2020

CONSTRUCTION BUSINESS REPORT

FOUNDATION SOFTWARE

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Introduction

Foundation Software conducted its second annual Construction Business Survey from June 2, 2020 to August 21, 2020. The survey was 21 questions and conducted online. It was advertised and distributed to thousands of construction professionals via email, cross-promotion through industry publications and blogs, and Foundation Software's newsletters, mailing lists, and website.

Due to the primary promotion of this survey through Foundation Software, some responses, particularly in regard to software used, may present a skewed representation of Foundation Software products within the results compared to the industry at large. Data has been left unaltered, and disclaimers where these misrepresentations likely occur have been added where appropriate.
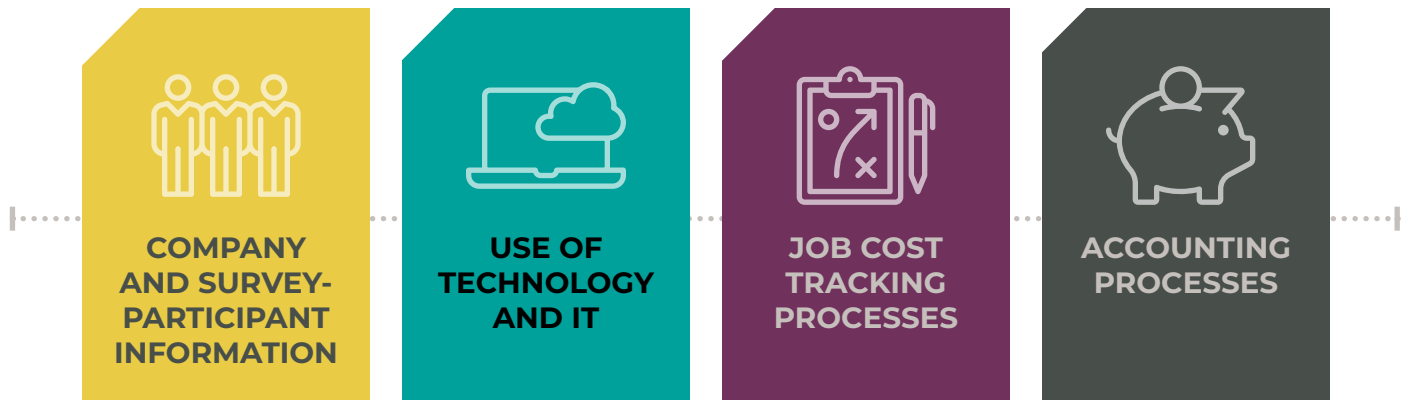
In total, nearly 600 industry professionals responded to the survey. The goal of this report is to provide an overview of those responses, coupled with observations and insights from an industry expert.
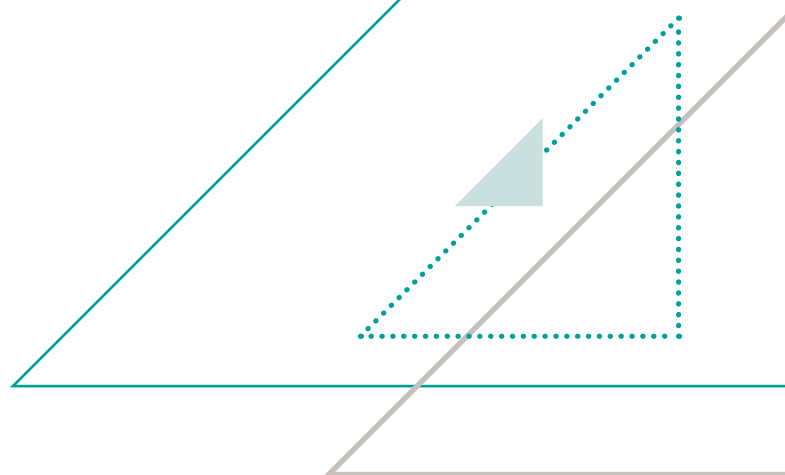
Survey Overview

The 2020 Construction Business Survey contained 21 questions: 10 multiple-choice, six multiple-choice with an option to fill-in a customized response, four that allowed the user to select any or all responses that apply, and one fill-in question with user-submitted responses.

The questions asked in the survey were from the following categories:

COMPANY AND SURVEY-PARTICIPANT INFORMATION

USE OF TECHNOLOGY AND IT

JOB COST TRACKING PROCESSES

ACCOUNTING PROCESSES

By centering questions around these categories, the goal of the survey was to gather historical data and analyze industry changes over time. 11 questions from the 2019 Construction Business Survey were retained for the 2020 Survey.

At any point during the survey, participants had the option to skip a question or opt-out of the survey entirely, with their entered responses still recorded in the final data. Participants were encouraged to complete the survey with a prize incentive. Names of prize winners were drawn at random from the contact information they provided on the last question of the survey.

FOREWORD

We're pleased to present another year of data in our second annual Construction Business Report. To say it's been a strange year would be a bit of an understatement, but despite all of the changes, we were thrilled to receive such a great response for this year's survey — even if everything is operating a little differently right now.

I want to give a special thanks to all who participated, shared, and promoted our survey this year and another thanks to all those who showed a continued interest in our inaugural 2019 Construction Business Report. Your interest in, and appreciation for, this data helped to make this possible. Our goal is to keep the survey growing from year to year to allow everyone to have a singular source of data that reflects accurate, timely information on the state of the industry by those that are actually working in it. You make this all possible.

We hope you use the data provided in this report to learn more about the state of the industry and where your business stands. Share the data with your teams and colleagues. Use the information to start conversations — both about your business and the industry in general. The more information we all share, the better off we'll all be for it.

And if there's something else you'd like to see in next year's report, let us know. This report is for you.

Now let's see the data, shall we?
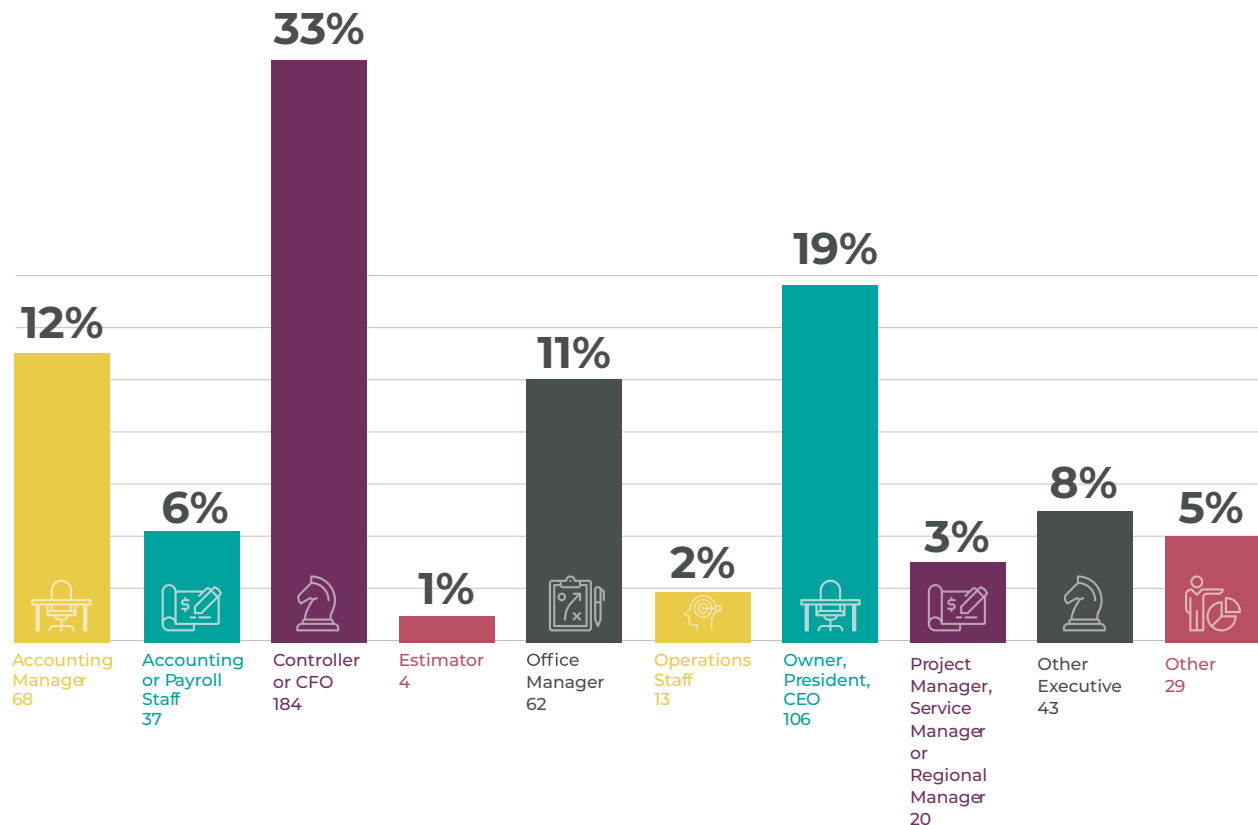
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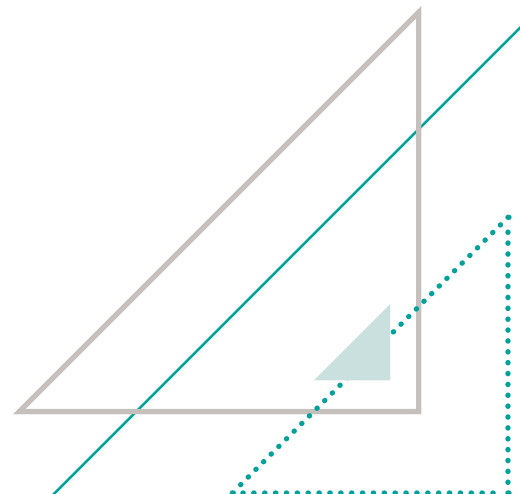
Company Information

DEMOGRAPHICS

In total, 566 respondents provided their demographic information for the survey. The largest majority of respondents (33%) were controllers or CFOs, with the second being owners, presidents or CEOs (19%). Estimators (1%) — a new option for this year — and operations staff (2%) were the two lowest represented positions. 5% also indicated their position as something not listed in this grouping by selecting "Other" and writing in a custom response.

