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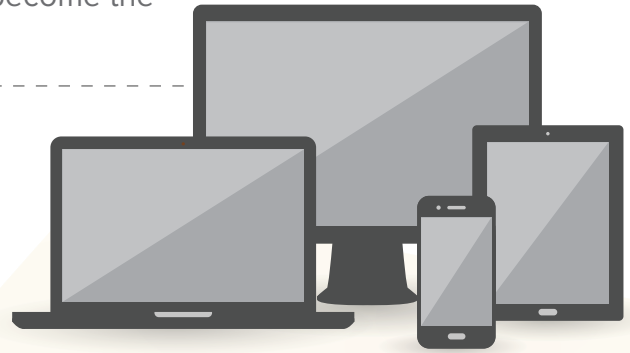
5 WAYS

Construction Accounting Software Can Change Your Business

INTRODUCTION

TRYING TO RUN YOUR BUSINESS WITH INSUFFICIENT ACCOUNTING SOFTWARE is like trying to build a brick wall with an insufficient amount of mortar. If there isn't enough holding the wall together, bricks start to loosen, and, soon, the whole wall crumbles. Therefore, it is essential to understand how improved construction accounting and financial management can not only hold your construction business together, but also become the foundation to greater success and profitability.

WHAT'S INSIDE THIS eBook?

Whether you already use construction-specific software or you have off-the-shelf accounting software, here are 5 ways that great construction accounting software can change your business:

1. INTEGRATED REPORTING.

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IS YOUR REPORTING INTEGRATED?

If you are creating "customized" reports outside of your accounting system for things such as work in progress, construction billing forms, certified payrolls, job costing, or labor production analysis, your current accounting system is not meeting your needs. When a system is incapable of providing information the way contractors need to see it, users are forced to re-enter data into separate programs, such as Excel. In effect, they are creating a second set of books, which must be continuously updated and maintained with each new transaction, job change, equipment usage, and so on.

Without integrated reporting, more time is spent gathering information than actually analyzing it, which costs your company time and money.

USING EXCEL®?

Excel is a great analysis tool, but you shouldn't have to manually create all of your reports with spreadsheets.

HOW IT CAN CHANGE YOUR BUSINESS

A robust construction accounting system offers accurate, instant and extensive reporting capabilities. These systems are built upon secure databases and are designed to handle millions of records and multiple users, which means that they can produce reports that can be shared and accessed easily. This increases efficiency and ensures everyone is on the same page.

With good construction accounting programs, these reports should be ready to share instantly:

- Certified Payroll
- Estimated vs. Actual
- Work in Progress (WIPs)
- Overhead Allocation
- Cash Flow
- Over/ Under Billing
- Job Cost G/L Tie Out
- Projection Reporting
- And More!

2. SIMPLIFIED CONSTRUCTION PAYROLL.

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CONSTRUCTION PAYROLL IS COMPLEX

Whether you have 10 employees or 300, payroll processing and reporting can be complex. Most accounting systems can generate payroll checks/direct deposits and book the costs to the general ledger, but you need an accounting package with the sophistication to deal with multiple states and localities, varying pay scales, multiple job classifications, union reporting, deductions, withholding and tax reporting and other construction payroll issues.

Need help with payroll?

Payroll4Construction — a construction-specific payroll service!

HOW IT CAN CHANGE YOUR BUSINESS

Here are at least five features that your construction accounting software should include that will automate and streamline the payroll process.

- ✓ **Timecard Entry.** A construction accounting system's payroll module must support many timecard styles as well as methods of delivery. It should also seamlessly integrate with third-party mobile timecard applications.
- ✓ **Multi-State, Multi-Locality and Multi-Job Processing.** With this feature, contractors will not only save time on payroll tax processing, but also gain a greater understanding of how and where labor and burden costs are being spent on jobs.
- ✓ **Job Cost and General Ledger Integration.** In order to track and manage job costs effectively, contractors need a system that sends both labor and burden associated with payroll to the general ledger and job costing modules.
- ✓ **Certified Payroll.** The inability to produce certified payroll reports could prevent contractors from bidding on government-funded jobs. Your accounting system should instantly produce agency-specific certified payrolls for any payroll period.
- ✓ **Payroll Reporting.** Construction accounting software should be capable of generating mandated government reports for various federal and state agencies. Reports include union, EEO/minority compliance, job costing, new hire and more.

3. INTEGRATED JOB COSTING.

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Job Costing: The Key to Profitable Jobs

Job costing is a type of accounting designed to track every expense in a construction project. Job costing allows contractors to categorize each dollar into materials, labor or overhead. This data is used to generate accounting reports that breakdown both direct costs and indirect costs so contractors can maintain their budget and see an accurate total cost of a job.

Reports within reports! Can you create your own reports with a custom drilldown to job costing detail?

JOB COSTING is the single most important thing you can do for your construction company. It provides valuable, real-time insight on how jobs are progressing.

HOW IT CAN CHANGE YOUR BUSINESS

Job costing significantly changes the way contractors look at and manage their jobs. It gives decision makers real-time job data, such as estimated vs. actual or production reporting, so they can get a clear overview of how their jobs are performing. So what specific job cost reporting features should contractors look for in their accounting software? There are four basic components that lead to powerful, virtually limitless job cost reporting:

- ✔ **Job Cost Detail.** No matter how complex the job, efficient job costing comes down to how costs are defined and tracked. Users should be able to define any number of phases, cost codes and cost classes so they can report data as precisely as they need it.
- ✔ **Reporting Flexibility.** Good systems provide a multitude of standard reports and make it easy to customize reporting when needed with built-in report writers. These report writers should allow users to create their own drilldowns, equations, what-if scenarios and more.
- ✔ **Date Sensitivity.** This feature allows any report to be run for any time period, even months or years in the past.
- ✔ **A Powerful Database.** How and where data is stored affects reporting capabilities. Data protection and the ability to query via Excel and other Microsoft products are huge advantages.

