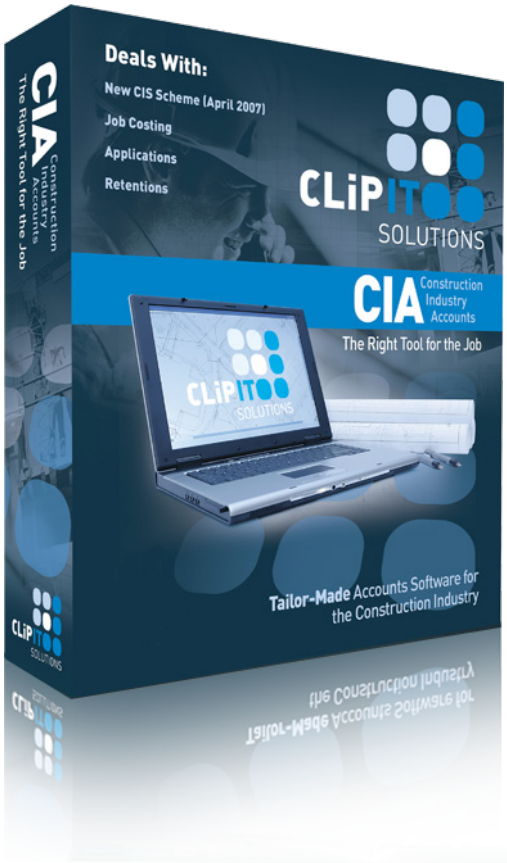

UK CONSTRUCTION™
ONLINE
CONSTRUCTION
JOB COSTING

CONSTRUCTION INDUSTRY ACCOUNTS (CIA)

Construction Industry Accounts (CIA) is designed and written specifically for the construction industry. CIA is not based on an older package, it was developed and written from scratch as a modern Microsoft Windows compatible package, tailored to meet specific needs.

As CIA was not written as an upgrade from another package, there have been no compromises to support legacy platforms, technologies, or database structures. This has resulted in a solution that maximises modern tools, specifically designed to fulfil the needs of today's construction companies from basic accounts, job costing and construction industry scheme (CIS) requirements, to time-critical, relevant management information.



WHY CHOOSE CIA?

Feedback is a key part of our relationship with our customers. When asked, the key features they cited for choosing CIA were:

- **Job costing**
- **CIS**
- **Applications, certificates and retentions (stage payments)**
- **Accounts**

INFORMATION IS POWER

CIA combines being simple to use, with being a fully comprehensive system. It produces information and analysis quickly and accurately; making it a truly vital tool for effective decision making and business planning; and enabling companies to save time and money in today's competitive market.

For more details contact **CLiP IT Solutions Ltd:**
Tel: 01935 434435
Email: info@clipitsolutions.com
www.clipitsolutions.com

WHAT OUR CUSTOMERS THINK OF CIA AND CLiP IT'S SUPPORT TEAM

"We were attracted to the Software because the issues particular to our industry were clearly understood by CLiP IT, and it was not just a standard package with a construction add-on."

Robore Cuts Limited

"If any company within the construction industry was looking for financial software we would definitely recommend CIA for the smooth running and straight forward system this package gives."

Mannings Harlequin Ltd

"I would go as far as to say that it is probably the best single investment I have ever made on behalf of the company, it really is that good!"

Goodwin Tanks

"Any change in legislation is dealt with in a professional manner and changes in software are always user friendly. The whole package allows us to run our business efficiently and with confidence."

Sibley Bros LLP

"The installation and transfer of data from our old system was straight forward and we find the CLiP IT Software user friendly."

Perry & Son Ltd

"The at a glance reports are easy to access and read, payroll is easy to use and links in with HMRC so there is no need to leave the programme to go online to file the RTI."

Heritage Cornwall

"The system is constantly updated and any problems are sorted very quickly. CLiP IT Solutions have always seemed to move with their clients' needs, and deliver friendly and helpful support…"

Rosemead Developments Limited

"No problem is too BIG or too small, and more importantly you are spoken to calmly and professionally and not treated like a computer programmer who should know everything!!"

George Bros (Builders) Ltd

"…have revolutionised our Back Office systems, allowing us to improve the quality and speed of management information.

…Even with this growth we have not needed to employ any more office staff, due to the increased efficiency with the new systems."