The two largest age groups of respondents were those born between 1964 and 1980, representing 43% of the total responses, and those born between 1946 and 1964, with 37% of total responses.
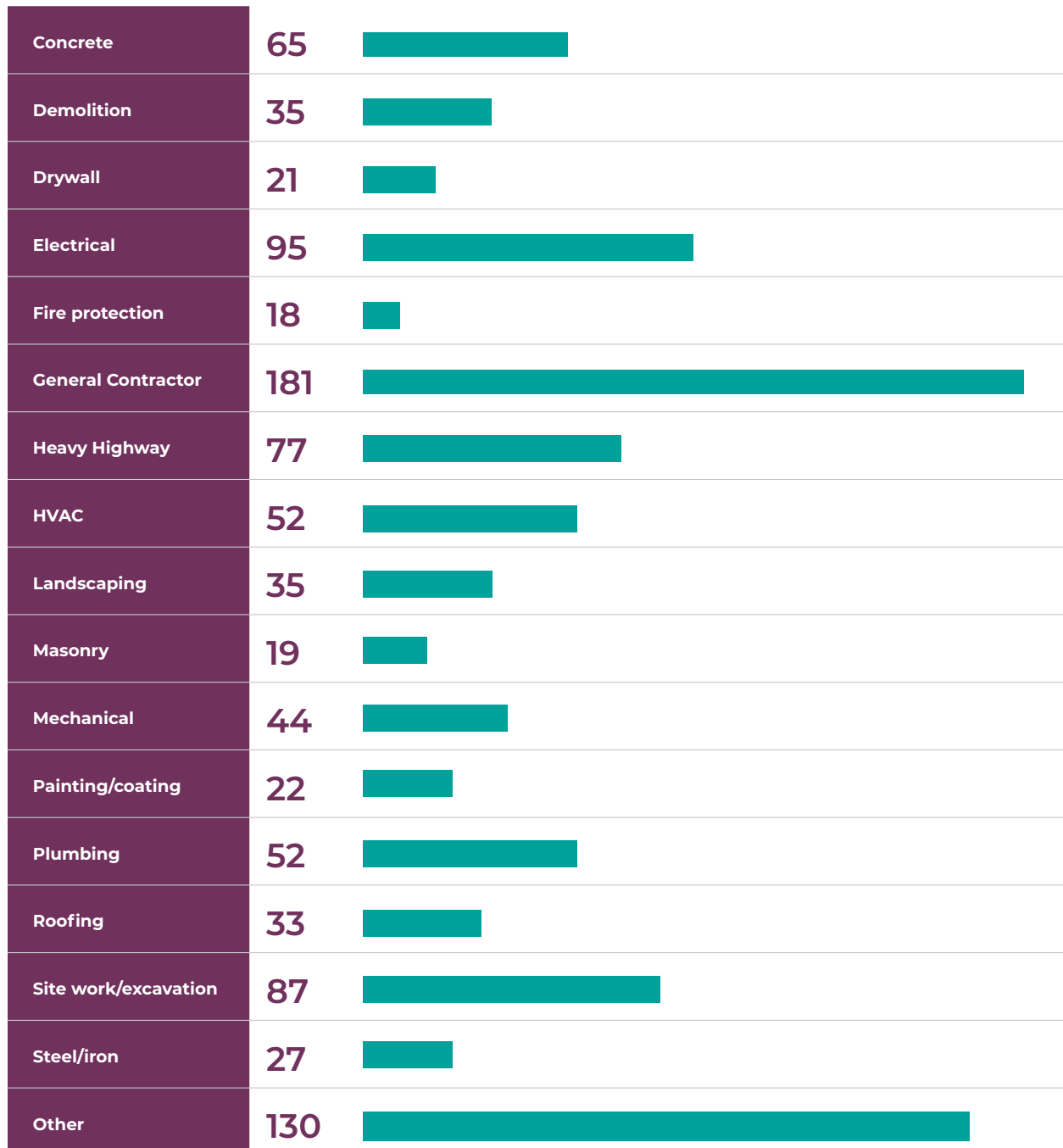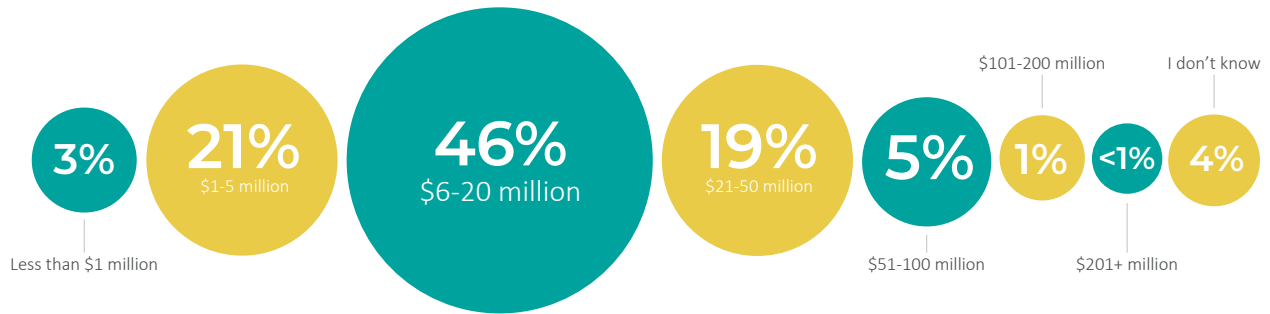
ROLE

Role	Percent	Count
Accounting Manager	12%	68
Accounting or Payroll Staff	6%	37
Controller or CFO	33%	184
Estimator	1%	4
Office Manager	11%	62
Operations Staff	2%	13
Owner, President, CEO	19%	106
Project Manager, Service Manager or Regional Manager	3%	20
Other Executive	8%	43
Other	5%	29

COMPANY TYPE:

The majority of respondents identified their businesses as general contractors, though many also chose secondary fields of focus. The highest represented trades were electrical, site work and excavation and heavy highway. Most respondents indicated more than one specialization. 130 respondents also indicated their specialization as something not listed within the given choices, with the most responses being a focus on glass & glazing (7) and solar (4).
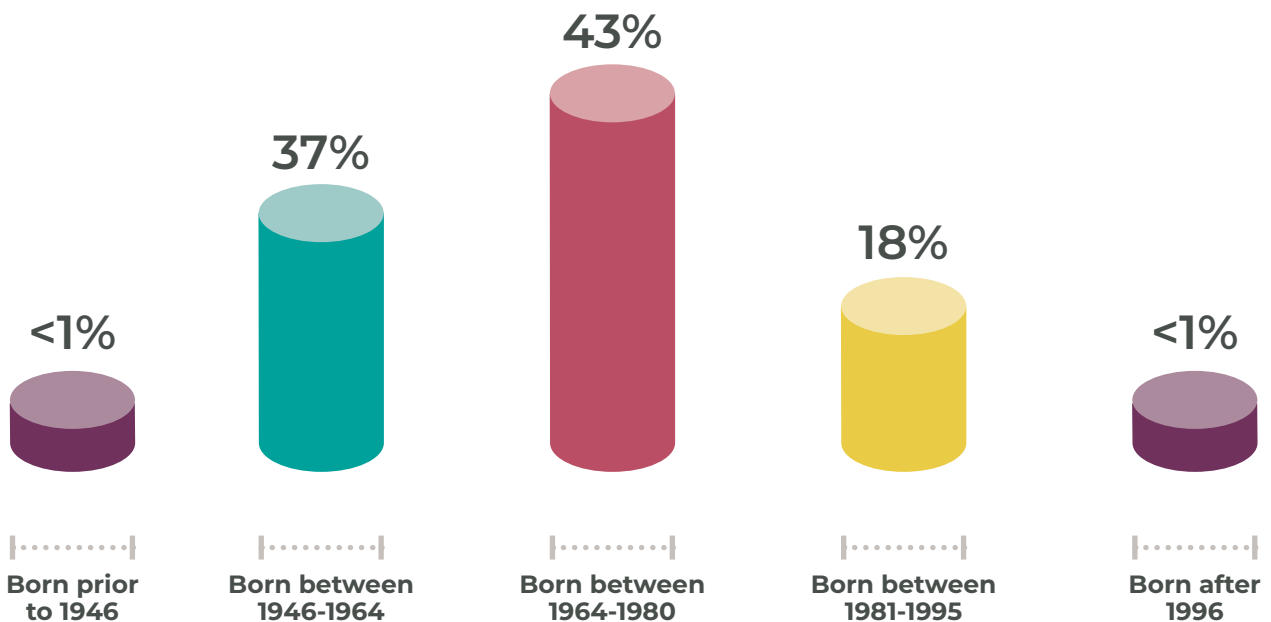
46% indicated their approximate annual revenue as falling between $6 and $20 million, with the next highest being 19% at $21 to $50 million.

