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It's Your Data,
Now Leverage It

Moving beyond cost accounting
to find the true value of ERP



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How to Leverage Your Data

Moving beyond cost accounting to find the true value of ERP

By Rick Gott

The major benefit of an enterprise resource planning (ERP) solution is its ability to unify all aspects of a construction company under one single, integrated database that captures daily activities from jobsites, offices, and external resources. Then it makes this data available to all participants who need it, when they need it, and where and how they need it — instantly.

But to truly leverage an ERP system, you've got to be able to access and use the results with intuitive, easy-to-use dashboards and advanced reporting. It takes an integrated platform to move past simple cost accounting into an advanced state, where the organization can capture mission-critical data, archive it, display it intelligently in multiple formats, and disseminate it on demand to anyone on the project.

Contractor Use

If you're a general contractor and you've been awarded a large project, your first inclination may be to celebrate, and rightfully so. But it's also time to plan, communicate and take action — by chronicling your information into an enterprise resource planning system, you can maximize your probability

for success on this new project.

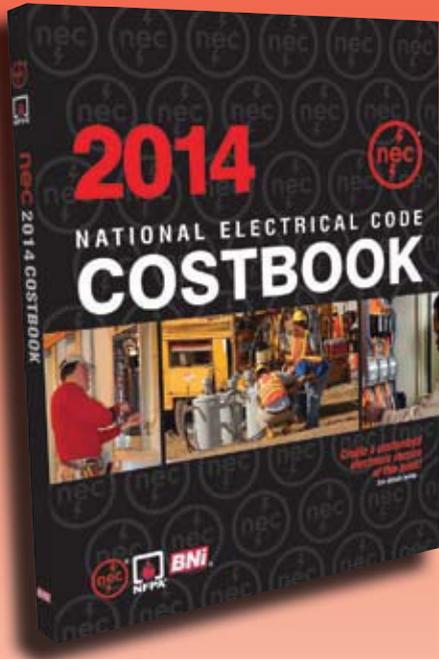
By chronicling your information, you can tightly manage this project from start to finish. You'll be in better control of timelines and budgets. You can also leverage your enterprise resource planning data to review complicated project results in preparation for your next project.

Your first step is to import your estimate into the ERP. This allows you to build and configure the appropriate cost structures. This process drives your budget, costs, and project financials. Once this task is completed, the information is automatically made available in all applicable applications throughout your company — without redundant data entry and information. You've set the baseline from which all actions will move forward.

Personnel

As you begin to plan for the project, you can arrange your subcontractors, assign them to the job within the enterprise resource planning software and create the subcontracts and the owner contract. And, if you self-perform, you would utilize the system to line up employees as well as any contracted workers that would be necessary for

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this job. Assigning or entering resources in the enterprise resource planning software is accomplished quickly and accurately since a single system now houses and integrates data across the entire project.

For example, an HR application could easily demonstrate the skill sets, knowledge, experience, certificate status and work history of your employees or subcontractors, giving you the ability to apply the most appropriate people to the specific tasks — in an instant. In addition, a personnel dashboard through your business intelligence application could alert you if employee certifications, licenses, or insurances are expiring, and who needs to act (and when) to avoid delays with resource allocation.

Equipment & Materials

With the project parameters and personnel in the system, the next step would be to mobilize equipment, assign it to the job, and begin material requisitions and purchase orders for the project. Without enterprise resource planning software, construction companies are prone to lengthy and detailed manual processes, duplicated efforts and human error. But by leveraging this technology, one system delivers the data that allows everyone and everything to operate seamlessly in real time, moving projects ahead faster and more efficiently.

Business intelligence applications pulling data from software can provide information needed to continue with these processes - such as material requisition and equipment allocation.

Equipment accounting and maintenance applications provide information that tells you exactly where your equipment is, what jobs they are assigned to, how well they have performed in the past, if/when they need preventive maintenance, and if they're available for another job. Business intelligence reports and easy-to-read dashboards can display such information dynamically, so you can act quickly to make proactive, intelligent decisions that will save you time and money, and ensure that the project runs smoothly and more efficiently.