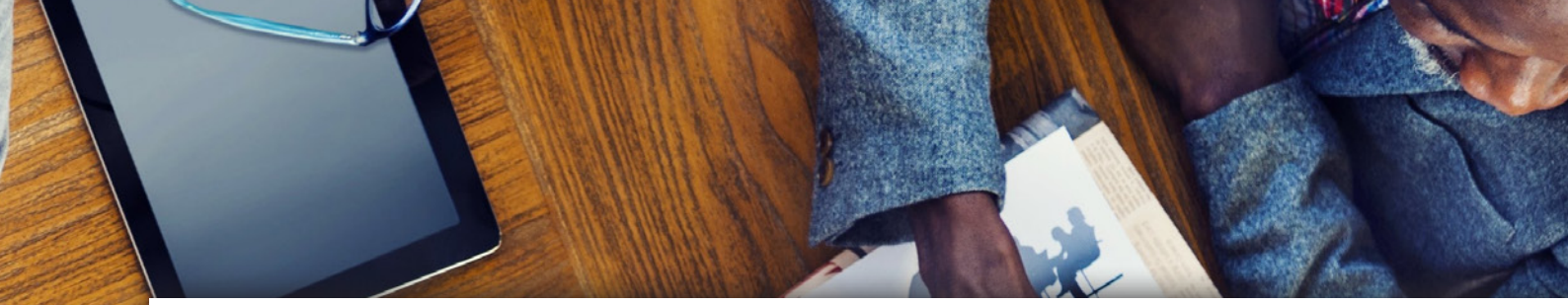
Barnet Window Company Ltd

"It's as if CIA (Construction Industry Accounts) has been written by someone sat in my chair. I can't believe how easy it is to use."

Lloyd Clough & Sons Ltd

Find out more about what our customers have to say at:
www.clipitsolutions.co.uk/construction-accounting-software-reviews

JOB COST ACCOUNTING AND YOU



MANY contractors remain unaware of the benefit integrated construction accounting and job costing software brings. But the question remains; can the construction industry afford to ignore the importance of job cost accounting software?

For the uninitiated, job cost accounting is the process by which the expenses incurred during a project are tallied up against the revenue generated by that project. For those organisations that rely on a relatively low volume of high value projects – building contractors, subcontractors and architects, to name a few – job cost accounting is a necessity. It enables businesses to accurately predict their profitability well in advance of a projects conclusion – providing the system in place has been implemented correctly, that is.

Here, accountancy software is proving the differentiator. New technology is enabling businesses to monitor a multitude of factors and analyse the data collated to better inform the decision making process. Moreover, job cost reports are providing organisations with a fuller picture of their financial performance, while also helping to ensure that all costs are invoiced properly, to the appropriate client and at the appropriate time.

Carl Purbrick, Managing Director for CLiP IT Solution's Construction Industry Accounts (CIA software), explains: "We have found that most of our users are more interested in day-to-day job costing than their accounts. It's the jobs that make or lose money and that's where they need up-to-date, reliable information. Having this trustworthy, current data enables companies to identify and address issues in an ongoing and timely manner, rather than when it's too late to do anything about it at the end of the job."

The prospect of introducing new technology into established procedure is often intimidating however, and rightfully so. Poor implementation can have the reverse effect – negatively impacting performance throughout the business. As such, the choice of software is absolutely critical.

Carl continues: "Implementation, training and ongoing customer support are key to any new software roll-out. We pride ourselves on the ease of implementation our customers report. When we launched in 2002, my mission was to produce a tool that met the construction market's needs, backed up by unrivalled customer support; and from the feedback we regularly receive, that is what we continue to deliver – a simple to use system and first class support."