Company Type	Count
Concrete	65
Demolition	35
Drywall	21
Electrical	95
Fire protection	18
General Contractor	181
Heavy Highway	77
HVAC	52
Landscaping	35
Masonry	19
Mechanical	44
Painting/coating	22
Plumbing	52
Roofing	33
Site work/excavation	87
Steel/iron	27
Other	130

COMPANY REVENUE:

3% — Less than $1 million

21% $1-5 million

46% $6-20 million

19% $21-50 million

5% $51-100 million

1% $101-200 million

<1% $201+ million

4% I don't know

WHICH BEST DESCRIBES YOU?

<1% — Born prior to 1946

37% — Born between 1946-1964

43% — Born between 1964-1980

18% — Born between 1981-1995

<1% — Born after 1996

The two largest age groups of respondents were those born between 1964 and 1980, representing 43% of the total responses, and those born between 1946 and 1964, with 37% of total responses.

OBSERVATIONS

There's a lot of talk about a generational shift happening in construction, but the numbers we're seeing in this year's survey still show a strong presence of Baby Boomers and Generation X in construction. The prevalence of office roles taking this survey could account for this.

IMPROVEMENT GOALS

When it came to the biggest improvements they wish to see for their businesses over the next 12 months, there was no common consensus. A focus on increased safety procedures was the lone outlier, with 1% of respondents indicating it as their target for improvement in the coming year.

The biggest inefficiencies for their businesses were in communication between teams (41%) and using manual processes (32%).
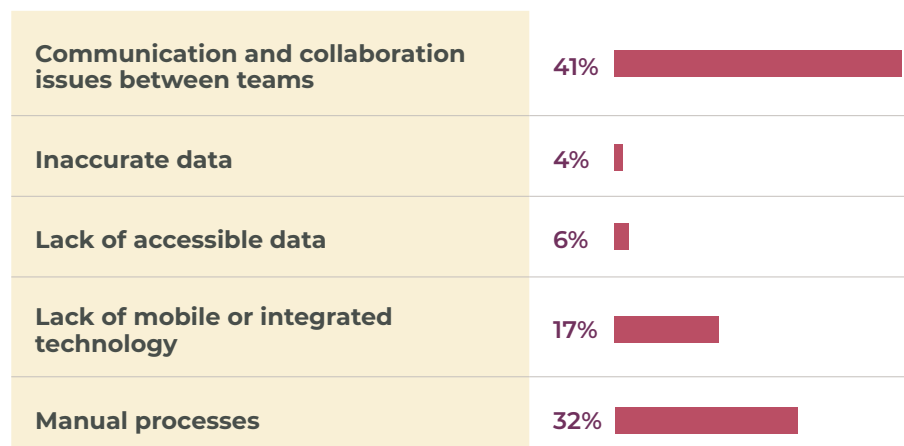
BIGGEST IMPROVEMENT IN THE NEXT 12 MONTHS:

19%
Addition of skilled labor

12%
Adoption of new technology

20%
Improvement of business practices

14%
Improvement of communication between teams

20%
Increase in the amount of jobs available

1%
Increased job safety procedures

10%
Increased use of integrated technology or API 58

3%
Other
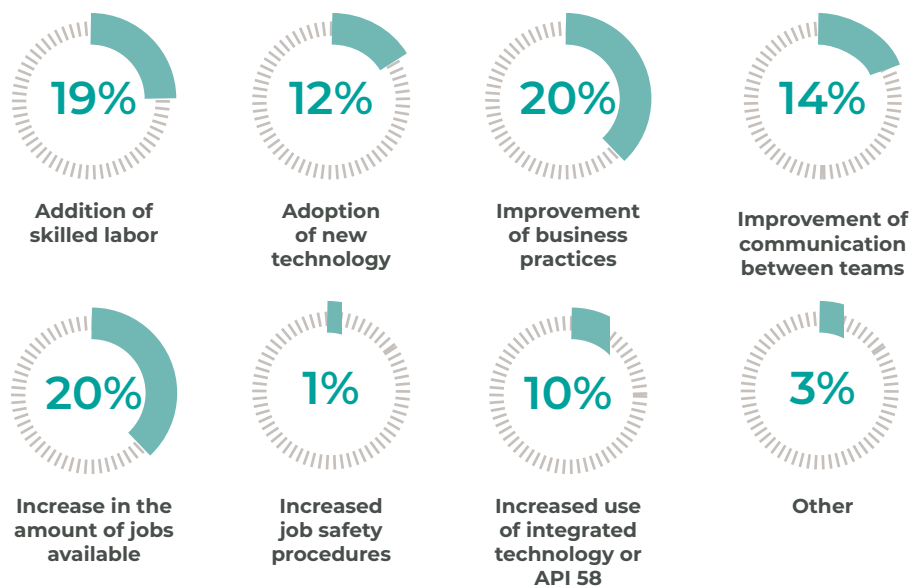
WHERE DO YOU THINK YOUR BUSINESS EXPERIENCES THE MOST INEFFICIENCY?

Communication and collaboration issues between teams	41%
Inaccurate data	4%
Lack of accessible data	6%
Lack of mobile or integrated technology	17%
Manual processes	32%

OBSERVATIONS

Last year, survey participants indicated that improvements across teams and addition of skilled labor were their two main focuses. While communication and business practices were still targets for this year, addition of skilled labor did take a noticeable decline compared to last year.

Communication issues and manual processes continue to be the biggest causes of inefficiency for construction firms — though we could probably say the same for just about any company in any industry.

Technology and Software Use

Participants were asked to name the software they use to perform certain business tasks: accounting, estimating, project management, scheduling, human resources, payroll, safety, customer relationship management, and equipment and tool tracking. All responses were written in by participants, with corrections made to unify spelling and names of products. Responses with more than one entry were combined into a response of "Multiple." Entries with less than five total responses were grouped as "Other." If no software was used for the task, participants were asked to leave the entry blank.

Due to Foundation Software's involvement in the promotion of this survey, some responses may be biased in favor of Foundation Software's products and services. These have been noted with a disclaimer where appropriate.

ACCOUNTING SOFTWARE

ComputerEase Software for Contractors	8
intuit quickbooks.	38
sage	14
OTHER	26
MULTIPLE	7
FOUNDATION software *	409

* *With Foundation Software's sponsorship and promotion of the survey, percentages of software used may be biased in favor of FOUNDATION ®.*

ESTIMATING SOFTWARE

Software	Value	
Accubid	15	
Bid2Win	17	
ConEst	12	
Excel®	72	
FOUNDATION®	8	
HCSS/HeavyBid	34	
In-house	6	
Planswift	6	
Manual	10	
McCormick	10	
Multiple	26	
On Center	6	
ProEst	10	
QuoteSoft	6	
Sage	12	
The Edge	7	
Other	86	
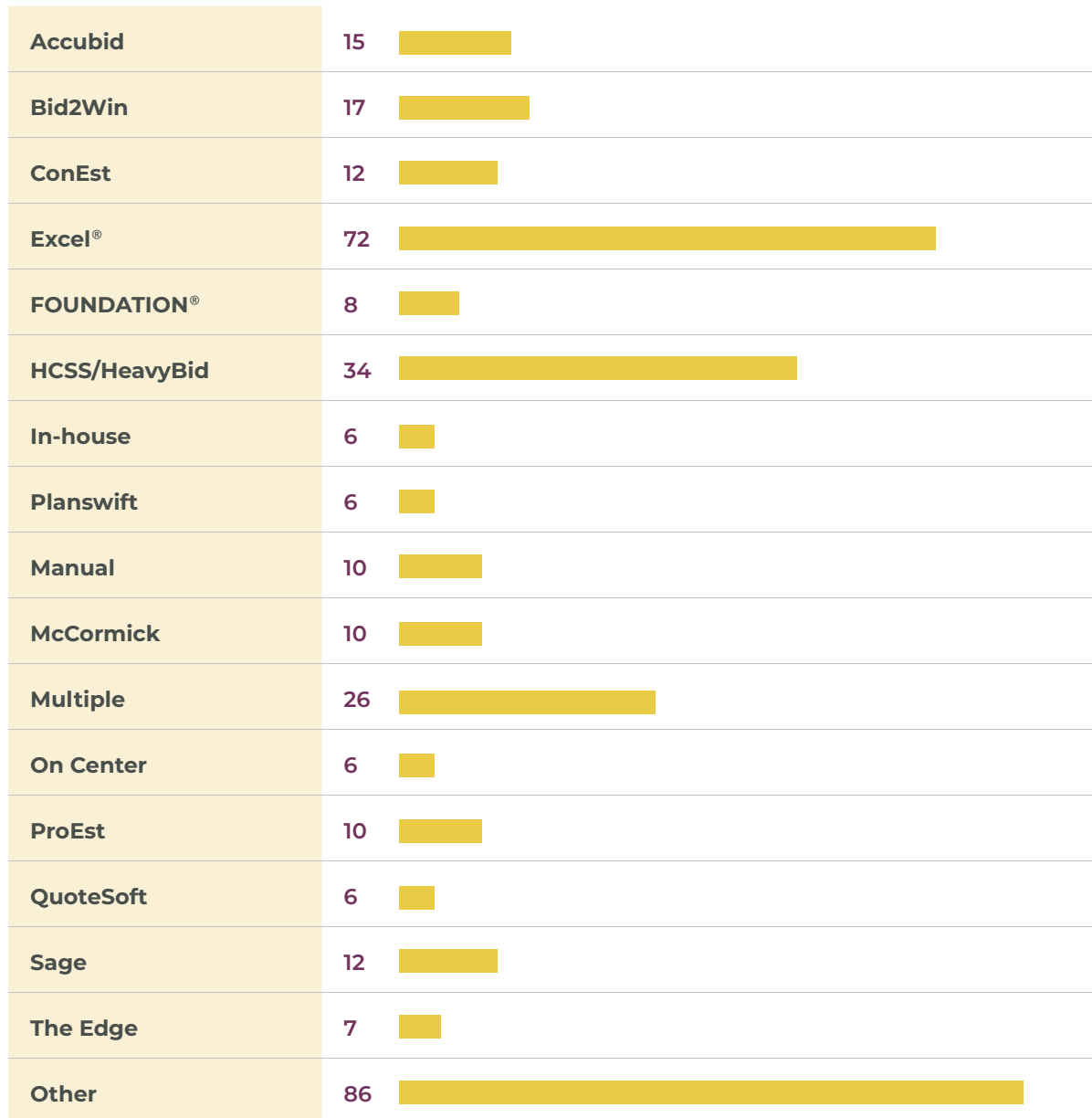
PROJECT MANAGEMENT SOFTWARE

