

ACCOUNTING SOFTWARE BUYER'S GUIDE FOR CONSTRUCTION COMPANIES



The boom or bust nature of the construction industry really demonstrates the importance of monitoring cash flow to protect the bottom line.

Without a clear view of their finances, construction companies leave themselves open to surprise costs that can disrupt projects and put the entire business at risk.

Given the economic fluctuations of the commercial sector, financial clarity isn't just beneficial — it's necessary for survival. Detailed financial data empowers contractors to make informed decisions faster, halting potential cost drains before they cause a problem.

Now, committing to monitoring costs is only the first step to financial stability. The next step is figuring out the tools for success.

Contractors used to rely on more traditional methods like pen and paper or manual spreadsheets to manage their expenses. But because construction involves multiple profit centers with a variety of cash flows to account for, manual tracking leaves too much room for human errors.

So, construction professionals are now turning to modern digital tools to automate their operations and ensure accuracy across their numbers.

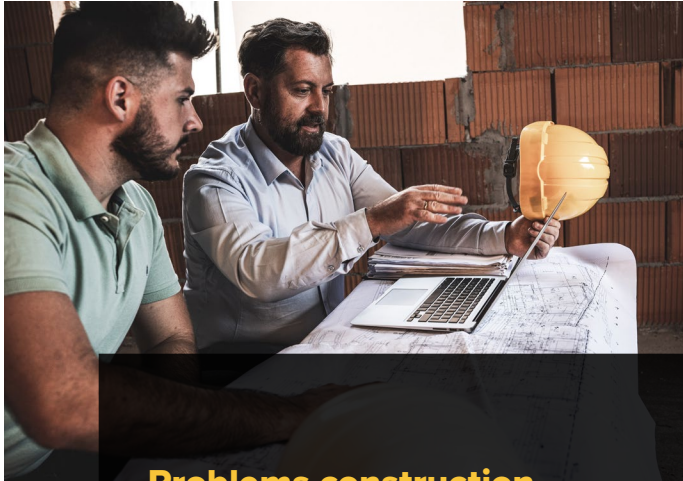
Specifically, there has been a noticeable uptick in the popularity of construction accounting software because generic accounting solutions often lack the features needed to address industry-specific complexities like change orders and progress billings.

According to data collected by [ConstructionOwners.com](https://www.constructionowners.com), **36% of U.S. construction firms are noticing the discrepancies between generic and tailored accounting solutions** and are now planning to increase their investments in construction accounting programs.

Key benefits of construction accounting software:

- Clear job cost tracking
- Real-time financial visibility
- Fast, accurate billing
- Easy subcontractor oversight
- Fewer errors, less paperwork
- Stronger cash flow control





Problems construction accounting software fixes:

- Inaccurate job costing
- Slow A/P reconciliation
- Billing delays and cash flow slowdowns
- Compliance concerns
- Cost overruns
- Slow reporting
- Data silos miscommunication and project delays

Non-construction accounting software can be useful when a contractor operates one small scale project at a time. However, add more than one job and more than a handful of expenses and the limitations become apparent.

Contractors end up wasting time trying to make the generic platform fit their workflow and their spending habits, creating guesswork and confusion for their teams.

One of the biggest reasons contractors invest in construction accounting software is the job costing functionality. Job costing is the process of categorizing expenses down to the granular level with every dollar being assigned a project, phase and class code.

In a generic accounting program, 30% of actual project costs — such as equipment usage, RFIs and overhead — aren't visible, according to Whittmarsh. Additionally, on average, \$50,000 in change orders per project go unbilled due to ineffective tracking.

Construction accounting software can automate job costing, allowing contractors to see exactly where money is going and how it's being spent at any time during the project. This allows them to identify and resolve underestimations or overruns before they erode profit margins.

In fact, contractors who invest in systems that offer real-time job costing insights can **make key budget decisions within 15 minutes** of cost issues arising, compared to 3-5 days if they're relying on manual tracking methods.

By modernizing your approach with construction accounting software, you can address the pain points that impact your margins and get the most out of your financial data without taking hours out of your day to crunch the numbers.

THE LIMITS OF GENERIC ACCOUNTING SOFTWARE

Contractors turn to software to reduce complexity — not create more of it. But that's exactly what happens when generic accounting platforms are used to manage construction finances. Software that isn't tailored to the industry lacks many of the key functionalities contractors need, resulting in confusion, delays, wasted time and lost profits.

The Numbers Don't Lie

1

Companies who implement construction accounting software report **15%-20% higher profit margins** due to more accurate job costing.

– [Whittmarsh, Article](#)

2

Contractors spend **20+** hours a week reconciling payroll and cost data using generic tools. Construction accounting software **reduces this total by 75%.**

– [Premier, Article](#)

3

Contractors have reported up to **20% improvement in billing turnaround, faster payroll processing and less change order disputes** since transitioning to construction accounting software.

– [Zintego, Article](#)

SOFTWARE IS NOT BUILT THE SAME

Even when preparing to invest in construction accounting software, it's important to remember not all software is created equal. Just because a product claims to be the "best" doesn't mean it'll actually do the necessary work once you break ground. There are several potential shortcomings you should look for before selecting a construction accounting system.

Accounting Software Downfalls

1. Unhelpful Support

A software solution's feature-set might check all the boxes, but when an issue or a question pops up, poor support can cause delays and unnecessary headaches. Before you sign up, make sure the vendor offers in-house, US-based support that's available when you need it.

2. Minimal Integrations

Disconnected systems don't just slow things down — they cost you in time and accuracy. When your software solutions don't integrate with each other, you end up with siloed information, miscommunication and costly delays.

This is something you can't afford to overlook. As you evaluate new tools, prioritize integrations and partnerships. Make sure every piece of software fits into your current workflow and puts you on the path to building a strong tech stack.