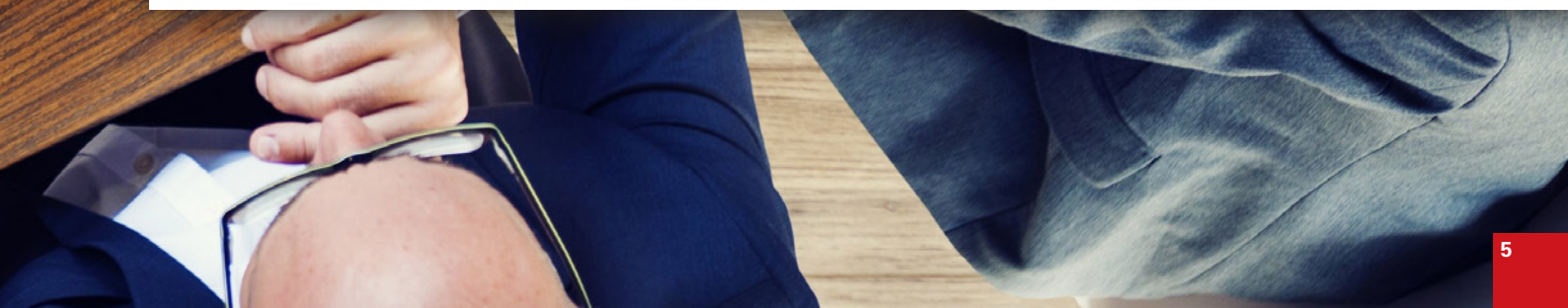
The amalgamation of construction accounting and job costing software is significant as it removes the need for additional systems that 'muddy the waters' unnecessarily. Data need only be inputted once, meaning that discrepancies are far less likely to occur, while costing information comes from a single source, which ensures that all interested parties are working from the same page. Errors can be quickly identified, for instance, and adjusted accordingly before their impact is felt.

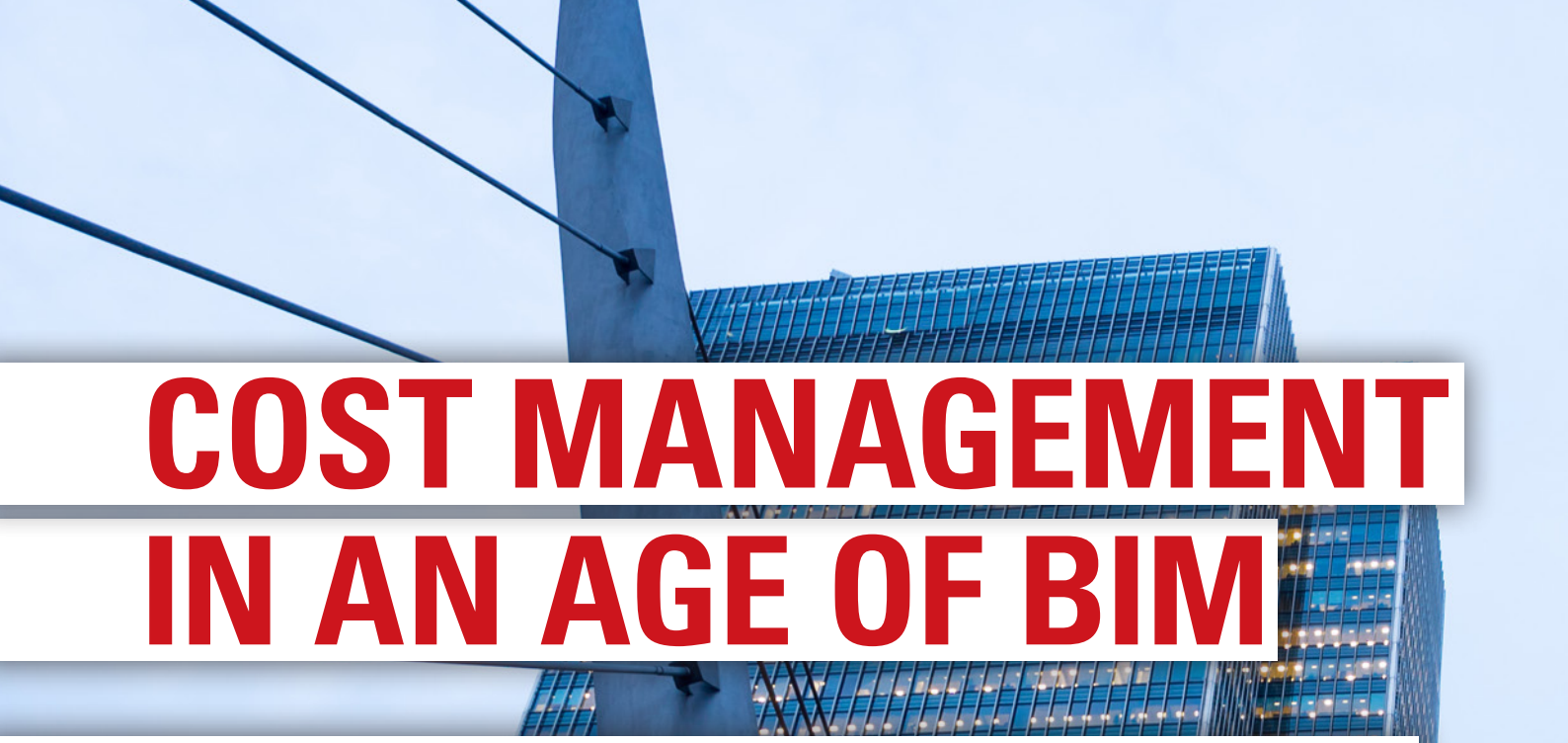
Carl comments: "Payment certificates, applications and retentions, main contractor discounts (MCD), certified values, verified subcontractors, CIS commitments – they are all part of the day-to-day accounting for construction firms. All of these are important, but the job costings and understanding profits and risks on a live job are essential to understanding how the business is performing and any actions that need to be taken. Live, single point data entry is the only sensible way to monitor and manage performance – multiple spreadsheets just multiple the risk of something getting missed or double entry."

