



“...look at the time-consuming processes that result from a system that cannot accommodate a contractor’s construction-specific accounting needs.”

NO. 2: TIRED OF REDUNDANT WORK AND DOUBLE ENTRIES?

Editor’s Note: *Following is the second article in our ten-part series called, “Accounting Software Checkup: 10 Ailments That Can Hinder a Health Bottom Line,” by Fred Ode, CEO, chairman and founder of Foundation Software. Each “ailment” will be discussed in detail to help you determine if your seemingly healthy business has an underlying problem.*

Nothing takes the wind out of people’s sails like doing repetitive, non-productive work over...and over...and over again.

Your accounting software—much like your body—may appear healthy from the outside. However, it’s very possible that your program may be suffering from some common ailments. These ailments, if left untreated, could lead to serious (and sometimes fatal) results. As the “brain,” which holds all the financial decision-

making data, and the “heart,” which pumps cash in and out, your accounting system is vital to the life of your business.

This brings me to your current accounting software program. You say that it is easy to use, and everyone understands it. But are there also signs of fatigue and lethargy? Maybe the workload has increased gradually, but your company has learned to adjust. Or maybe you accept that busy work equals productivity. And what if, rather than streamlining

10 Ailments That Can Hinder a Healthy Bottom Line

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your accounting and financial operations, your accounting software has become the obstacle to efficient data workflow?

In Part 1 of the “Accounting Software Checkup,” we discussed the over-reliance on spreadsheets as a sign that you’ve outgrown your current accounting software application. Now, we will look at the time-consuming processes that result from a system that cannot accommodate a contractor’s construction-specific accounting needs.

Work-Around Solutions Can Lead to Fatigue

Some companies are working harder but less productively than others. Consider, for example, the construction company that uses its small business accounting system mainly for accounts payables. Let’s assume that they also use a payroll service to issue employee checks, a third-party billing system to create invoices and track income and Microsoft Excel for job costing and estimating. To generate the necessary financial statements, payroll and accounts receivable data must therefore be collected and manually entered into the accounting program. In addition—if the company hopes to have any control over job costs—the estimated costs and all the actual costs must be re-entered into spreadsheets. Not only does this system of accounting and recordkeeping result in a lot of manual work, but it’s also error-prone.

Okay, so maybe your construction company spends way less time on data-entry tasks. However, unless you are using a construction-specific accounting system, chances are good that you too are wasting valuable

resources on non-productive tasks that could be performed in more efficient ways.

The Multiple-Entry Malady

Many companies experience difficulty when they attempt to use their generic or off-the-shelf systems for all construction accounting and

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■■■ Accounting Software Checkup

bookkeeping functions. Since the software will not integrate, they end up spending much of their time entering the same information in different areas of the program or multiple programs. What's more, when data-entry mistakes are made, and the accounts don't balance, it leads to even more manual entry work. Time is wasted trying to find where the mistake was made and then making corrections in all the separate locations within the program.

In contrast, sophisticated construction-specific accounting systems are integrated, meaning they pull data through the system and deposit it into the appropriate modules. For instance, when employee timecards are entered, the information automatically flows to the general ledger and job costing modules. Likewise, every time a customer invoice is created or a payment is received, the general ledger and job costing modules will be updated as well. In addition, most systems have default settings, which help greatly reduce data-entry time and prevent errors.

Century Fire Protection Inc., a fire sprinkler contracting company, has realized many time-saving data-entry efficiencies since switching to an integrated job cost accounting system. Besides being able to copy job budgets and have recurring invoices, employees were thrilled to learn that they could also create a proposal and turn it into an invoice.

"It's a huge timesaver," said Jody Mathis, the controller. "If you have the ability to copy an invoice, so all you have to do is change the customer and job number, well, that's a beautiful thing!"

Relieve Company-Wide Redundancy Problems

Within contracting companies,

redundant data entry also occurs across departments. Often, it happens when the company's accounting system—the main repository for financial and job cost data—is not capable of integrating with other specialized software, such as estimating or project management.

Here are just a few examples: The bid coming from the estimating department gets passed on to accounting to prepare a job budget. It was created in a stand-alone software system with no exporting capabilities, so the bookkeeper must manually enter, line-by-line, the figures into the job costing module. At the jobsite, project managers are using spreadsheets to track their jobs. They enter the same job cost data held in the accounting system, only they have their own specific reporting needs. Meanwhile, the job foreman uses a notepad to tabulate worker hours, then transfers the data to paper timecards. These timecards are faxed into the accounting department where employees spend hours manually entering the information into payroll. And on it goes.

But it doesn't need to be that fragmented. In addition to seamless integration between modules (such as payroll to general ledger to job costing), many construction accounting systems also offer the added benefit of integrating with popular third party software products for estimating, time card entry and so on.

At Century Fire Protection, for example, another great time and money-saving benefit of updating to a construction-specific accounting system relates to the software's ability to interface with Microsoft Excel and perform database queries outside the system. Now, instead of having many payroll clerks key in timesheet data (and have access to sensitive

employee-earning data), the information from Excel flows seamlessly into the accounting package where it is processed. "Today, we have just one person cutting payroll checks, usually more than 400 each week," Mathis said. "We've shaved off at least eight to ten hours of processing time."

Whether you suffer from data-entry duplication by two or more individuals, repetitive keystrokes or redundant work that just feels slow and inefficient, now is the time to question the cause. It is quite possible that the fatigue you are feeling comes from an underutilization of your present accounting software system. Or could it be that your "one-size-fits-all" accounting software is simply a bad fit for your business?

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