



“ In the busy world of construction, it’s easy to see how “one-sided” or “misguided” communication can become the norm. ”

NO. 5: IMPROVE COMMUNICATION BETWEEN OFFICE AND FIELD

CAN YOU HEAR ME NOW?

Editor’s Note: *Following is part five of our eight part series called “Better Next Year,” by Fred Ode, CEO, chairman and founder of Foundation Software.*

Like the cell phone user in the well-known (and overplayed) TV commercial, wouldn’t it be nice if your contracting firm could stay so well-connected? Okay, maybe the hovering helicopters are a bit extreme. But surely everyone in construction understands the value that comes from two-way communication between the back office and the field. Or do we?

In the busy world of construction, it’s easy to see how “one-sided” or “misguided” communication can become the norm. “Joe” the project manager, for instance, isn’t thrilled about

taking time from his busy workday to gather timesheets, track equipment usage and chase down change orders. After all, how important are these tasks to the job at hand? “Judy” the accounting manager, meanwhile, is busy preparing financial statements, surety bond documents and regulatory forms, among other things. But when it comes to relaying job cost accounting data to field employees, she often doesn’t find the time. After all, how much detailed accounting information does the field staff need to perform their jobs?

For construction owners to manage costs—and their company—they

Better Next Year— An Eight Part Series

1. Avoid Spreadsheet Dependency
2. Hire Expert Construction Advisers
3. Understand and Use Management-Level Reports
4. Fine-Tune Project Management Reports
- 5. Improve Communication between Office and Field**
6. Minimize Resistance to Change
7. Owner, Open Your Eyes
8. Commit to Ongoing Education

need to have a sound financial management system in place. They also need to understand cash flow, overhead expenses and which jobs are making or losing money... and why. Equally important, they need to communicate their plans and procedures to the entire organization to ensure that the business side of the business never takes a back seat to individual jobs. Everyone—from receptionist and payroll clerk to estimator and project supervisor—needs to understand the “big picture” and their role in it.

Like a jigsaw puzzle, the “big picture” in construction comes together only with the collection of data pieces from individual jobs, past and present. The job costing component of a contractor’s accounting system is the framework for managing job data, but it relies on accurate and up-to-date data from the field. Unfortunately, many construction companies use their accounting system primarily as a bookkeeping tool for writing checks, invoicing vendors and printing the occasional financial report. With no job costing system in place, the back office and the field often operate independently from one another. And with no sharing of job cost data, no one (from the owner to project managers) has access to the kind of information necessary for informed decision making.

Project-Based Contracting Relies on Communication

Contractors live in a project-based world, and therefore, must keep accurate costs, not just for the entire project but for each component of that project. Because each project differs in terms of location, labor, equipment and material, contractors must understand the costs of each component in order to stay on budget and bid jobs accurately.

Throughout the life of the project, the contractors’ project control procedures and record-keeping methods become essential tools for management. It is important to create efficient and cost-effective methods for gathering information on actual costs and project accomplishments (such as labor hours by cost code, quantities complete, change orders and so on).

Communicating the Need for Jobsite Accounting

Establishing methods and procedures for gathering accounting and project management data will work better

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if it's not a directive coming from the back office. Owners should recognize that project managers can be a source for great ideas on time-saving and efficient record-gathering methods because they are most knowledgeable about labor, equipment and supply costs. What's more, employees who are involved in the process and whose expertise is acknowledged will cooperate more easily.

Many contractors today are turning to new technology solutions in the field for faster, more reliable communication between mobile jobsites and the office. A company that once used paper timesheets and reported on a weekly basis, for example, now tracks labor hours to jobs and activities using an automated time-clock system. Payroll data is downloaded daily and sent to the company's accounting system via the web, resulting in less work for field staff and less data

entry back at the office.

Plan to Communicate

The best way to ensure that two-way communication happens at your construction company is to plan for it. Arrange for times when the back office and field staff can meet without distraction. Discuss the value of tracking costs and evaluating historical job data. And brainstorm for more efficient ways of gathering information, keeping records and sharing data quickly.

Communication between management and field staff is essential within the mobile construction environment. But in order to become better next year, contractors need to take it a step or two further. Prosperous business owners are choosing construction accounting systems that work the way their business works, and they are finding ways to automate the flow

of information between the field and office. Along with streamlining their business operations, these businesses reap the benefits of having accurate, reliable and timely data available to all decision makers. ■



Fred Ode is the CEO/Chairman of Foundation Software, developer of construction job cost accounting software called FOUNDATION for Windows. For further information on FOUNDATION for Windows, visit www.foundationsoft.com. Fred Ode can be reached directly by phone at 800.246.0800 or e-mail fred@foundationsoft.com.

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