Crucially, job costing software is enabling organisations industry-wide to better identify the areas of greatest and least profit, meaning that businesses can effectively 'double down' on the most profitable elements while refining those aspects that are deemed unproductive. Jobs can be quoted more accurately and staff managed more efficiently. This greater level of detail is where the true benefit of job cost accounting software lies.

According to Carl: "The desire for an accounting system that understands how the construction industry works and provides for crucial costing and applications processes, alongside the HMRC's CIS requirements, means that specialised construction accounting software is gaining popularity against traditional 'standard' accounting software. People tailor so much of their business and personal technology – why not their accounting?"

Construction specific accounting and job costing software is effectively streamlining business process then. Historically, the construction industry has often balked at innovation. The pivotal role that job cost accounting software plays in good business practice can no longer be ignored however.





COST MANAGEMENT IN AN AGE OF BIM

WITH Building Information Modelling (BIM) currently innovating process industry-wide, some have expressed concerned at the notion that it may make hitherto essential job roles obsolete.

Kim van Rooyen – Director of Turner & Townsend – speaks to UK Construction Media about BIM, its impact on the cost manager and quantity surveyor, and the industries adoption as a whole.

Broadly speaking, how is BIM implementation impacting the role of cost management professionals and quantity surveyors?

If the cost manager (CM) or quantity surveyor (QS) embraces BIM it has the potential to make their lives a lot easier. What do I mean by that? BIM is able to deliver much more information, provided it is set up correctly and contributed to. It might actually give you the edge over your competitors, as it can be used to automate some of the more mundane tasks. While a traditional CM or QS would use measurement tools to build up bigger quantities - a very labour intensive process - BIM allows for the automation of those laborious parts and enables CMs and QSs to concentrate on the bits that add value to the role. BIM provides more opportunity and, ultimately, the traditional process may well die out. The role itself will never change however - it just becomes a new way of doing things.

I liken it to mobile phone technology. Older phones have functionality even today, but for those who have embraced mobile phone technology - for use in BIM for example – it has revolutionised their lives and made them more effective.

There's obviously some negativity regarding BIM implementation in the cost manager and quantity surveyor fields. Where does this stem from?

There's an unfortunate perception of BIM being an 'architect's friend'. A lot of folks haven't got their heads around how BIM can be used to support scheduling, costs and, most significantly, the operational side of things.