4. STANDARDIZED CONSTRUCTION BILLING.

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EFFICIENT BILLING = CASH FLOW

In order to maintain the necessary inflow of cash, contractors must select the billing method best suited for their jobs. They bill and collect according to their contracts, bill promptly, never forget about items such as change orders and retention and they rely on their construction accounting software to automate the entire process.

BILLING
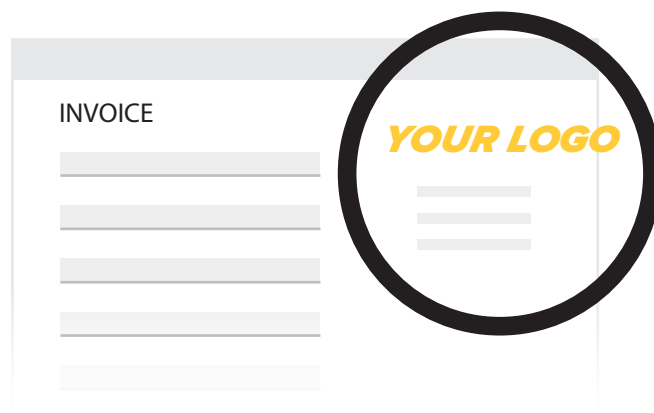In almost any format, billing should be simple and automatic with good accounting software.

HOW IT CAN CHANGE YOUR BUSINESS

Good construction accounting systems offer numerous billing methods, as well as built-in job costing and general ledger modules. Users also have the ability to:

• Minimize data entry with default calculations
• Make adjustments to prior invoices
• Calculate retainage
• Define and track use and sales tax
• Add change orders

Additionally, integrations with other areas of your accounting software will keep your team up-to-date on the latest invoice and payment status for every contract.

Bonus: With just a few clicks, great accounting software helps you create invoices and statements with your custom branding.

INVOICE

YOUR LOGO

Your accounting software should allow for several types of standardized billings including:

✓ AIA Billings

✓ Time & Material Billings

✓ Unit Price Billings

✓ Customized Percentage of Completion

✓ Service

✓ Lump Sum, Itemized and Other Free-Form Invoices

5. RELIABLE CUSTOMER SUPPORT.

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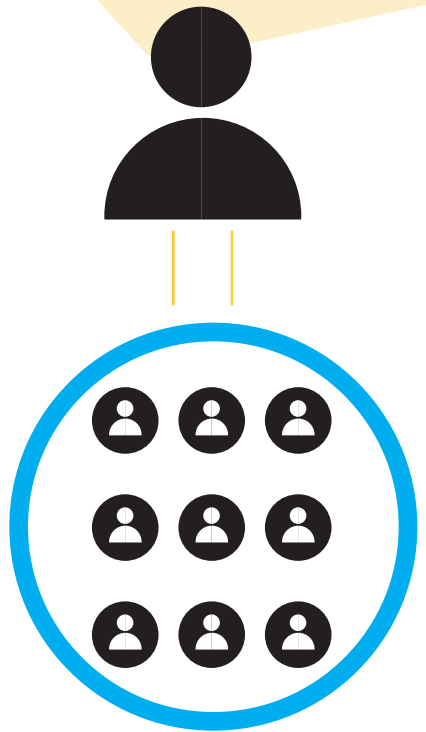
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5. RELIABLE CUSTOMER SUPPORT

SOFTWARE PROVIDERS SHOULD BE THERE FOR YOU

No matter how good a construction accounting system is – or how easy it is to use – there are bound to be times when users will have questions or run into problems. Fast, reliable customer support is especially critical for accounting software because an unnecessary delay (in payroll, billing and receivables, for example) can affect more than just productivity.
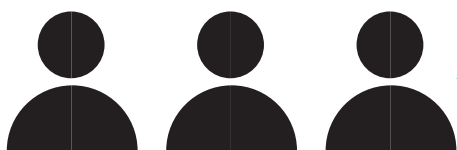
HOW IT CAN CHANGE YOUR BUSINESS

Your construction software vendor should be a long-term partner that cares about your business and knows the construction industry. A partner like this can prove to be invaluable when dealing with tough construction accounting issues. Here is a list of 6 key features that improve the quality of support:

- Live customer support
- A variety of support options like tech support and customer service
- Fast response times
- Product/industry experts on staff
- Ongoing product updates and enhancements
- Ongoing educational opportunities

Do you have a staff of support and tech reps, construction experts, and payroll experts to back you up daily?

THE COMPANY MATTERS

Make sure you consider the company behind the software. A good software partner is invaluable.

CONGRATULATIONS!

You made it through the entire eBook.
Now you're ready to consider your own
construction accounting experience, implement the
tricks you have learned and change
your construction business forever.

Want to talk construction accounting? Call us at 800-246-0800.
foundationsoft.com

∧FOUNDATION software

ABOUT FOUNDATION SOFTWARE

Foundation Software is a leading provider of best-in-class construction solutions. Our product portfolio includes job cost accounting, estimating and takeoff, project management, safety management, HR management, mobile field apps and payroll services to help contractors better manage their business.

∧FOUNDATION®   payroll4construction   ∧∧MCCORMICK   HQSUITE   estimating EDGE   WorkMax

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