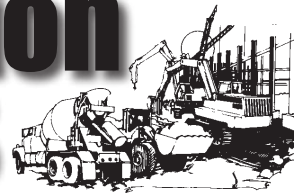


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Construction NEWS



SEPTEMBER 2009

Business Management

Finding Ways to Leverage Your Technology Systems

By RICHARD E. GAVIN, CPA, CCIFP

Technology allows contractors to measure, track and grow their construction businesses. Tailored systems are often built to expand the companies' capabilities. Whether it's integrating project management software, or managing inventory, technology has allowed companies to build their systems into sophisticated tools. By developing detailed systems construction companies can improve their bidding estimates, better manage cash flow, improve inventory management, and have better overall financial control. In this month's case study, we will examine a contractor who proactively upgraded its technology, leading to greater efficiencies, financial savings, and a more successful operation.

Our client, a \$100-plus million electrical contractor specializing in high-rise and commercial work, was using an outdated, obsolete system. At the time, the company's major concern was Y2K and system compliance (which we now know was a non-issue). In addition, they had been outsourcing their payroll function, which had been a substantial financial burden. After analyzing their internal processes and overall



technological situation, we were able to implement a software package that addressed all of its needs. With some customization and specific programming, we were able to tailor a system that ensured maximum efficiency.

After implementing the newly designed systems, management report packages were generated and released to management in a much more timely fashion. The owners of the company were able to quickly access financial results; they didn't have to wait weeks or months for reports to be produced. This allowed them to monitor and review profitability on a weekly basis and take corrective action if necessary. The ability to catch weaknesses early is invaluable to a business's success. Billings and contract requisitions were prepared quickly, increasing and improving cash flow. The contractor desired a specialized front-end billing solution that flowed directly into the accounting system. By implementing this complete system, we reduced substantial employee hours to complete their billing tasks.

The contractor was also able to implement a customized payroll system that addressed its specific union reporting requirements. The

system automated the payment process to the union; there was no more waiting, and no possibility of future payroll errors. It completely eliminated any penalties for late payments and eradicated headaches associated

with the union payments. Since the entire payroll system was now managed in-house, the contracting firm could access all of its payroll information—at any time.

was approximately \$75,000, there was a substantial savings realized after the first year. The system quickly paid for itself, allowing the contractor to cut costs, reinvest in its internal systems, and become a leaner operation. In addition to the significant monetary advantages, the added benefits of more accurate, timely and meaningful information made this upgrade a wise decision.

Building strong internal systems can improve your accounting function, strengthen financial controls, and will facilitate more effective

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The outcome from this new and highly customized system included a reduction of unnecessary accounting staff (eliminated the equivalent of 1.5 people), and it allowed our client to have a substantial overall savings of capital. By reducing the internal staff needs and eliminating the outside payroll service, the contractor was able to save more than \$130,000 annually. Considering the initial investment

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