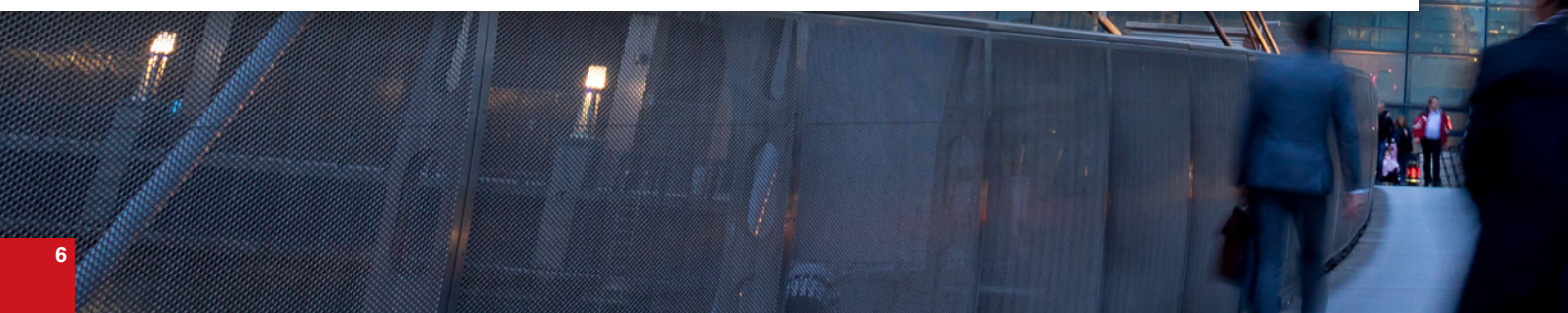
BIM requires careful planning from the very beginning. If it's not carefully planned it can be extremely difficult and costly to get right. In my experience businesses don't think about BIM soon enough - it comes as a bit of an afterthought and there ends up being a lot of negativity around it. If you have a clear BIM strategy from the very beginning however - and an understanding of your CMs and QSs roles within that strategy - you are contributing towards success.

Change management is crucial to this process as well – changing the mind-set around data and information being valuable. I've seen some recent examples of people producing data for cost or quant purposes, discarding it and measuring up elsewhere. BIM gives people the opportunity to enter that data once, use it many times and build on it over time.

What are the positives of BIM implementation from a cost management and quantity surveying perspective?

It's about speed and accuracy - it will certainly speed up the design process. From a cost management perspective, you will have greater accuracy around developing client requirements, a more robust cost plan, and added rigor around the change control process. As such, it's going to make cost managers lives a lot easier.

I also think that it's a positive step towards collaboration



between different parts of team, the client and so on. Ultimately, if I were a cost manager I would want to strive for a level of cost certainty that's far more accurate than anything I've previously been able to achieve.

How is Turner & Townsend helping its workforce to acclimatise to a world with BIM?

As with everything, it's about education, education, education. We have three main areas when upskilling our teams. Firstly, as part of embedding digital within our process, we are helping our teams to understand the benefit of BIM and providing them with the necessary support as part of a change management process.

Secondly, we have created a Centre of Excellence. Our teams are driving research and innovation, looking at bigger and better ways of delivery, and providing a resource base for knowledge and guidance.

Thirdly, we're getting out into the field and upskilling our teams through workshops. One thing that I've learnt is, once somebody has confidence in using BIM they never go back.

Would you have any advice for companies looking to implement BIM into their business?

A couple of things come to mind. The first concerns leadership from the top down. BIM is a methodology, it's not a shiny object that can be bought, and so businesses must be serious about the change management aspect and build it into their way of doing things.

Secondly, something that has proved successful for us is fostering the idea of research innovation and knowledge sharing. It's collaborative and people need to feel that they are part of that journey.

It goes without saying, but having the right support mechanism in place is important. The roles that we provide internally to support our teams are around assurance. It's about building up capability to the level that clients expect.

Obviously, businesses must also think about the hardware. If you're running fully integrated CM and QS BIM then you will need to have good technology – network infrastructure, systems and tools – in place and available to the relevant teams.

