

BUYING CONSTRUCTION ACCOUNTING SOFTWARE WITH CONFIDENCE: HOW TO REDUCE YOUR RISK AND MAXIMIZE YOUR INVESTMENT



An Interview with an Industry Expert

Investing in new construction accounting software may seem risky in an unstable economy, but implementing integrated management tools can actually help you maximize profitability, decrease overhead and increase efficiency. The end result is your ability to remain competitive in an ever-tightening construction market. Yet, not all software systems are created equal.

To help you sort through the choices, Linda D. Stokes, experienced CPA, spoke to industry expert Brian Andrew. With 20 years of hands-on experience, including seven years as the CFO of an electrical contractor and six years as a software implementation consultant and trainer, Brian has significant insight on how to confidently select a software vendor that will meet your construction management needs now – and in the future.

Linda D. Stokes: How can a company determine when it's time to upgrade its construction software?

Brian Andrew: Many factors can contribute to the need for new software, like entering data multiple times in multiple places and tracking information using spreadsheets. Some companies might be struggling with specific processes, like purchasing, or managing things like subcontracts, lien waivers and insurance certificate expiration dates. Others may feel like they've just outgrown their software.

Most companies change software because they want to realize particular benefits. One of those benefits is having better information. There's a big difference between data and information. Information is something that's useful to you; it gives you insight into your business.

Let me share a personal example of how upgrading your software can lead to better, more useful information. I used to be the CFO of an electrical contractor, and purchasing was a big issue for us. After implementing a new integrated accounting, job costing and purchasing system, we saved three percent on our total material purchasing costs in the first year alone. That may seem like a small number, but when you do the math, it's actually quite significant.

Linda: Where did those savings come from?

Brian: From a couple of different places. We found that our vendors were making 'mistakes' on their invoices and billing us more than the prices quoted on purchase orders. With the new system, we had the information available to catch these

errors. We were also able to take advantage of cash discounts, which were previously disallowed because of untimely payments.

Linda: There are so many systems on the market. How do you know which vendor will deliver the best product and service for your needs?

Brian: Evaluating software vendors can be very confusing. But if I was looking for new software today, there are three key factors I would consider. First, I would look for a vendor that really wants to understand my business. Second, I would determine whether the vendor has skilled staff to support my team. And third, I would think about future development and where my company will be in five or ten years – and where the software vendor will be at those same milestones.

An Interview with an Industry Expert CONTINUED



When the electrical contractor I worked for purchased new software 15 years ago, our goal was to purchase software for life. We were looking for a company that would grow with us and the vendor we selected demonstrated a forward-thinking mentality. Incidentally, the company is still using that same software today.

I also think it's important to involve all of the key decision makers in the evaluation process and get buy-in from the end users by helping them understand that new software is going to make their jobs easier.

Linda: When you've found vendors that meet the criteria you mention above, what product differentiator will further narrow your choices?

Brian: Scalability. Search for a system that performs just as well with 500 users as it does with five, and has functionality that extends beyond basic accounting. Capabilities like document management, mobile field processing and Web-based timecard entry are things to look for, even if you're not quite ready to implement them.

Linda: Which one of these capabilities will give you the most bang for your buck?

Brian: Document management, by far, provides the most immediate added value. Think about the costs associated with storage space and the labor required to file, retrieve and re-file paper documents. Commercial office space is very expensive, especially when you're using it to archive paper in filing cabinets. Storage space on a hard drive costs significantly less than filing cabinets. And, while many people think that scanning documents is complicated, the reality is that most leading-edge construction software systems make the process very simple.

Linda: How can a contractor help ensure a successful software implementation?

Brian: The biggest factor in terms of implementation is to pick a software provider that has a structured implementation plan that includes set-up, data migration, training and testing. Ask to see a sample implementation calendar and talk to references about how the vendor supported them during the entire process. With step-by-step assistance from your software vendor, going live is a non-event because every issue is addressed ahead of time.

Out of all of these steps, however, training is the most important factor in any software implementation. So ask about the vendor's trainer credentials and how much training is recommended for the system you are looking to purchase. Some software vendors may lead you to believe that it will take less time to train and implement on their software, but realistic expectations should be set before you make your purchase decision.

Linda: What do you mean by 'realistic expectations?'

Brian: If a software vendor says that you can implement sophisticated construction software with just 20 hours of training and implementation time, that's unrealistic. And the more sophisticated the system is, the more training you will need.

Linda: After going live, what's the best way to protect your investment?

Brian: Honestly, the biggest mistake I see companies make is to think that once they go live, they're done. Software functionality constantly changes and new features may be available that you don't even know about. Ongoing training allows you to maximize utilization of the tools you already own and evaluate new modules that can make your life easier.

Brian Andrew SOFTWARE & INDUSTRY EXPERT

Brian has been in the construction industry for over 20 years. He was the CFO of an electrical contractor in Atlanta, GA for 7 years and has been in the construction software industry for the last 9 years. He was a Trainer/Consultant for 7 years before moving into sales. Brian is currently a Market Development Representative for Jonas Software. He holds a Bachelor of Business Administration in MIS from the University of Georgia. Brian is active in the Georgia Chapter of the CFMA, is a member of the National CFMA IT Council, and presented at the National CFMA Conference in 2008.

Linda D. Stokes CPA

Linda D. Stokes, principal of Stokes & Associates (www.stokesatlantacpa.com), is a CPA licensed in the State of Georgia in 1974. Her master's of professional accounting is from Georgia State University. She worked five years for a Big Six CPA firm, including a management position, and thirteen years with a major corporation. Linda has maintained a small practice since 1976 and established her current practice in April of 1992. She specializes in small to medium size contractors.

Linda has worked with both small and large companies with manual and computer systems. She is a member of the Georgia Society of CPAs and the AICPA.