Now that you've laid a strong foundation with the necessary data, the project management team is ready to build a comprehensive plan and begin implementation. Project managers now have the blueprint to move ahead with clearly defined tasks, deadlines, resources and costs.

In the Field

Project managers can set up a project management module to lay the groundwork for all communication and job cost management tools. They can create drawing logs, meeting minutes and requests for information, as well as change orders. Utilizing remote enterprise resource planning capabilities, project managers can also forecast hours, dollars, quantities, estimated cost at completion, and more, which will drive real-time reporting and project dashboards - all essential to the success of the project.

In the field, the crew can enter payroll data through a remote mobile application automatically sent to the enterprise resource planning payroll module for processing. This time entry is used for payroll, while time and attendance is used for job cost management and HR purposes. Having accurate payroll data results in significant job cost savings and better planning for current and future projects.

In conjunction with collecting data and processing field applications, self-service modules for HR and other departments can enable employees to view and manage personnel data - such as W2s, contact info, profiles, paychecks and more. The end result is less time spent responding to inquiries and more accurate and up-to-date recording for the project.

A well-organized project management dashboard can keep a project manager on track and, like a compass, forging in the right direction. Such systems become even more important for project managers with multiple projects, as they can access, analyze, compare and make improvements based on constantly evolving critical job data.

Project managers can view the original contract budget and current and historical change orders, with revised contract summaries indicating profit or loss. Negative indicators even support critical drill-down capabilities into specifics on which job is losing money and why. Details, such as contract values, cash positions and EAC values are made available on demand and in real time.

In the Office

Similar project management events can take place simultaneously in the office. Job staff can manage payables (A/P) and receivables (A/R). A financial dashboard or comprehensive reporting provides immediate awareness of aging purchase orders and invoices, so controllers can adjust and take action immediately.

CFOs and Controllers can leverage enterprise resource planning business intelligence to ensure they run a profitable organization. Consolidated financial data can be generated for management review, as well as provided to support quarter-end and year-end reporting requirements. The same information also aids with audit processes and strategic planning. The bottom line is tighter controls and better planning - which generate a positive impact on profitability.

Data regarding cash flow is typically the lifeline of construction financial managers, who want to know about their past, present and future cash flow on a daily, hourly, weekly, monthly and

quarterly basis. Enterprise resource planning tools inform them about who owes the company money, and when the outstanding receivables are due or coming due. Equally important is keeping track of who the company owes, how much, and when payment is due.

Profitability management takes place at the job level, business unit/division level and the enterprise level and,, thankfully it can all be done through one integrated enterprise resource planning solution. Healthy profitability measures don't just help contractors stay in business, they help ensure the appropriate bonding and sureties are in place to attain or retain contractor relationships.

In the Shop

At the site or in the shop, equipment managers can leverage data to make the most effective use of the company's equipment. An enterprise resource system can provide valuable information on top-performing equipment, equipment sourcing (rented, leased, owned), equipment availability, YTD revenue and maintenance costs on all equipment.

The primary concerns are keeping equipment up and running, and scheduling preventive maintenance to gain the highest utilization possible from each piece of equipment. By examining equipment and labor cost, as well as equipment utilization and profitability, construction companies can quickly determine the appropriate time to maintain, dispose of or acquire equipment.

An advanced business intelligence dashboard can quickly display such information - no need to search through old documents and folders for maintenance records.

Data is used and re-used throughout each and every phase of the planning and management of a construction project. In the office, in the field, and in the shop, teams are looking at different types of data for different purposes. Using enterprise resource planning allows everyone to access the same database, working together seamlessly and in the most efficient manner for each and every task. The software lays the foundation for your data, but your business intelligence and analytics

reports and dashboards represent the structure that transforms your data into useful information for running a better business.

It's your data. How you access and make use of it is up to you.

About the author

RICK A. GOTT is the Product Manager at Computer Guidance Corporation in Scottsdale, AZ, where he works with prospects, customers, and vendors in identifying product feature and functionality needs that drive the organization's product roadmap, positioning, and marketing efforts. Prior to joining Computer Guidance, Rick worked at Kinning & Reil, Inc., where he served as department manager. Rick graduated from Northeast Nebraska College with a BA in Liberal Arts. He also received training in computer science at Northeast Technical College.

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