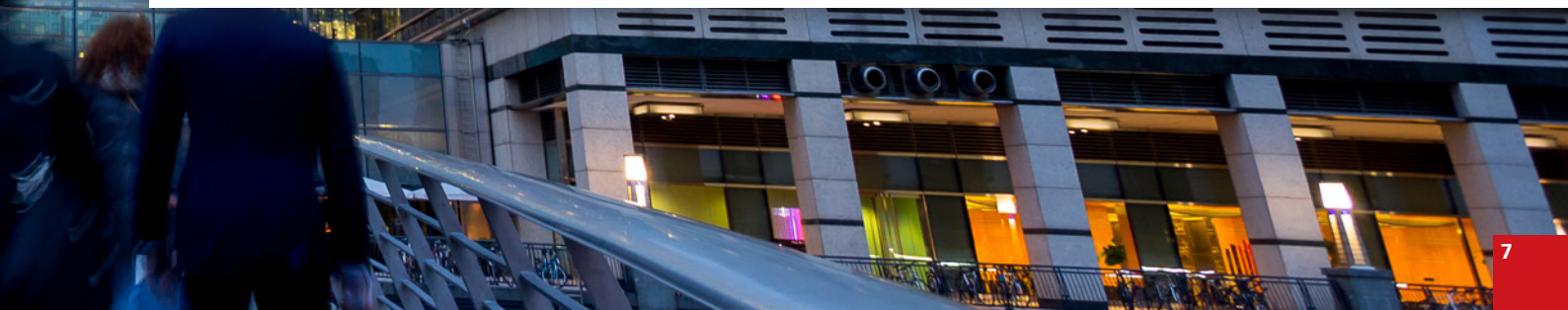
With the Government's Level 2 BIM mandate looming, how do you feel the construction industry is doing in terms of its BIM adoption?

I think the industry as a whole is getting there, though they're a long way off the mark. There's a lot of talk about Building Information Modelling but I think businesses are trying to run two processes in parallel because they don't yet trust BIM, and that's providing an overhead.

It's like any new innovation - it will eventually become the norm. I see more traction, certainly within the public sector, and yes, it helps that it has been mandated, but I've not seen much progress in the private sector. People don't see the benefit because they have yet to get the minds around data and data ownership.

But how do I see the market as a whole? Definitely better than it was!

For more information about Turner and Townsend please visit: www.turnerandtownsend.com



The Secret of Successful Job Costing

There are many reasons why job costing may fail, but following a few simple rules can help improve the reliability of your job cost reports

1. KEEP IT RELEVANT

Decide what information you want to get out of the process, if you are not going to use the information there is no point in entering it.

- **Work out the level of detail your job needs and stick to it.**

2. KEEP UP TO DATE

Make sure data is entered quickly and regularly so you can focus on the job in hand.

- **Work with a simple system that enables ease and speed of updating your data so you don't get bogged down.**

3. ACCURACY

Simple data entry keeps errors to a minimum and a good system allows you to view reports and fix errors efficiently.

- **Ensure that you, and those customers you are billing, can trust the data in your reports.**

4. KNOWING THE COSTS, BUT NOT WHAT IT MEANS

How do I know if a spend of £350,000 on job X is good or bad?

- **Setting budgets against a job, and being able to compare to actual spends, tells you exactly where you are making and losing money.**

5. WHAT ABOUT ALL THOSE VARIATIONS?

Know what has changed, what it cost and who should pay.

- **Make sure you set up the appropriate cost codes and levels of detail required for each job.**

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CLiP IT SOLUTIONS

What are the benefits of using CLiP IT?

Fully integrated job costing and analysis

Saves our customers time and repetition of re-entering data or needing to rely on multiple spreadsheets.

Compliant with CIS

Acts as portal for submitting CIS information saving the need to deal with HMRC by phone or email.

Fully integrated applications, certificates and retentions (stage payments)

As the system is built for companies in the UK construction industry it understands how payments are requested and made.

Compliant with auto-enrolment scheme for pensions

The system provides simple transition and ongoing administration including payroll calculations and updating pension providers.

Remember...

...CIA is supported by a team of dedicated staff who are not only experts in our software, they also understand what the construction market needs.

Whether directly related to our software, or regarding industry legislation changes, the CLiP IT team are here to help.

Ask our customers,they know us best!

YOU NEED KPI'S TO UP YOUR DIFOT RATE

IF cost and schedule over-runs are derailing your construction projects, then a combination of sophisticated reporting tools and well-considered Key Performance Indicators will improve Delivery in Full, on Time (DIFOT), explains Jon Loomer - Product Specialist at Hubble.

"Construction can be a thin or no margin business if costs are not constantly monitored and controlled. Take the most recent example of the cost overruns of the VA hospital project in Aurora, Colorado. The original projected final cost of $604,000,000, has ballooned over $1.73Bn."
Denver Post 2015 article

The frightening thing about the VA Hospital project overrun was that no one knew for certain how it got so out of control. Poorly trained managers with poor project management had a lot to do with it, but there was also a shortage of clear data about who was responsible and what could have been done to keep the project on course.