Sage	6	
Excel®	17	
FOUNDATION®	101	*
HCSS	17	
MS Project	8	
Manual/In-house	9	
Procore	39	
Multiple	32	
Dataforma	6	
Other	72	

SCHEDULING SOFTWARE

Excel®	36	
ProCore	9	
FOUNDATION®	24	*
Primavera	21	
MS Project	51	
Manual	15	
DataForma	5	
Google Sheets/calendar/drive	5	
Multiple	9	
Other	77	

*With Foundation Software's sponsorship and promotion of the survey, percentages of software used may be biased in favor of FOUNDATION ®.

HUMAN RESOURCES

FOUNDATION®	83	*
ADP®	6	
In-house	11	
ComputerEase	6	
Sage	5	
Employee Navigator	5	
Multiple	16	
Excel®	5	
Manual	5	
Third-party Provider	8	
Other	54	

PAYROLL PROCESSING SOFTWARE

ADP®	11	
FOUNDATION®	339	*
Multiple	6	
Third Party	6	
Paychex	6	
Paylocity	6	
Payroll4Construction	29	*
Quickbooks®	19	
Sage	7	
Other	43	

* With Foundation Software's sponsorship and promotion of the survey, percentages of software used may be biased in favor of FOUNDATION ®.

SAFETY SOFTWARE

Excel®	17	
HCSS	6	
In-house	11	
Manual	9	
Multiple	11	
ProCore	6	
Other Third Party	8	
Other	57	

CUSTOMER RELATIONSHIP MANAGEMENT SOFTWARE

Excel®	10	
FOUNDATION®	13	*
In-house	5	
Manual	7	
Other Microsoft®	12	
Sales Force®	10	
Other	56	

EQUIPMENT TRACKING SOFTWARE

Excel®	32	
FOUNDATION®	62	*
In-house	8	
Manual	7	
Multiple	15	
Other	84	

* With Foundation Software's sponsorship and promotion of the survey, percentages of software used may be biased in favor of FOUNDATION®.

OBSERVATIONS

Of all the software types listed, CRM and Safety were the two least used. This could be a result of not having the right tools available for those that participated in the survey or that their manual processes are sufficient to complete these tasks.

One shift that's noticeable from last year's results is that there are far less respondents using multiple software programs to complete single tasks.

SOFTWARE UPGRADES

Next, participants were asked to select all software they were looking to upgrade in the next year. Project management and equipment and tool tracking received the most responses, with accounting and payroll receiving the fewest.

WHAT SOFTWARE ARE YOU LOOKING TO UPGRADE IN THE NEXT YEAR?

Software	Count	
Accounting	22	
Estimating	91	
Project Management	141	
Scheduling	79	
Human Resources	74	
Payroll	60	
Safety	66	
Customer Relationship Management	66	
Equipment and Tool Tracking	101	
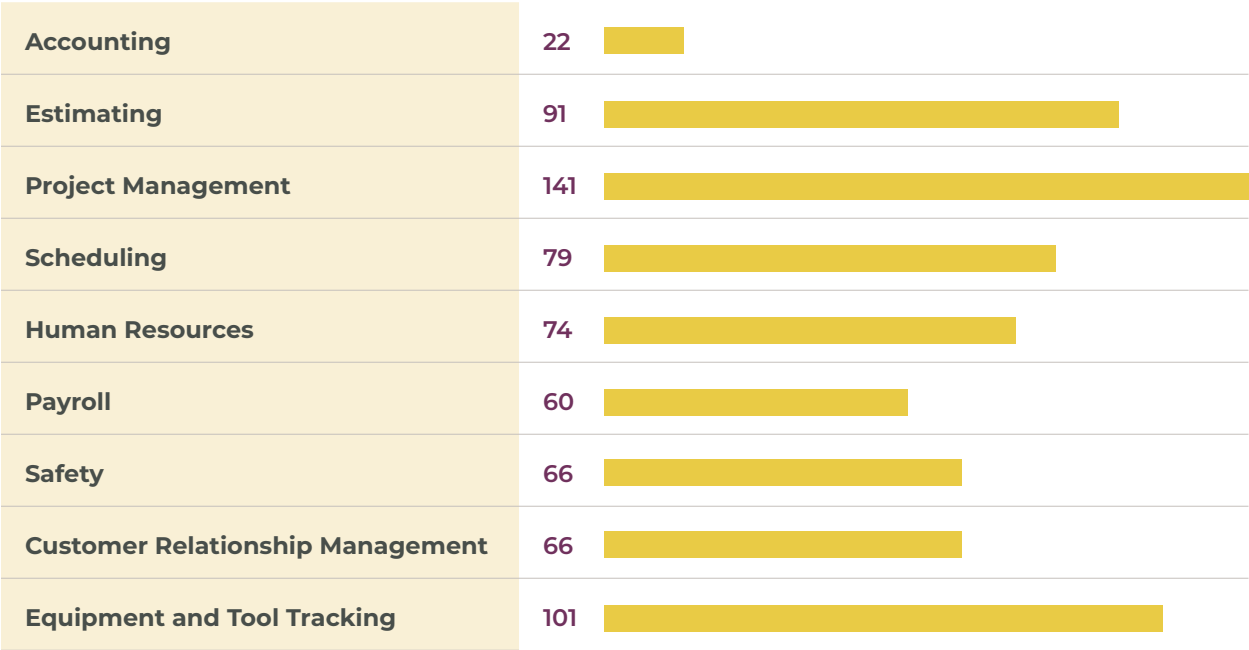
PAYROLL SERVICE

Only 182 of the total respondents indicated that they used a payroll service, with the majority indicating that they use Payroll4Construction, followed by ADP and Paychex. Multiple other responses were given and grouped as "Other," with some common responses being local companies, accountants or other third-party payroll services.

OTHER
62

ADP
18

PAYCHEX
11

PAYROLL4CONSTRUCTION
91
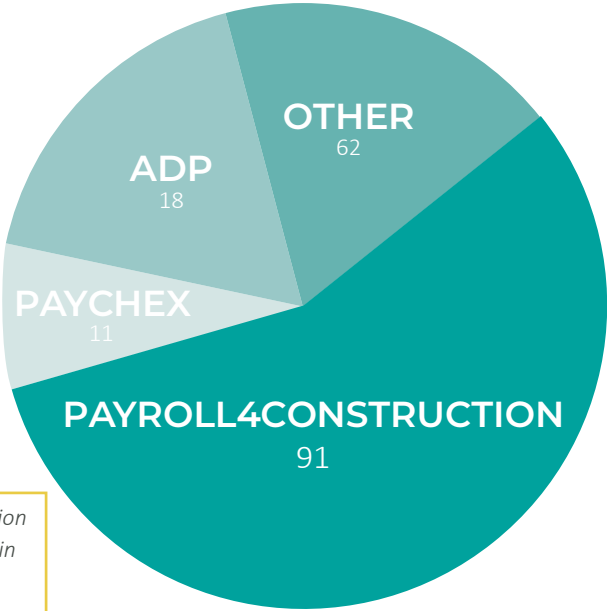
✳ *Disclaimer: With Foundation Software's sponsorship and promotion of the survey, percentages of payroll service used may be biased in favor of Payroll4Construction.com.*

SOFTWARE TRAINING AND BUDGET

Survey participants were asked to rate their satisfaction with their business's current software training and onboard process, with 66% saying that they were satisfied but still had room for improvement. Only 3% indicated that they were not satisfied at all with their current processes.

Overwhelmingly, 94% responded that they had no annual budget for additional software training.

64% indicated that they do not allocate or bill IT and software costs to projects. Only 2% responded that they bill these costs directly.

HOW SATISFIED ARE YOU WITH YOUR BUSINESS'S CURRENT SOFTWARE TRAINING AND ONBOARDING PROCESSES?

