



The Benefits of Using Construction Management Software

Part 1 of a series



by **Eileen Dunn, CPA**

Construction management software is a powerful tool for your company's operations. Not only will computer software make your job easier, but it will also save time. It could take a whole day to complete an estimate for a job using a pencil and paper. With a computerized estimating package, the time to create the same estimate could easily be cut in half.

Construction management software can be purchased as either as separate software products or a single integrated software package. Many stand alone software products are available to choose from such as Microsoft Project or Quick Bid estimating software. Plus, they are affordable to contractors of all sizes. There are various packages on the market to address all phases of the construction process.

Integrated construction management software combines all aspects of a construction job from estimating to project management to document control to accounting within one software package. Although integrated packages will be higher priced than standalone products, they have many benefits.

Standalone products offer little or no integration between products. Therefore, users have to enter the same data multiple times into different software programs. Using an integrated package, duplicate data entry will be avoided. Not only will significant labor hours will be saved but errors in data entry will also be reduced. Data is also available system wide throughout an integrated software package.

Locating information is easier in integrated construction management software. One doesn't have to remember which software product data was entered into or whether the data was updated from one product to another. Information sometimes gets lost when using standalone software products. Many contractors use Microsoft Word for document control. Often times the project manager is unable to locate which directory file the administrative assistant saved a desired job document. This can be a real problem if the administrative assistant is out sick or unavailable.

The accounting process in the construction industry is unique. A generic accounting program may not have the capacity to capture job

costs accurately. A true job cost system will not only require which job a cost was incurred on but it will also require an item code. Many contractors today use the *Construction Specifications Institute* cost code system as a guide to break down job costs. Failure to capture job costs accurately can result in taking on unprofitable jobs, delays in critical management decisions, and management will not have an accurate picture of the company's financial status. Most integrated construction management software was developed with job costing in mind.

Integrated construction management software can report comparisons between actual job costs and estimated job costs by cost code or line item basis. This level of detail may not be available with standalone products. It may be too cumbersome to manually compare job costs by line item. Thus many contractors just compare the overall estimated profit to the actual profit on the job. Contractors may never discover that they are losing money on a certain line item. Conversely, they will not be able to pinpoint highly profitable line items either.

It doesn't matter what the size of your construction company is. Today there are many reasons to use computer assistance in the construction process. A tight economy and increased competition have had a significant impact on gross profit margins. To survive in this environment a construction company has to operate efficiently, cut costs, and maintain quality performance. It makes sense to take advantage of all the software tools that are available.

Eileen Dunn, CPA is owner and president of Eileen Dunn, CPA P.C., an accounting and consulting firm that provides construction management software systems in the New York City metropolitan area. You may reach her at (631) 434-8336.

Call for
**ROLL-OFF
DUMPSTERS!**
5 - 40 YARDS

7 BEST

NEXT DAY SERVICE:

- SUFFOLK
- NASSAU
- QUEENS
- BROOKLYN
- MANHATTAN

Ripouts & Debris Removal
COMMERCIAL • RESIDENTIAL • INTERIOR • EXTERIOR

FREE ESTIMATES
REASONABLE RATES
FULLY INSURED

Roofs - Siding - Kitchens - Baths - Decks
JOB-SITE CLEAN-UP CREWS

(516) 496-7122

NARI
NATIONAL ASSOCIATION OF
THE REMODELING INDUSTRY