The construction industry has a reputation for being a conservative business where "doing things the way they have always been done" takes precedence over creative innovation. This is understandable. Large construction projects are often subject to public scrutiny – any project failure will often be lambasted by the media. But all the same, there is a big gulf between being conservative and being blind to reality.

Even on small projects, labour and material costs must be carefully monitored and controlled, and a series of minor cost overruns have put many small businesses on the road to financial ruin. Reports on results achieved during the last period are necessary for compliance and planning, but proactive responsiveness is only possible when you have real-time alerts and warnings about what is happening right now.

There are new reporting solutions designed to accept input from many sources and to provide real-time visibility into operations via easily customised dashboards. These have been successfully deployed to improve performance in a range of industry sectors, including finance, real estate, manufacturing, entertainment and facility management. The same approach works wonders in the construction industry - as long as one has clearly identified the key performance indicators (KPIs) that management requires to keep track on progress in terms of cost and time.

Key Performance Indicators
A really experienced project manager has learned to judge instinctively - spend a little time on a construction project and you get a nose for likely trouble spots and can take appropriate action. But if the problem is a shortage of "qualified and experienced people in charge", then you need KPIs. Many construction managers still don't measure KPIs, or are not sure whether they are looking at the right KPIs.

So what should you look for?
Firstly, you need an indicator that is relevant to your business strategy. Next, this indicator must be something that can be measured. Thirdly, it must be something that is actionable and has a clear threshold or target so anyone can immediately judge whether the project is below, on target, or above the goal. If the performance indicator is truly key, a poor result will trigger remedial action.

The most obvious KPIs for completing a construction job on time and budget could include:

- Project Schedule Variance (PSV), whether ahead or behind schedule.
- Project Cost Variance (PCV), whether or not exceeding budget.
- Process Downtime - including hours lost due to bad weather, worker sickness, equipment problems or late delivery of materials.
- Also Capacity Utilisation Rate (CUR) - a measure of how well your resources are being used rather than standing idle

Then there are the less obvious measures of how dedicated the workforce is to completing the project, such as:

- Worker satisfaction.
- Worker engagement level.
- Worker churn rate.
- Training return on investment.

Increasingly there will be requirements for environmental and social sustainability, including such measures as:

- Carbon and water footprint.
- Energy consumption.
- Waste reduction and recycling rates and so on.

However, the KPI set should embrace measures from every part of the operation. This includes not only integrating data from ERP and CRM systems, but also getting data from the coalface. The most advanced reporting solutions make it easy for anyone, not just trained managers, to input data via simple customised windows. When this is possible, the system can integrate truly up-to-date feedback from people on the construction site, as well as data from suppliers of materials and other factors, such as weather predictions that could impact progress.

The important thing, however, is not to try to include every possible measure, but rather to agree on less than a dozen relevant, reliable and focused KPIs that give a true understanding of how the project is going. And don't leave it at that: keep comparing your KPIs with actual results, and keep questioning whether they are still the best ones or whether they need refining or discarding.

Why KPIs offer more than reports

Reports play an important role. You need them to ensure compliance and close the books accurately. Reports help run a business correctly, while KPIs enable the transition from running smoothly, to running quickly and intelligently. Reports look backwards to understand what happened yesterday, or last month, but they don't show your goals, or how you are currently performing. They don't provide insights or foresights to help a business decision or deliver pertinent, actionable information to other departments.

When it comes to measuring performance against budgets and schedules, you need to move beyond reporting and adopt a KPI strategy in order to understand what's going on, faster, and with greater clarity - to make better business decisions.

The need for an integrated,

collaborative approach
The question is: will a busy project manager, already under pressure to catch up on budget and schedule over-runs, make time to keep track of these KPIs, however carefully researched and refined?

The answer lies in the use of sophisticated reporting solutions rather than a pile of manually generated and circulated data spreadsheets. Today's top reporting and analysis software offers a whole suite of benefits.

Firstly, they can integrate data from any number of sources - from ERP, and CRM but also from across the whole organisation, as well as from suppliers, business partners, and external information sources such as weather reports and market data.

Secondly, they improve collaboration. Old hierarchical structures are giving way to more collaborative ways where, instead of passing requests and instructions up and down a long chain of command, more workers are encouraged to share responsibility. This makes it easier to get reliable, real-time information from the furthest reaches. This means more people are aware of the KPIs, and the system's modelling becomes increasingly realistic. Key decision makers will have more accurate, relevant and up-to-date information to keep jobs on schedule.