Extremely Satisfied	18%
Mostly Satisfied but there's room for improvement	66%
Mostly dissatisfied and changes are needed	13%
Not Satisfied at all	3%
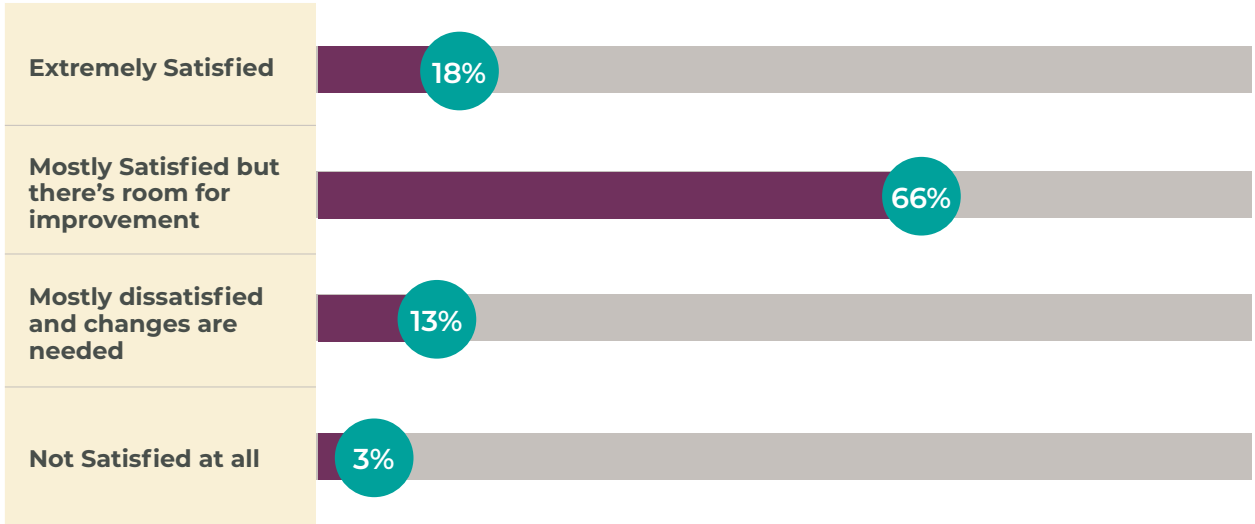
ROUGHLY WHAT'S YOUR ANNUAL BUDGET FOR ADDITIONAL SOFTWARE TRAINING?

$0 Budget	94%
$500-$5,000	2%
$5,001-$10,000	2%
$10,001-$30,000	<1%
Over $100,000	<1%
Other	<1%

OBSERVATIONS

Similar to last year, the vast majority of respondents stated that they don't have an annual budget for software training. Generally, this isn't a priority for most businesses since more immediate needs tend to eat up any available funds.

DOES YOUR COMPANY ALLOCATE OR BILL IT AND SOFTWARE COSTS TO PROJECTS?

I don't know	6%
It depends	14%
No	64%
Yes, we allocate these costs indirectly to factor into project estimates and billings	14%
Yes, we bill those costs directly	2%
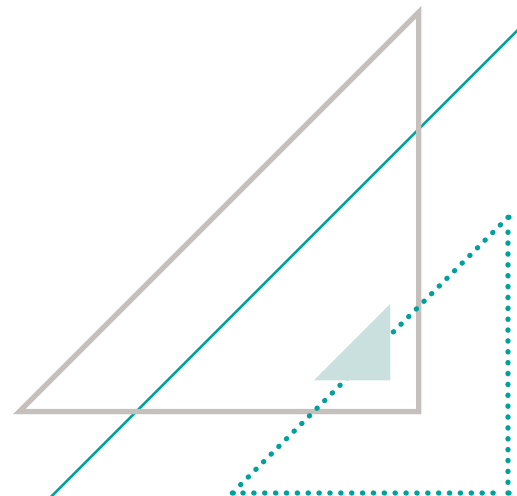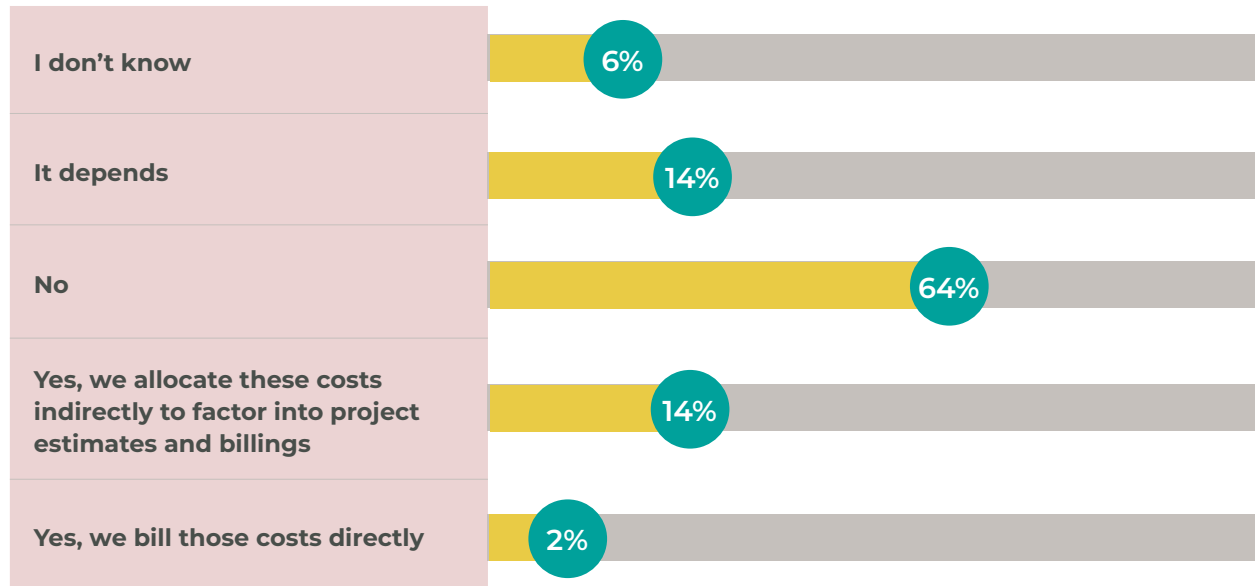
Mobile Capabilities

The majority of respondents indicated that mobile features or apps were important when selecting software for their business, with 42% stating that it was very important and 41% stating that it was somewhat important. Only 4% indicated that mobile features or apps weren't important at all when choosing software.

HOW IMPORTANT ARE MOBILE FEATURES OR APPS WHEN SELECTING SOFTWARE FOR YOUR BUSINESS?

4% — Not important at all

12% — Not very important

41% — Somewhat important

42% — Very important
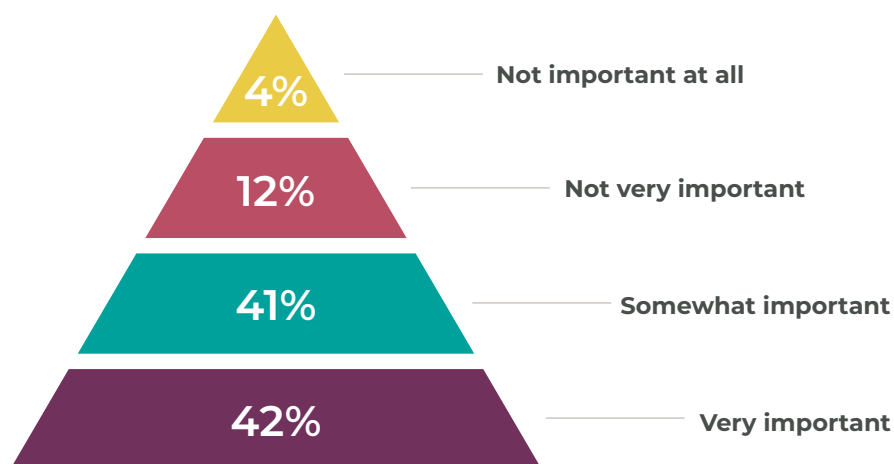
FOR WHICH OF THESE TASKS/WORKFLOWS, IF ANY, DOES YOUR BUSINESS RELY ON MOBILE SOFTWARE?

Task/Workflow	Value
Estimating	27
Human Resources	29
CRM	46
Accounting	65
Safety	77
Equipment and tool tracking	83
Scheduling	117
Project Management	167
Payroll	231
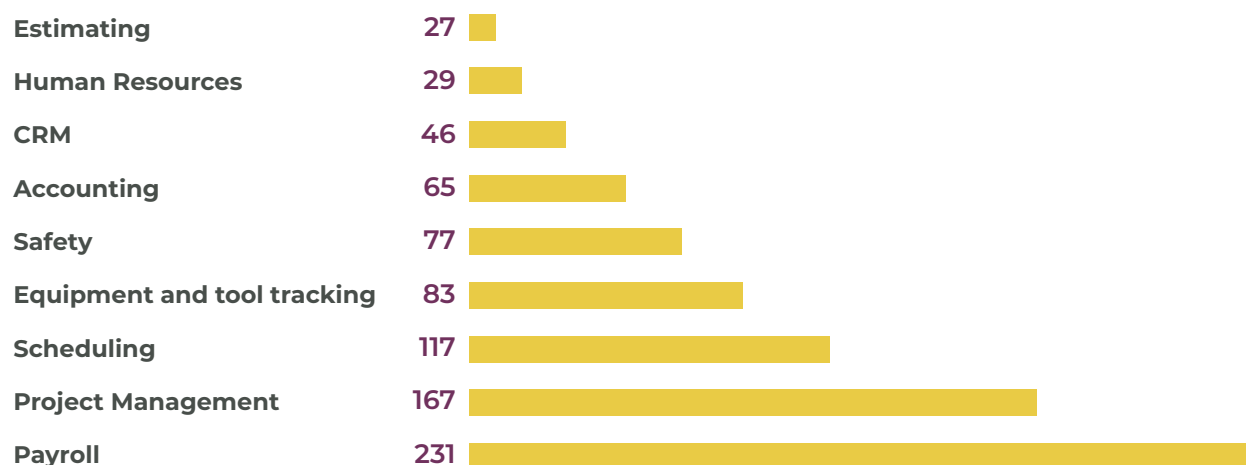
For most of the participants, payroll relied the most on mobile features, followed by project management and scheduling. Estimating and HR were the least dependent on mobile software.

