough to accommodate the varying needs of distinct businesses, and it must be possible for end users to customize the software without having to engage programming specialists. Further, the software must offer choices, from the ability to customize workflows to how specific fields are used.

eTEK Accounting can be configured through easy to follow screens. Nineteen dimensions can be modified, from General Ledger account information to the names and addresses associated with specific stakeholders (e.g., architects, employees and suppliers). As a result, it is fast and easy for users to make sure that eTEK is carefully tailored to a particular firm’s requirements. QuickBooks, which enables each firm to construct a custom workflow, can be tailored to the specific products and services that a firm offers. Dexter+Chaney allows firms to customize fields and menus in order to meet the needs of specific roles or people in the organization. This approach can be used to standardize the implementation of the software for specific project teams or the entire company. In some cases, users have even used this feature to make the software multi-lingual.

When a user opens a construction management application for the first time, he should see a starting point rather than a finished solution. Every solution reviewed this year offers at least some degree of customization abil-

ity in order to keep the solution relevant to the company implementing it. Regardless of which solution is selected, the firm must engage in some planning prior to configuration. Think through how the software will be used on a daily basis, and use the resulting blueprint to customize menus and workflows. Otherwise, it may be necessary to retrofit configurations to the course of business or to change how employees do their jobs. Planning reduces wasted effort, downstream costs and end user frustration while accelerating return on investment and making the software easier to use.

## Reporting and Oversight

Data entry screens and dashboards enable day-to-day business execution, but reporting delivers the broad perspective lessons that managers should learn to increase revenue and profits. Reports can play several roles in enhancing the operation, from daily activity reports for time and expense entry to quarterly (or yearly) comparisons of estimated to actual costs for a specific job or client—or for the firm as a whole. Most construction accounting applications provide many pre-configured reports and options for customization. The limit tends to be the end user’s imagination.

The reports developed for a company should reflect the business issues it faces regularly. Core financial statement reporting is generally needed, but there are subtler gaps that can be addressed when moving to a new software package. Dexter+Chaney, for example, suggests the use of its reporting module to keep track of how much potential revenue is tied up in verbal commitments. This same approach can be used to note the ongoing costs of projects that have not received formal client commitment (i.e. in the form of a contract), keeping the firm apprised of risk.

eTEK offers 17 reports to support the management of the business, including pre-configured views of direct costs, subcontractor cost analysis and equipment expenses. Intuit and Sage offer deeper reporting functionality. Dexter+Chaney offers the most powerful reporting suite in the construction management software space. In addition to access to a library of standard

reports, users can develop their own queries through a web-based interface in order to explore specific business issues. These queries can be saved for repeated use, and they can be scheduled with email delivery. Thus, ad hoc queries can become regular reporting tools that appear in manager inboxes on a periodic basis. Foundation’s DataGenie functionality also offers robust reporting capabilities, including the ability to develop custom reports on specific data fields.

Reporting is another area where planning makes a difference. When implementing a construction software solution, key managers should engage in brainstorming sessions to determine what questions they ask about the business, listing the information that they use regularly as well as the questions they ask that often have to go unanswered. The results of this exercise become the specification for report configuration. Once the software is being used actively, the brainstorming should continue. Managers should suggest new reporting ideas constantly, based on what they see in the field or experience in the back office. Over time, the benefits of communication will compound. Fewer guesses will be necessary, and managers will instinctively ask to “see the numbers” before forming an assumption or making a decision.

Software itself does not improve a construction firm’s operations. The talent that the company engages is the solution to issues of efficiency, profitability and revenue growth. But, a construction management solution can be an important tool in equipping employees to make effective decisions that lead to top-line and bottom-line gains. Using software to frame operations and mine data to provide a deeper understanding of business strengths and weaknesses drives smarter execution and more diligent management. Ultimately, software has become a tool of the trade, the selection of which is not trivial. Before choosing a package, construction firms should determine their requirements in as much detail as possible and consider several vendors before choosing. The path to profit will be reflected in the effort made prior to purchase. 