



MYOB Enterprise Solutions

Defining the challenges to construction, building and trades businesses

The challenges facing the construction, building and trades sector are defined by the projects it undertakes. Most industry firms always have multiple projects on the go, and some of them will take months or even years to complete. The project starts with tender documents and a quote delivered to the customer. So begins a long and detailed data trail.

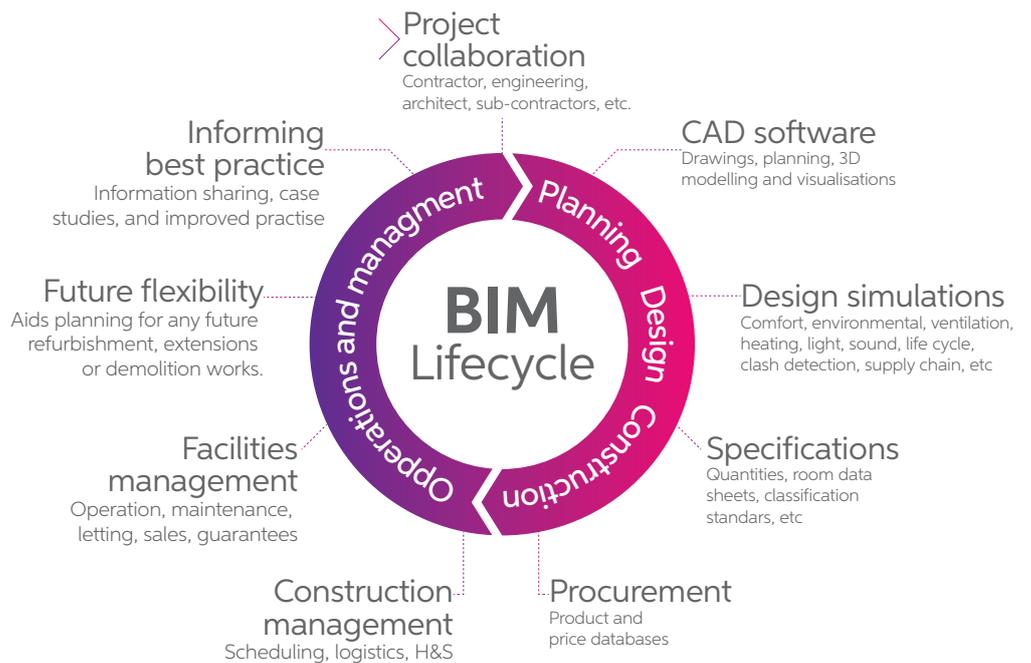
Construction and building firms need fully integrated business systems capable of handling complex data sets and delivering information.

Within each project are numerous interwoven tasks, each with a list of labour and equipment requirements, a bill of materials (BOM) and a schedule for completion. Some will have to be completed before other tasks can begin. When building a house or office block, the digging of foundations is followed by the pouring of concrete, which is followed by erecting of walls, which is followed by the installation of drywall, electrical cables and plumbing, and so the lists mount up.

Each task requires skilled tradesmen, who have to be paid, sub-contractors, likewise, and the costs of materials and equipment usage must also be recorded to ensure the project is conforming to the budget that the customer has agreed to.

Multiply all these factors across however many jobs the business has on the go, and the task of managing all this data appears mind-boggling. This is why construction and building firms need fully integrated business systems capable of handling complex data sets and delivering information that is crucial to the viability of the business. As the illustration below shows, a construction job is a circular process, capable of delivering data that will ultimately assist in the planning of future such projects.

Building Information Modelling (BIM) Lifecycle



With intelligent Job Costing, budgets can be drawn up that allocate the correct funds for wages, materials and equipment.

Budget blowouts, and how to avoid them

Costs that exceed budgets are a major headache for the construction, building and trades industry. Being able to understand profit and loss for each job is essential to analysing what has gone both right and wrong. When a business quotes a fixed price for a job, the firm is liable for any cost blowouts. The longer the job takes, the greater the risk of a cost overrun.