WHAT DEVICES DOES YOUR BUSINESS USE IN THE FIELD?

Smartwatch	Smartphone	Tablet	Laptop	Other
14	255	354	247	4
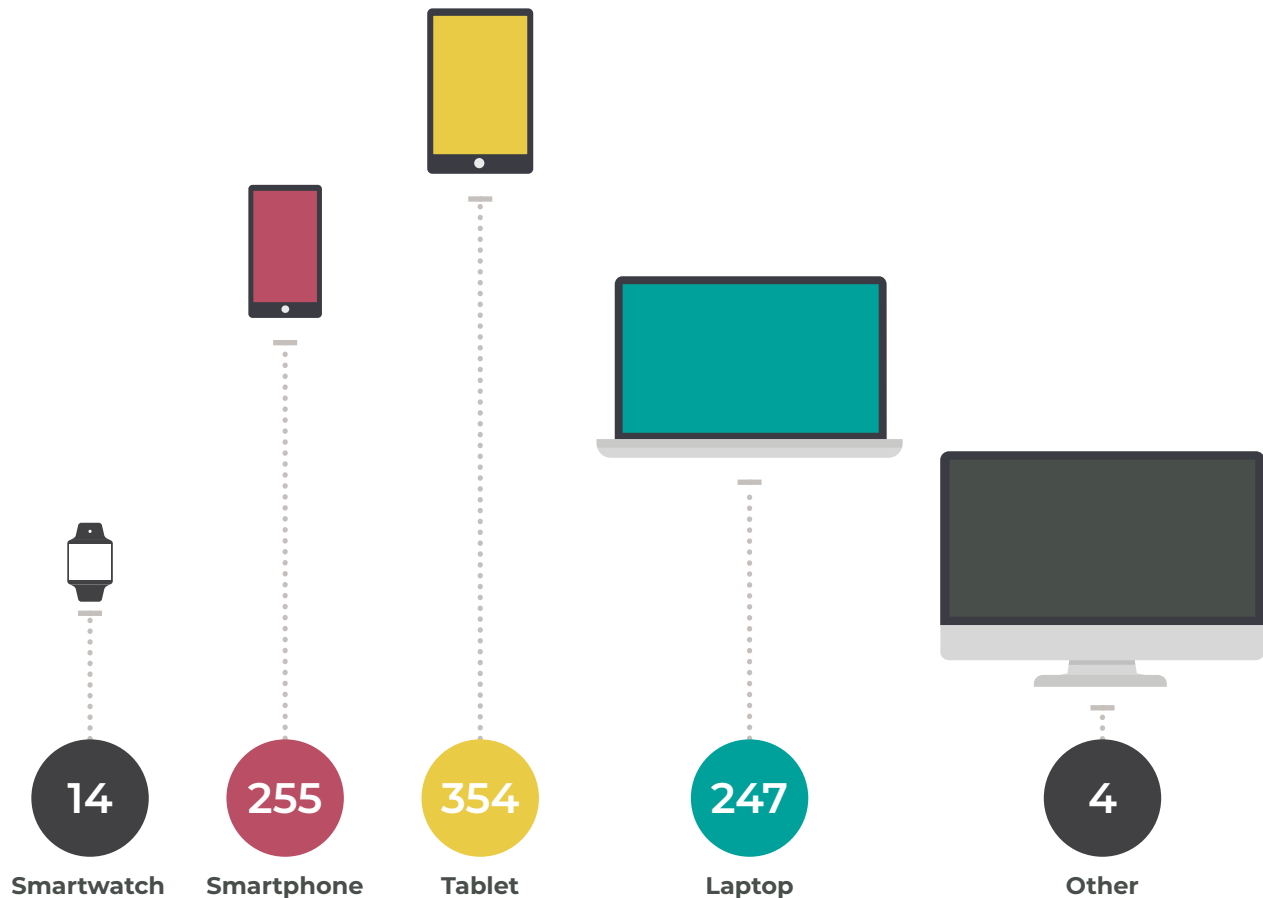
Tablets were the most commonly used item in the field, followed by smartphones and laptops. Other mobile devices, like smartwatches or other wearables were less common.

OBSERVATIONS

It's interesting to see that mobile apps and features weigh so heavily on the decision of selecting new software. Construction businesses are starting to see the value of having readily available mobile tools at their disposal.

Another surprising takeaway is that tablets are the most in-use device in the field. While smartwatches and wearables weren't widely represented in this year's survey, it's likely that these will also start to see a slow increase in use in the coming years.

Employee Tracking and Data Transfer

The majority of respondents (35%) indicated that they use paper timecards with supervisors filling out data for tracking employee hours in the field. Mobile apps also had a strong presence, with 24% of respondents stating that employees use mobile apps to track their own hours and 20% indicating that they use a mobile app where the supervisor enters employee hours.

HOW DO YOU KEEP TRACK OF EMPLOYEE HOURS IN THE FIELD?

Employees clocking in and out on a shared electronic device	4%	
Employees clocking in and out with a manual time clock	3%	
Mobile app with employees clocking in and out	24%	
Mobile app with supervisor entering employee start and end times	20%	
Paper timecards with supervisor filling out employee start and end times	35%	
Timecards with biometrics	1%	
Other	13%	
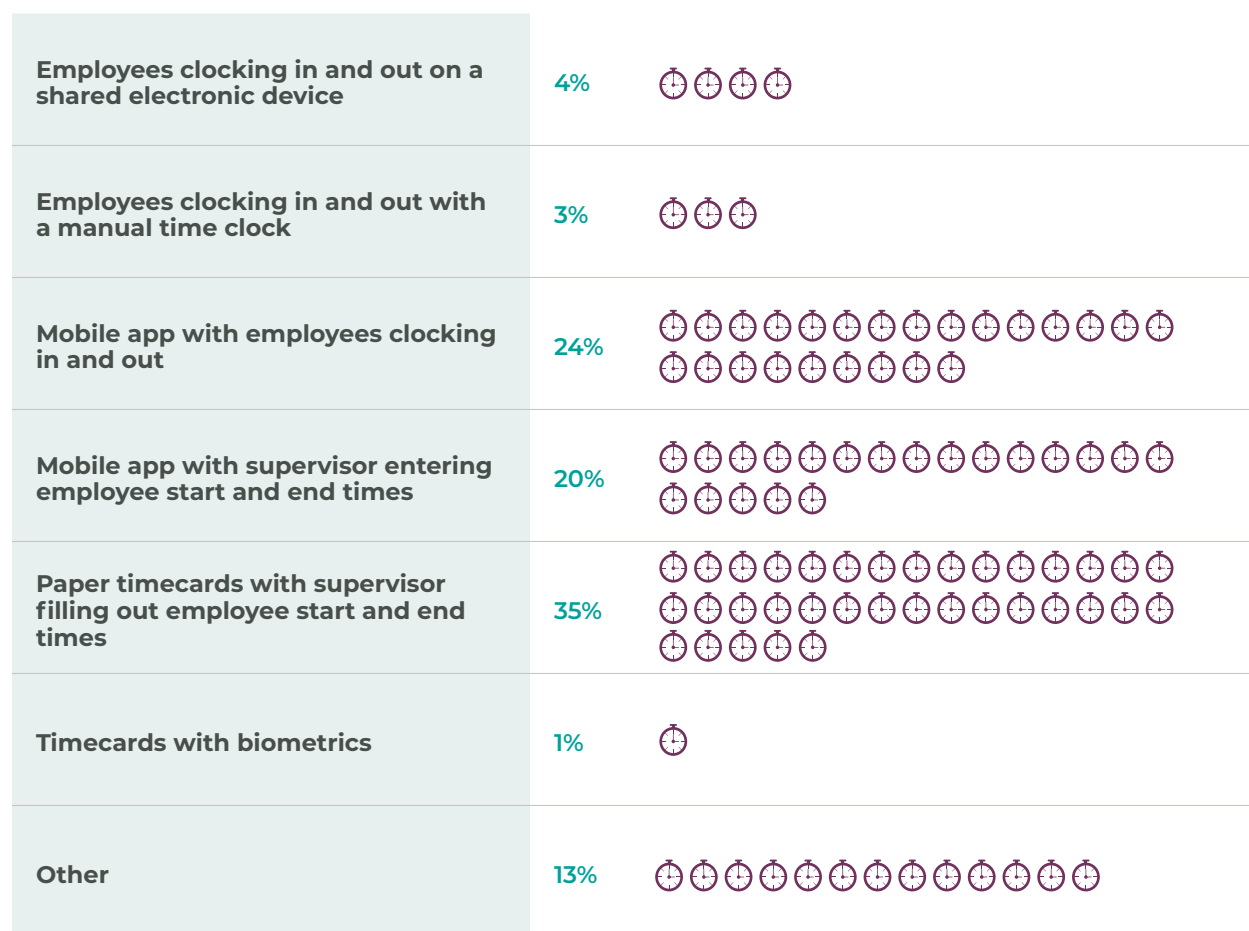
OBSERVATIONS

With most respondents stating that they use a mobile app for tracking hours, it's easy to see why mobile apps and features were such an important factor for selecting new software. Even more telling of its importance is the large number of businesses that still use paper timecards and manual spreadsheets for data tracking

WHAT METHOD DO YOU USE TO TRANSFER DATA FROM THE FIELD TO SOFTWARE IN THE OFFICE?