3. Lack of Scalability

Outgrowing your software can be a major setback — especially after investing time training your team and relying on it to manage years of financial data. When that happens, it can feel like you're starting from scratch: researching new options, onboarding a new system and retraining everyone.

It's a frustrating cycle — but one that's completely avoidable. As you evaluate new solutions, think beyond today's needs. Consider how your business will grow and ask vendors specific questions about how their software scales with your operations.

4. Limited Financial Reporting

Tracking costs is an essential piece of managing a successful construction business. But interpreting this data for better decision making is what keeps your company profitable.

Without job costing and WIP reports, you're missing the real-time insights that turn precise data into informed actions.

During your research, put an emphasis on financial reporting. Make sure the reports are easy to run and easy to access. Ask for a demonstration to see their financial reporting capabilities in action.

THE FIVE MUST-HAVE FEATURES

Every day at the jobsite involves many moving parts: strict deadlines, diverse crews and a variety of resources to allocate. Construction businesses need construction accounting software that's built to handle these demands. The best solutions go beyond basic accounting processes to meet the unique needs of the construction industry.

Lots of software will boast about having lots of features. So what really matters?



Job Costing

Job costing involves tracking all costs and revenue involved in a project. It's one of the most critical functions in construction accounting, and with the right software, making fast informed financial decisions is much easier. Unlike generic accounting tools, construction-specific platforms allow you to track costs by project, phase, cost code and classes — all in real-time.

This level of detail gives you the clarity you need to identify where and when money is being made or lost, allowing for faster adjustments before small issues become large cost overruns.

“The most usable [accounting software] feature for me is the job cost activity reports. I go in there at any time and understand for that period or for the whole job what our costs have been. And then I can drill down into it and use the job history detail report for vendor or contractor specific information.”

— **Tom Lawler**, VP of Lawler Construction

[View Full Case Study](#)

THE FIVE MUST-HAVE FEATURES



Financial Reporting

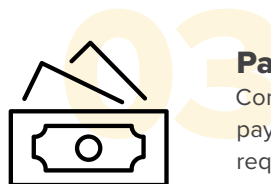
Running financial reports on a weekly basis is crucial to see new costs, updated revenue and forecast future performance for better outcomes.

For example, your team can run WIP reports to track revenue, overbilling and underbilling to know exactly where your project stands at any given time.

Additionally, contractors can see when and where money is coming in and leaving their operations with cash flow reports.

This kind of visibility means faster reaction times, better forecasting and fewer surprises — especially when managing multiple projects simultaneously.

“I can read a report and pinpoint exactly what’s going on in a job,” Sandra Michael General Manager of Proietto Painting said “It’s just so key when you can’t be physically out at a jobsite that could be 100 miles from another. These reports let me know in advance if we’re headed into an issue.”



Payroll

Construction payroll is far from simple — with certified payroll reports, union rates and multi-state reporting requirements to navigate.

Robust construction accounting software will include payroll features that process payroll and keep you compliant with government reporting regulations thanks to built-in reporting capabilities and automated wage tracking.

“Labor costs make up 30%-60% of construction costs, making payroll management crucial for maintaining profits.”

— **Marcum LLP**, National Construction Survey

THE FIVE MUST-HAVE FEATURES



4 A/P, A/R and AIA Billing

Keeping a close eye on accounts payable (A/P), accounts receivable (A/R) and AIA billing is necessary for effectively managing your cash flow. But in construction, that's easier said than done — billing is often partial, tied to progress and includes retainage, which makes tracking complex without the right tools.

Construction accounting software is built to handle these specifications. AIA billing features automate tracking and invoicing to help contractors manage progress billing jobs.

On the A/P side, construction accounting software helps you track vendor invoices, match them to POs and contracts, manage due dates and avoid late payments that could delay materials or strain relationships with subcontractors and vendors.

On the A/R side, it lets you create detailed, accurate invoices based on progress billing, change orders and retainage terms — while tracking what's been billed and what's still outstanding.



5 Support

The right construction accounting software is largely measured by its quality of support. Having access to a responsive, knowledgeable support makes a huge difference when questions come up, especially when project timelines are tight.

Whether it's troubleshooting an issue or navigating new features, reliable customer support keeps your team moving and your projects on track.

72% of customers expect quick and easy access to support.

— [Gitnux.org](https://www.gitnux.org)

WHY CONTRACTORS TRUST FOUNDATION®

FOUNDATION has been the leading construction accounting software for more than 40 years. From the beginning, we've worked alongside contractors to create a product that easily manages the complexities of job costing, payroll, billing and compliance.

From equipment management and fixed assets tracking to PO management and detailed general ledger reconciliation, FOUNDATION gives clients unmatched financial visibility at a moment's notice.

Additionally, Foundation Software offers a range of in-suite products that pair with FOUNDATION to create a clearer picture of job performance. Integrations include time tracking, payroll services, safety, project management, takeoff & estimating, HR and more.

FOUNDATION is headquartered in Strongsville, Ohio, and its team of in-house professionals serves contractors in all 50 states.



Visit us on

Monitoring costs isn't just crucial during economic uncertainty — it's a vital process for delivering consistently profitable projects.

The right construction accounting software offers features that make expense tracking easy. The feature-set should include custom job cost structures, financial reports, A/P and A/R automation, payroll processing plus seamless integrations with your existing solutions.

The vetting process can be extensive: the software that gets your investment should be by your side for the long haul. But the time saved, and the money gained is worth it.

If you have any questions about how or where to start or if you want to learn more about FOUNDATION, our specialists would love to give you a hand.

Click the button below to start your journey.

(800) 246-0800
Foundationsoft.com