An effective job costing system must deliver live data to everyone involved in a project, so that all the cost centres can be monitored and potential problems spotted before they occur. Project managers, workshop managers and finance managers all need their own particular set of figures. Then at the end of it all, the senior management needs a detailed report that informs them about every step of the project, so they're better equipped to determine the profitability of similar jobs in the future. They also need data compiled across all jobs, to give them a true picture of the overall health of their company. This is called Business Intelligence, and intelligent Job Costing is best delivered as part of a fully integrated ERP system.

With intelligent Job Costing, budgets can be drawn up that allocate the correct funds for wages, materials and equipment. Because the data is always up to date, customers can be kept fully informed at all times and the progress of jobs can be tracked to ensure budgetary compliance. Forward planning is not reliant on guesswork, and unforeseen circumstances, such as bad weather or other delays, are less likely to seriously affect progress. Decision-making is better informed.

Because an integrated ERP system works from a single database, Job Costing information is enhanced by the system's ability to draw data from Financial Management, HR & Payroll, CRM and other sources. The Job Costing system will track all the project details throughout its life cycle, generating documents along the way to provide comprehensive cost analysis.

Inventory control – no place for guesswork

Building projects generate a mountain of material requirements – and a mountain of invoices and purchase orders. Thousands of tonnes of steel, cement, plastic, glass and other materials must be purchased, and the estimates done in an office may have to be adjusted due to external factors once the project is underway. Some material may turn out to be unsuitable for a variety of factors and if it's already been purchased, replacing it will be a significant cost overhead.

Inventory managers cannot afford to rely on guesswork when doing their planning. They have to work in conjunction with the production, procurement and finance departments to monitor material costs in real time. This can't be done on manual spreadsheets; inventory planners need the analytical capabilities of software-driven applications, working within an integrated business system.

Not only do planners need to know how much material is required for a job; they need to know when it'll be needed on site. Scheduling, therefore, is another vital aspect of inventory management. Anything that hampers progress on a job, from bad weather to industrial disputes, must be factored into scheduling and procurement to avoid or minimise further cost overheads.

Intelligent inventory management will deliver a comprehensive view of all historic and ongoing costs, ensuring budgetary compliance and a valuable source of information to aid proper assessment of a project's performance when it's completed.

Intelligent business systems save construction, building and trades businesses time and money.

BI – a health check-up for the whole business

The value of Business Intelligence (BI) for the construction, building and trades sector cannot be under-estimated. Beyond a GL balance sheet, BI offers a drill-down capability into the heart of the database, delivering analytics that tell the full story of each project and give an overview of the health of the entire business.

BI systems deliver their information through live dashboards, capable of producing a data set that is tailored by the user to show specific job performance factors in a specific sector of a project or multiple projects, over whatever time parameters the user desires.

BI aids forward planning and strategic decision-making; it demonstrates the strengths and weaknesses of processes, so adjustments can be made. It monitors all fixed assets, ensuring that maintenance is carried out and usage is documented for invoicing. It keeps tabs on labour costs and offers historical data so that budgeting for skilled tradesmen or contractors is correct for the job. It gives management a precise view of the costs and revenue from every job, so decisions can be made on whether it is profitable to accept or tender for certain jobs. Finally, it leaves a clear audit trail, with all the relevant documents attached.

Geared for growth

Intelligent business systems save construction, building and trades businesses time and money. They can automate manual tasks, reduce paperwork, enable sensible process change and provide valuable key performance indicators (KPIs) on departments and individual staff. By eliminating multiple data entry and enabling automated approvals and alerts, they can streamline business practices and boost efficiency.

What's more, such systems are able to change and expand with the business. New functions can be added easily, third-party specialist applications can be integrated, and the whole system can even be delivered via the Cloud, for greater ease of access and capital cost savings. New divisions or companies can even be added by designing templates that are just filled out and dropped into the system. Inter-company consolidations are simplified, as is regulatory compliance for health and safety. Payroll adjustments, taxation and multi-currency transactions can all be automated.

All this functionality provides a platform for growth whose only constraints are those imposed by better-informed management.

Want to find out more?

This whitepaper was produced by MYOB Enterprise Solutions. For a detailed insight into your performance and the value of Business Intelligence, talk to a MYOB Consultant.

Contact us to learn more about how our bigger business solutions can help your business stay ahead.

Australia
1300 555 110
biggerbusiness@myob.com
myob.com/enterprise

New Zealand
0800 69 62 39
biggerbusiness@myob.com
myob.com/enterprise