

**Editor's Note:** *Looking for answers to your tech issues?*

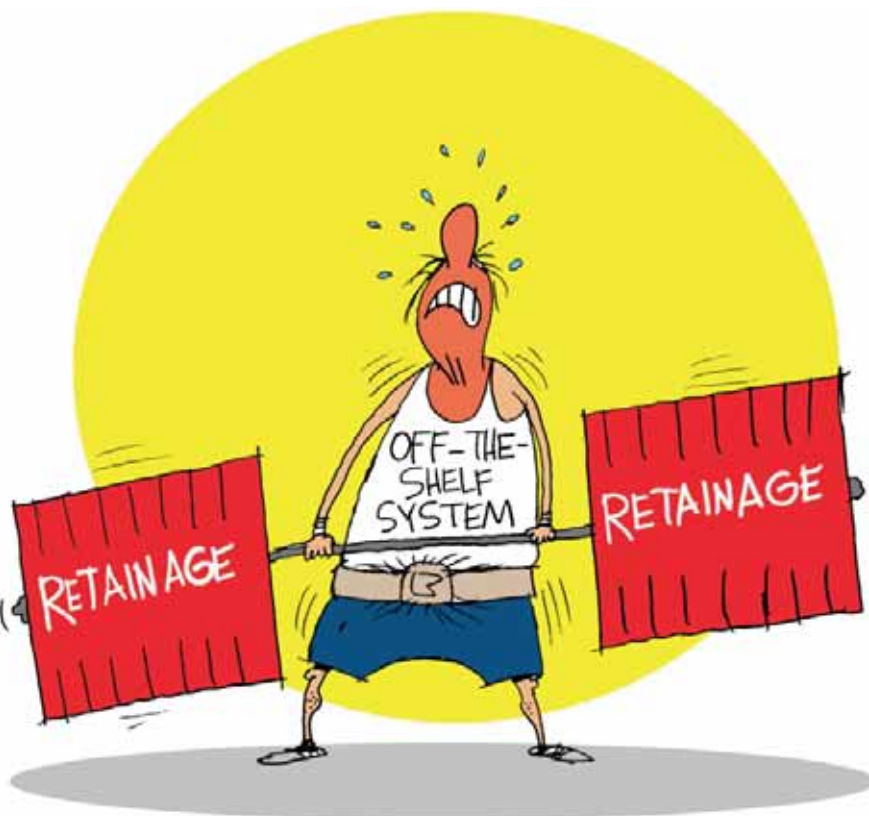
*Send your construction-related technology questions to [heyfred@foundationsoft.com](mailto:heyfred@foundationsoft.com).*

**Q:** I am having trouble finding a way to get my accounting software to handle retainage. Because our reports don't show retainage, my accountant says it appears as though we have past due receivables or we are not billing properly. We currently track retainage in a separate spreadsheet and alter our billings month-to-month. Is there a better way?

Don

**A:** There is *definitely* a better way. Retainage is a common practice in construction today and therefore, every construction-specific accounting package should handle it—some more easily than others. The fact that your software does not handle retainage tells me that you are probably using an off-the-shelf small business system. My guess is that the system falls short in other areas of job cost tracking and reporting...and this is just one chronic symptom of an ill-suited product.

Don't get me wrong, Don. Off-the-shelf accounting systems are used by thousands of small business owners everyday, and there are some great products available. But these systems often don't allow contractors to accomplish all they need to. In addition to retainage, they generally can't track or report on other critical, construction-related information



like prevailing wage rates, multiple trades, job activities, percent complete, change orders, PO/subcontracts, quantities, equipment usage, AIAs, union deductions and fringes and so on. In addition, these programs lack automatic data defaulting and validation between modules, both of which can save substantial time and ensure accuracy.

Before you attempt to fix your software to handle retainage, you need to ask yourself these important questions: 1) "Are there other areas of my business where I am missing timely and accurate data?" and 2) "Does my

accounting software work the way my construction business works?"

Fred ■

*Disclaimer: Technically Speaking reserves the right to change names and edit questions for privacy, length, and readability issues.*