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Certified Public Accountants and Advisors

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Construction News InContext | May-June 2008

## **“KEEPING SCORE” FOR CONTRACTORS**

### ***Part 3 of 5 in the “Being a Better Contractor Tomorrow than You are Today” Series***

Last month in this series, we discussed “Goal Setting” for contractors. Goals can be based on many things. They can be financial, operational, strategic and personal (have more family time, etc.). We outlined certain financial, operational and strategic goals for contractors.

As you review the examples offered in that article, and also examine some of your own time honored and effective metrics for your construction operation, the issue often arises as to how to gather the necessary information. Remember that “technology is your friend.”

In formulating business plans and budgets, it is important that the accounting and operational (estimating, costing and scheduling systems) computer systems be designed with measurements in mind. Most reputable construction software vendors know how to modify data gathering and reporting to meet specific needs of different companies and different types of construction. It is normally easier and less costly to get the information directly out of the system, rather than keeping up with it using manual data gathering and spreadsheets.

An asphalt contractor client of ours, kept multiple manual spreadsheets regarding internal hauling costs, tons of asphalt manufactured and laid, and various plant and lay-down metrics. Even after we consulted with the client regarding the possibility for errors (since this information did not have to agree to the accounting records) and the extra effort required to maintain these parallel systems, the client continued to gather, assemble and report these metrics manually.

When a new controller came into the client’s organization, they began to get this same information into and back out of the computer systems. It was matter of having the appropriate level of knowledge, the desire to simplify and improve the integrity of the data, and being open to doing things in a new manner. The result was timelier and more accurate data reporting, while simplifying and shortening the data gathering and assembly processes.

Most construction companies do not use their accounting and operational software systems nearly to their potential. I encourage you to determine what financial and operational metrics can help you achieve your companies tactical and strategic goals, and to design your information systems in a way to assist you in performing these measurements.

For more information about the services offered by Dixon Hughes’ Construction Practice, contact us at [construction@dixon-hughes.com](mailto:construction@dixon-hughes.com). Or to contact Mike Trammell, the author of this article, please contact [mtrammell@dixon-hughes.com](mailto:mtrammell@dixon-hughes.com).

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*Mike Trammell, CPA is the Member-in-Charge of Dixon Hughes' Western Carolinas Region Construction Practice. This articles contains excerpts from Mike Trammell's presentation at the Dixon Hughes Construction Executive Conference held in Greenville, SC on September 20, 2006.*