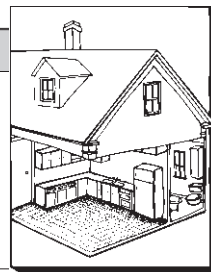# Computers Really Are Worth It

by Lynn Comeskey

Although most of my columns are about kitchen and bath design, materials, products, and methods, a great deal of my time is spent on the business side. Some of what I have stumbled upon gives me an advantage with clients, and much more control over what my company does and how profitable it is. (I'd like to say that I'm firmly in control all the time, but I'm not sure that's possible in this business.)

One of the most significant business decisions I have made was to computerize. In general, information is available more quickly, in more detail, and in a form I can easily use for analysis. And if you choose wisely, the payback shouldn't be too long. Having the computer completely operational allowed me to eliminate a full-time accountant in favor of a part-time bookkeeper. This saves us over $1,500 a month.

I can also create a very favorable impression with clients by presenting detailed job budgets and billings. And we keep ourselves on suppliers' "A list" by paying on time with a computer-generated check.

Finding the Right Software

I computerized about five years ago, but I spent nearly three years prior to that looking for the right software package. I wanted to be able to estimate, generate job cost reports, bill, do the payroll, and deal with all the other necessary accounting functions right on through generation of annual financial statements.

Further, the system had to be fully integrated so that any costs incurred would be reflected in the accounting and job cost records on a timely basis. The computerization was successful because I knew what functions and reports I wanted.

I already had good, manual accounting and estimating systems in place. This is important: A computer won't improve a bad system. You need to get your act together before you computerize.

Once I selected the software package -- in my case, Construction Management Software by Small System Design of Boulder, Colo. -- I followed their suggestions about what computer to buy. I really think this is important. Most consultants suggest that you not worry about the type of computer, brand, size, and peripherals until you choose the software. Few people seem to take the advice. But the computer really is of secondary importance -- it just crunches the numbers. The software package is what instructs the computer how to work.

Something I frankly did not think of when making my software choice was service (known as support in the computer world). I got lucky. My supplier is very responsible about correcting bugs (there have been relatively few), and responsive to users' requests for changes. They send a disc every quarter with corrections and updates, and have an 800 line for questions.

Learning How

This really is the hard part because of how much uninterrupted time it takes. Once our computer and software were delivered and we'd gotten some initial training, I literally packed the whole system into my truck and went to a motel on the California coast (with a view) to spend three days in seclusion really learning the system.

Most software publishers suggest you install and learn one function at a time. The idea is to get one area down pat before going on to the next. Particularly with complex integrated packages, following this advice is important to avoid being completely overwhelmed. I began with the estimating section.

If the program you select is flexible, you won't have to change your way of doing business too much to satisfy the software. In my case, it was just a matter of entering all the information accumulated through the years. I divide building up into 20 functions from demolition through clean-up. Within some of these tasks there are as many as 100 line items, so getting all of this into the computer's memory was pretty time-consuming.

But it is also pretty simple, as long as you already have unit amounts that work for your business. For instance, I use "data base" numbers of 2 hours for

labor and $1 for materials in setting and scribing in factory-made, kitchen base cabinets. In my experience, I'm safe with 2 hours of installation time for each cabinet when spread out over an entire kitchen. And $1 of material — in this case, shims and screws — will take care of each cabinet in the typical kitchen I do. Once this information is in the computer, I just count the number of base cabinets on any

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particular job, and enter it as a multiplier for my total estimated price. This reduces the possibility of mathematical error and speeds up the whole estimating process.

Once I learned the system, I returned home and began using it for estimating immediately. We continued to do our accounting manually. Then as we found time, we began to enter the data for new functions. We began with payroll and then went to accounts payable and finally billing. It took us about a year and a half to incorporate all the functions.

How It All Fits Together

Estimating is the foundation for all of the other parts of the system. Once we sign the contract, the cost estimate becomes the budget. Then we charge costs (labor, material, subs, etc.) to that job budget. Labor is handled by the payroll section with time cards coded for each job (these are entered twice a month to produce paychecks); materials, subs, and other supplier costs accrue in the accounting section as invoices come in (again properly coded and on a 30-day basis).

After we have posted costs to a job, we can request a job cost report to see how we are doing on any job. Our package produces a report comparing actual costs vs budget in both absolute dollar amounts and percentage vari-

ance. This may not keep things from getting out of hand, but at least you know it a lot sooner.

We also bill our clients twice a month. I like to use this portion of the program because the report provides a breakdown (by function) of the budget, the percentage completion and the actual dollars charged. This way the clients can see that they are being charged fairly and that we are not "getting ahead of them."

The computer also gives us the quarterly Form 941, quarterly state report and W-2s. At the end of the month, we can call for printouts that help us report totals to our insurance company for workers compensation and liability insurance. After we have prepared and entered journals, adjusted entries, and reconciled appropriate accounts, we press a key and we have monthly operating statements. It is very slick.

Paths Not Taken

There are scheduling features in the software to the program - both a ``simple'' program and a CPM (critical path method) version -- but I've not had much success with either one. I'm not sure that's the fault of the program, it's just that we have trouble staying on schedule. After all of these years, I don't know if that's poor management or the nature of remodeling.

Many software packages, including the one I bought, allow you to use a stylus to take dimensions right off the plans for estimating. I can see the efficiency of this, but just haven't gotten worked up enough about it to spend the money. I'm also not to the point of laying out cabinets or doing drawings electronically, even though there are many programs available both from software publishers and cabinet manufacturers.

Another bidding tool, a materials take-off routine, is part of the estimation package from some software publishers. My package didn't come with this feature, but I think it would be a helpful addition.

I have often said that if the rest of the company worked as well as the computerized portion, I would be a rich man. The obvious difference is that computers are machines; the rest of us make it evident daily that we are not. But computerizing your business can help you gain some of the consistency of machines -- a real advantage in business -- without losing the "human" touch. ■

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