Digital spreadsheets (Excel, CSV, etc.) — **23%**

Direct integration or API between software — **25%**

Email — **15%**

I don't know — **4%**

Import file (XML) — **4%**

Manual spreadsheets (pen and paper) — **26%**

Other — **3%**

We don't — **<1%**
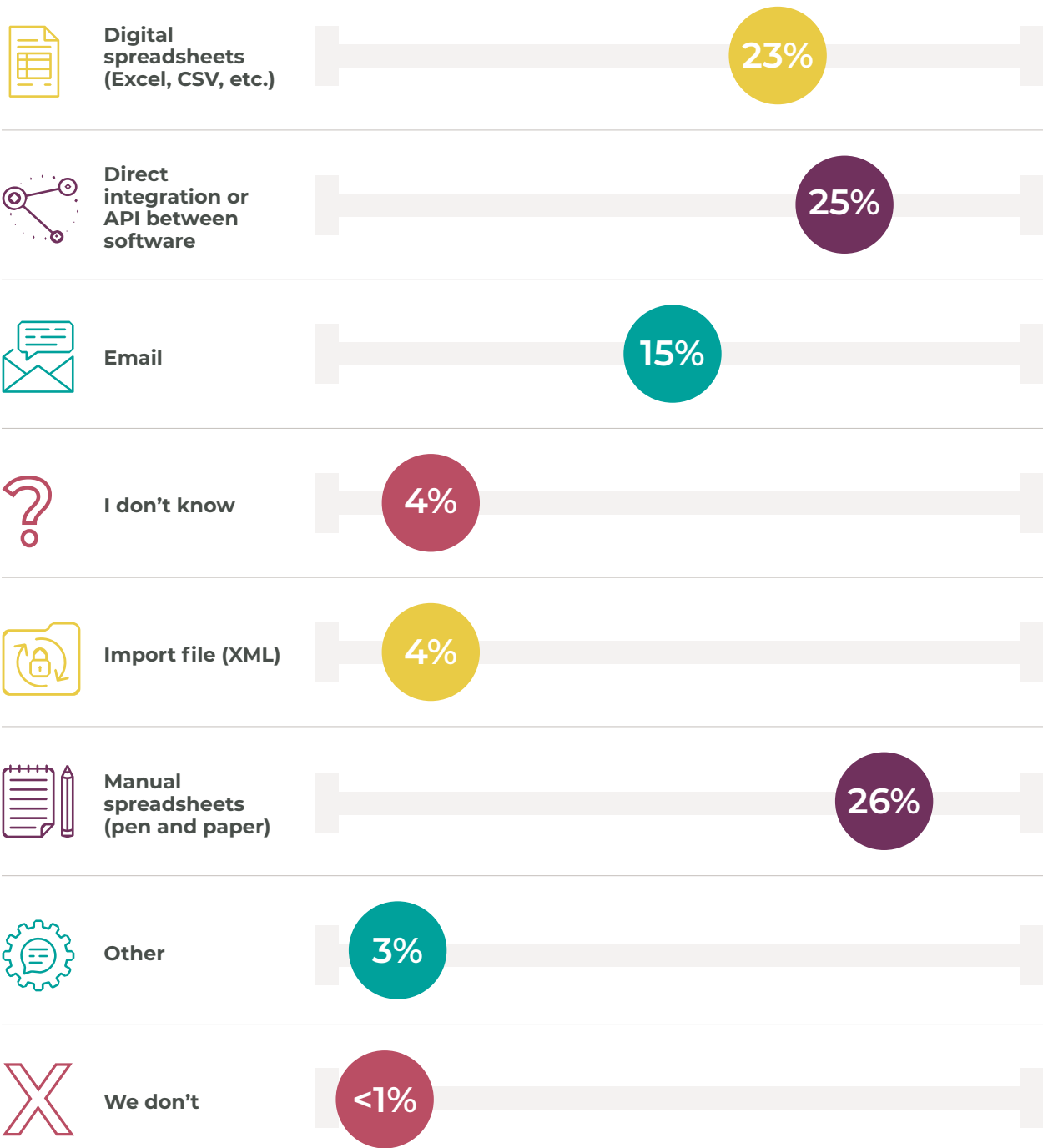
26% of respondents stated that they use manual spreadsheets to transfer data from the field to the office, followed closely by 25% that use a direct integration or API between software. Digital spreadsheets, at 23%, were also a common form of data transfer. Less than 1% indicated that they don't have a method for transferring data from the field.

Business Practices & Future Projections

In the final section of the survey, respondents were asked about the processes they use to run their businesses as well as their projections for the coming year, particularly related to the economic impact of COVID-19.

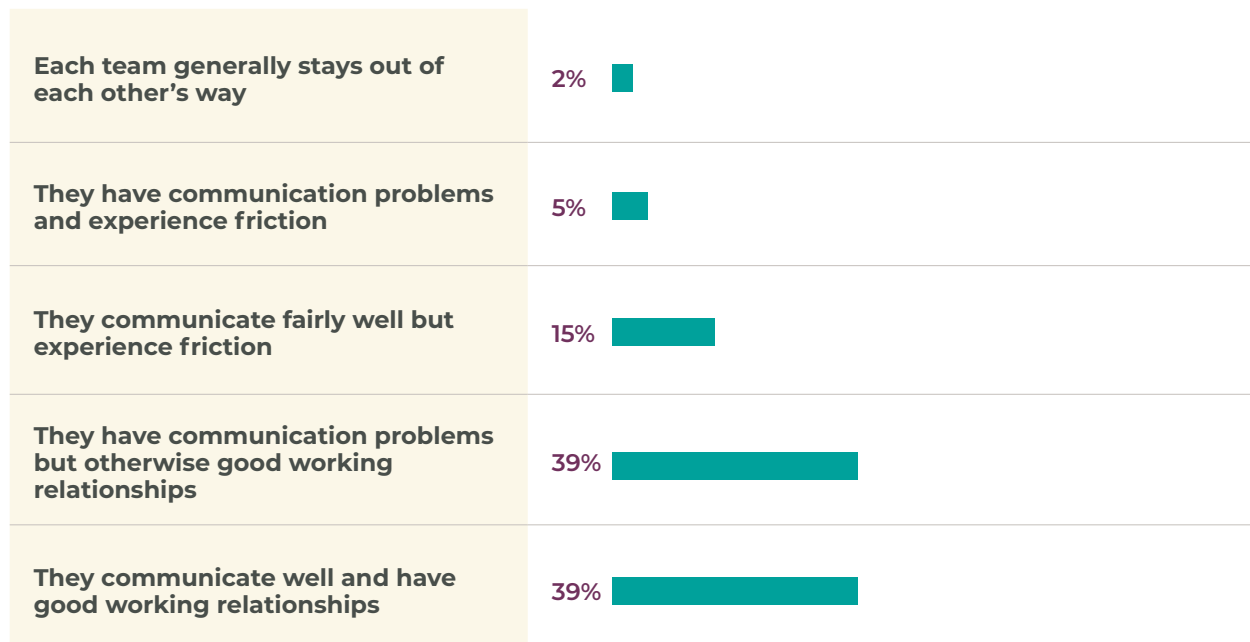First, respondents were asked about the working relationships between the field and office staff. The majority of respondents indicated a good working relationship between the teams, with 39% stating that they communicate well and have good working relationships and another 39% indicating that they have communication problems but still work well together. Only 2% indicated severe communication issues between the teams.

WHICH OF THE FOLLOWING BEST DESCRIBES HOW YOUR COMPANY'S FIELD OPERATIONS AND OFFICE STAFF WORK TOGETHER?