Thirdly, these systems automate previously manual processes. While agile business planning relies on up-to-date information from as many sources as possible, and collaboration means more people inputting data, the latest tools will automate these processes and be able to input consistent real-time data into your own designed spreadsheets. This means any decision maker in the organisation, any business partner, or even your customer, can be allowed visibility into the work in progress, if required and if permitted. There can be no argument or dissent, because everyone is getting the same data in a consistent, agreed format.

Upping the Delivery in Full, on Time (DIFOT) Rate

Could the VA Hospital project have gone so far off the rails if everyone on the project had full, real-time visibility into its progress against time and budget? And if the data they were given had been collected from right across the project - so anyone on-site was able to sound a warning or input data on shortfalls or variance from schedule?

You could say that this is nothing new. This is simply the way that any construction job should operate with a highly motivated team of workers under experienced and knowledgeable management. But it is one thing achieving that level of efficiency in a small family business, and quite another to achieve it on the scale of a massive construction project with a churning workforce of hundreds and a shortage of experienced managers.

It takes the very best integrated reporting solutions to rebuild that team sense - of collaboration, commitment and real-time responsiveness - across such a major project.

COMPUTERISATION KEY TO CONTRACTOR SUCCESS

UK Construction Media speaks with Terry Wilkinson, Director of Cuttle Construction, about the Company's effective uptake of accounting and job costing software.

Established by Terry Wilkinson and Michael Cuttle in 2000, Cuttle Construction is well-known for its industry expertise. The Edmonton-based contractor has consistently demonstrated its capability to deliver projects of all sizes on time and to budget - operating across the capital and throughout the residential, education and healthcare sectors, among others.

While Michael formerly owned a successful sub-contracting business, Terry came from a managerial background, having previously worked as part of a larger contractor. Their collective experience would greatly inform the development of Cuttle Construction and its progression towards computerisation.

From the beginning, there was a determination to establish the Business in a professional way and to expand, both into the private and government funded markets. This required a system to be put in place that could accommodate their aspirations and allow for future growth.

In the early 1980's Terry identified the need for a computerised accounts package, having worked with cumbersome paper-based systems. This joined-up thinking was brought into Cuttle Construction, with a view to increasing efficiently when running payroll, delivering sub-contractor payments and supplier accounts, VAT reporting and producing job costing reports.

Terry explains: "As the Company has grown, computerisation has proved invaluable. Cuttle Construction moved to a new package - CLiP IT - in 2006, which has proved easy to operate, has very good support and backup, and has integrated the regulatory changes with regular updates into the package."

But is computerisation worth the financial investment required? Terry answers: "All computerised packages have their failings and I have yet to see the perfect system, but it is a judgment between cost and what you want the package to do. Without computerisation we would not be able to cope with the demands of a busy business and the regulatory requirements. The quicker you bite the bullet and make the change, the easier it will be."

Terry's final verdict? "I would highly recommend an integrated accounting and job costing software package for any construction business."

For more information about Cuttle Construction please visit: www.cuttleconstruction.co.uk

Terry Wilkinson's Top Five Tips for Software Implementation

1 Be sure of the level support you will get. You do not want to have to wait a week to get assistance.

2 Identify what you want from the package e.g. can it produce a VAT report, will it deal with CIS issues, will it access HMRC, send reports and deal with sub-contractor verification, and what will your accountant want?

3 Is it idiot proof and easy to use? Can the business owner understand the package? Remember the old adage: **** in, **** out!

4 Can the information be interrogated easily?

5 The package must be able to do it all

COMMUNITY

STAKEHOLDER

E-BOOKS

VIDEO

WHAT DOES THE CONSTRUCTION INDUSTRY NEED TO KNOW ABOUT YOUR ORGANISATION?

WITH 110,000 CONSTRUCTION PROFESSIONALS EAGERLY AWAITING YOUR GUIDANCE, WHAT WOULD YOU SHOW THEM TODAY IF YOU COULD?

For more information please contact us on
01257 231900 or email enquiries@promarkmedia.co.uk

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CIS SOFTWARE

APPLICATIONS

ACCOUNTS

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Construction Industry Accounts (CIA) Software **DOES IT ALL**

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