Top 10 Ways

Operational Software Can Boost a Contractor's Bottom Line

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Switching to a new operational software solution is a big step for any company. However, many contractors avoid it because they fear the investment is too high. Therefore, whether you're currently in the market for new software or not, it's important to understand all the ways that modern solutions can quickly pay off the investment and help increase your profitability.

To help you understand the potential, here are the top 10 ways that operational software can boost your bottom line. Some contractors will benefit from certain points more than others, but, by considering the combination of all 10, everyone is likely to find opportunity for significant cost savings.

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1. Create More Billable Time

Consider how much money an organization loses through unbillable time. If just some of it could be converted into billable time, the bottom line would improve dramatically. Because this issue is top of mind for every contractor, operational software providers have worked to alleviate this concern through various efficiencies.

One way that software solutions can maximize billable time is through improved dispatching. When the back office is given the proper tools, it can efficiently schedule service, balance workloads, and manage travel time and costs. As a result, personnel have more time throughout the day to fill with billable tasks. Additionally, when an electronic system eliminates paperwork and reduces the number of trips employees have to make into the office, this further frees up time for more billable work.

Conservatively speaking, if a company can take advantage of these benefits to create just 15 more minutes of billable time each day per employee, it can generate thousands of dollars more in revenue per year.

2. Improve Business Visibility

Whether they realize it or not, many people in upper management are hindered by a lack of visibility. That's because many of them are making decisions based on old data. They may still be running on outdated software that creates reports based on days-old information. Or, perhaps they're using a paper-based system in which the company's data is captured throughout multiple spreadsheets.

No matter what type of business management system a company uses, if upper management isn't provided with real-time information, it isn't empowered to make strong decisions to impact the company's profitability. This is especially true in today's changing marketplace, where tight margins are squeezing contractors more than ever. Consider the advantage of one company that is able to react immediately as data is updated in real time through a modern operational solution, versus a competitor that cannot access the latest information.

3. Improve Project Management

In addition to increased visibility, real-time data can also significantly improve project management. Imagine being able to closely monitor the budget every day for a certain job. If costs begin to escalate unexpectedly, the project manager can step in to assess the situation and take action to ensure the job remains profitable.

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Without this ability, project managers typically aren't able to respond to issues until it's too late. By the time a flag is raised, the project may already be over budget or behind deadline. Additionally, through modern operational solutions, senior management can stay up-to-date on project statuses, view change order requests and approvals, and review billing information.

4. Grow Without Adding Resources

Thanks to the enhanced efficiencies it provides, operational software can help companies increase their capacities without adding overhead. This is why a new solution is often ideal for companies with aggressive growth strategies.

Because a truly integrated software solution streamlines so many processes, it frees up extra time for many people throughout different roles of an organization — from administrative staff to people in the field. The extra time can then be spent handling the increased workflow from the new customers and projects the company takes on, and no new workers need to be hired or trained.

5. Generate More Sales

As the industry evolves, many companies are adapting by becoming more sales-driven. For this reason, customer relationship management (CRM) software has greatly increased in popularity. In turn, some of today's operational software providers have embraced this trend by integrating CRM into their solutions.

What does this mean for contractors? For many, it improves their quoting system. When a quote is electronically entered into the system, it is automatically routed to the appropriate project manager or salesperson, who can then propose an estimate to the customer. If the new work is approved, the quote automatically rolls into a work order. This process cuts out inefficiencies and helps contractors generate more sales.

6. Bill Faster

In many companies, labor is recorded on a paper work order, which is then handed into the office. Oftentimes, the work orders are brought into the office once per week and, by the time the administrative staff finishes entering them into the financial software, it can be a couple weeks before an invoice is sent out to the customer. Unfortunately, the longer it takes for an invoice to be received, the more likely the customer

will dispute the charges or simply refuse to pay. Furthermore, this lag in payment reduces a contractor's cash flow, making him reliant on a line of credit to pay his bills.

However, in a real-time, truly integrated operational software solution, labor is updated in the financials each day. That's because employees can capture signatures in the field and submit work orders electronically. When this happens, invoices can be sent out almost immediately. As a result, contractors increase their cash flow and are more likely to get paid in a timely manner.

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7. Reduce Maintenance Fees

Keeping an outdated software system running can be expensive. In some cases, the maintenance cost of working around old legacy technology is so great that it can pay for a new solution in itself. Of course, a new software solution requires maintenance fees, too, but maintaining a flexible solution based on new technology is a lot more predictable and typically costs much less in the long run.

8. Eliminate Redundant Data Entry

If a company doesn't use an integrated operational solution, it typically relies on administrative staff to re-key information between systems. Entering work orders into the financial software is just one example of this major time killer.

When an operational solution is truly integrated, information flows back and forth within the system seamlessly. This eliminates the need to reenter any information because the system automatically pulls the data it needs to do payroll, generate reports and perform all other important business functions. Consequently, administrative staff can spend less time doing redundant data entry and instead use their time to perform more valuable tasks.

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9. Bid More Competitively

There are numerous factors that go into job costing. Therefore, a contractor's ability to bid jobs accurately is highly dependent on the quality of information that is available. Without a software system to pull data and perform the calculations, a project manager can spend a lot of time manually gathering numbers and figuring costs, which may still not be as accurate as a competitor that uses a more sophisticated system.

A modern operational solution will analyze a wide variety of historical and current data to come up with accurate bids. Even assets, such as equipment costs, can be factored in the bid. Not only does this process save contractors time, but it also helps them become more profitable.

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10. Save Money on Hosting

Unlike today's solutions, previous generations of operational software had to be installed on premise. This forced contractors to invest in expensive servers to run the software, and they also had to hire IT professionals to support it.

Now, many companies are finding cost benefits through having their operational solutions hosted in the cloud. Not only can cloud-based solutions keep employees connected whenever and wherever they are, but they can also help save money. Companies simply pay a monthly subscription fee to use the software — much like they pay for electricity or any other utility. This reduces the cost of running an internal IT department — both in terms of servers and personnel. Additionally, since there is no large upfront cost associated with cloudbased solutions, contractors don't tie up their lines of credit either.

Staying Connected

It all comes down to staying connected. By using software to connect upper management, field workers, the back office, vendors, customers and everyone else in the daily mix, contractors will see significant improvements in their businesses. They'll experience greater efficiencies and will also be able to provide a better customer experience. In the end, this leads to a competitive advantage and, most importantly, higher profits.

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