Each team generally stays out of each other's way	2%
They have communication problems and experience friction	5%
They communicate fairly well but experience friction	15%
They have communication problems but otherwise good working relationships	39%
They communicate well and have good working relationships	39%

USE OF A CONSTRUCTION CPA

DOES YOUR COMPANY WORK WITH A CONSTRUCTION CPA?:

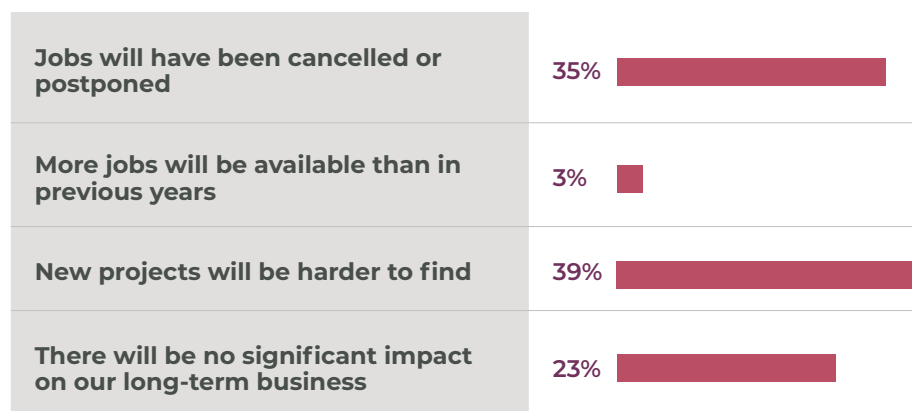|	
Yes, but not a CPA specialized in construction	32%
Yes, for our annual audit only	27%
Yes, on a quarterly basis	14%
Yes, regularly as a business adviser	24%
We don't work with a CPA at all	3%
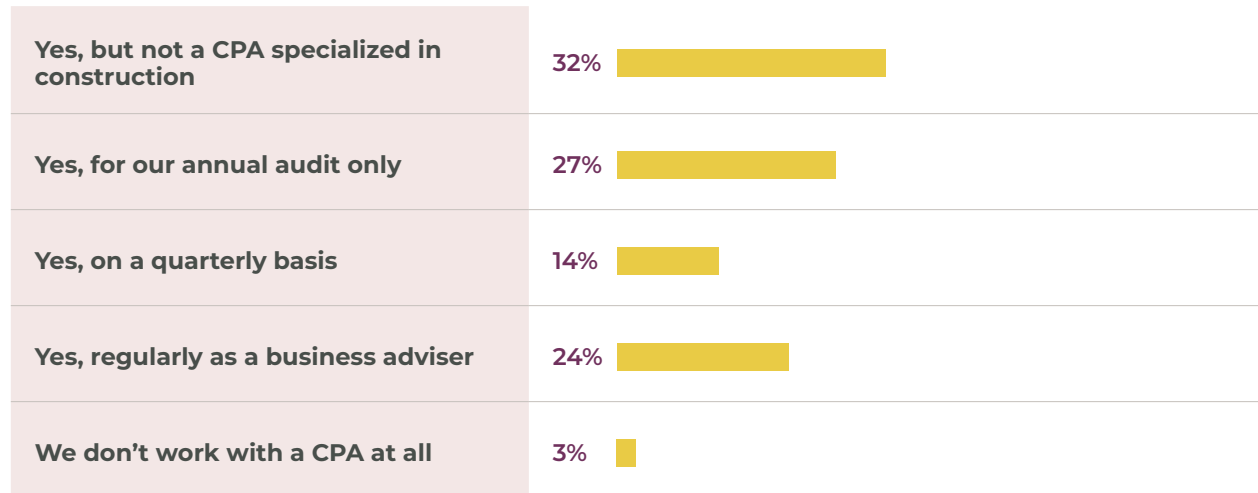
COVID-19 Impact

While the majority of respondents indicated some sort of decline in their revenue as a result of COVID-19, 35% indicated no noticeable change. For another 6%, revenue actually increased.

HOW HAS THE COVID-19 PANDEMIC IMPACTED YOUR REVENUE?

No Change	35%	
Decrease of 5% to 10%	23%	
Decrease of 10% to 15%	15%	
Decrease of 15% to 20%	21%	
Revenue has increased	6%	
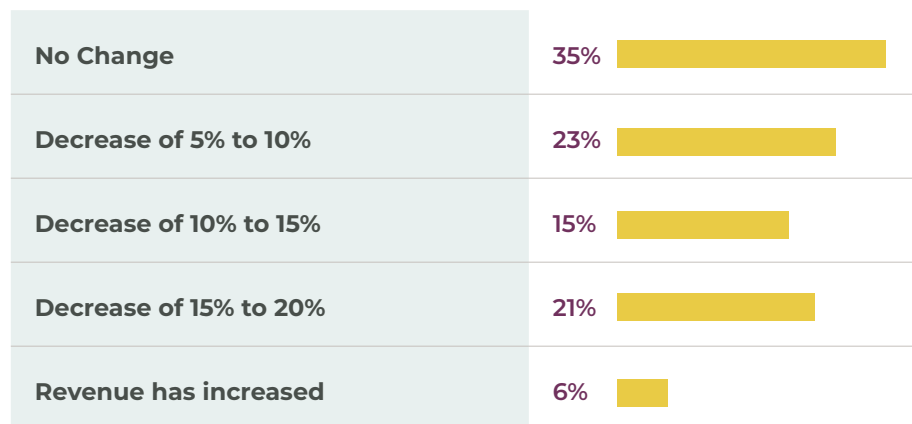
HOW DO YOU PREDICT COVID-19 WILL AFFECT YOUR BACKLOG THROUGH 2021 AND BEYOND?

Jobs will have been cancelled or postponed	35%	
More jobs will be available than in previous years	3%	
New projects will be harder to find	39%	
There will be no significant impact on our long-term business	23%	

In making predictions of how COVID-19 will affect their backlog through 2021 and beyond, 39% believe jobs will be cancelled or postponed and another 35% believe jobs will be cancelled or postponed. 23% believe there will be no significant impact.

Conclusion

Each new year carries with it a certain amount of uncertainty, but perhaps none quite so much as what we're seeing in the next year. As businesses continue to open following the COVID-19 pandemic, almost all of them are still facing the economic impact of the past year. While nobody could have predicted the vast amount of changes this year would bring, there are steps we can start taking to prepare for whatever happens next.

It might seem counterintuitive to spend more, especially with all of the uncertainty in the air, but now may be the best time to look into new technology. With an increase on mobile services and remote access to data, conventional workflows are experiencing a shift, albeit one that was born out of necessity. Updated tech and processes can help with common issues like automating manual processes and increasing communication, especially with teams working across distances — whether from field to traditional office or field to home office or home office to home office.

Often, it's not even a matter of purchasing new software or services, but updating what you already have. The key is to keep the lines of communication open. Reach out to your software vendors to see what options you have. The features you need might already be available, but you might not be using them. Now is the time to prepare and increase the mobility of your data. You'll likely also witness improvements across other aspects of your business, including more efficient workflows and better communication for your team.

And if there's something that's missing, talk about it. Let your vendors know. Let us know. In the end, we're all in this together, and we need each other to weather whatever comes next.
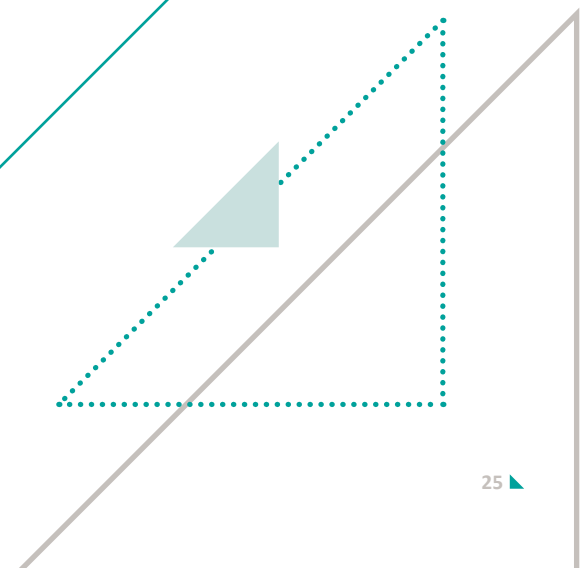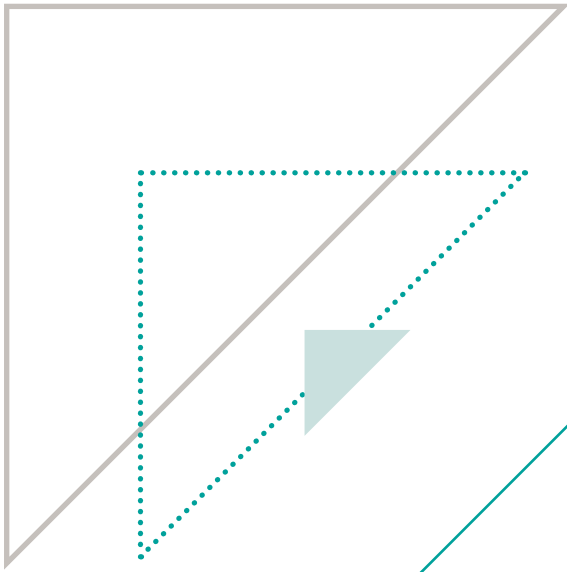
Acknowledgments/ Special Thanks

Foundation Software would first like to thank everyone who participated in this year's Construction Business Survey. Your insights always help to paint the clearest picture on the current state of the industry. We would also like to thank everyone who helped in promoting this survey. Your assistance helped us to reach an even greater number of participants this year.

We look forward to hearing from your thoughts on this report. If you have any questions, or would like to provide any feedback, please do not hesitate to contact us at (800) 246-0800.

About Us

Foundation Software is best known for creating FOUNDATION® construction accounting software, but that's only a part of what they do. With a standalone payroll service in Payroll4Construction.com and a web-based project management solution with ProjectHQ, Foundation takes pride in helping contractors run the business side of their construction business.