

## Member Communication Experience

# Achieve Total Project Control with Accounting Integrations

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Managing construction projects without a fully integrated tech stack leads to inefficiencies, errors, and financial risks. For commercial contractors handling millions in active project volume annually, the disconnects between financial accounting integrations and project management can result in significant challenges for the business, including budget overruns, payment delays, and poor forecasting. Integrating a best-in-class construction management solution with your existing accounting platform can deliver real-time cost visibility and invaluable efficiencies for a growing business.

In this article, we'll discuss common pitfalls that project teams face and explore how a fully integrated financial and project management tech stack helps to avoid many of these pitfalls.

### MOST COMMON PITFALLS

#### 1. Lack of Real-Time Financial Data

General contractors relying on manual entry, siloed data, and outdated spreadsheets struggle to get a clear, up-to-date view of project costs, revenue, and profitability. Without reliable, up-to-date financial and job performance visibility, it becomes nearly impossible to effectively and accurately manage the basic facets of any growing business like cash flow and profitability. For general contractors managing multiple projects, this also means:

- » Budget overruns that aren't identified until it's too late to pivot course



- » Delayed payments to trade partners, affecting long-term relationships and quality of work
- » Inability to forecast effectively, leading to financial instability and poor management decisions

#### 2. Manual Data Entry and Duplicate Work

Too many general contractors (GCs) rely on a variety of different team members to manually enter (and often re-enter) data like invoice detail, purchase orders, and payments in multiple places – different project management tools, various spreadsheets, and within accounting software. Not only does this waste a tremendous amount of time but it also increases the risk of GCs relying on data that is incorrect, inconsistent, or simply outdated to make key project and business decisions.

- » Costly errors in job costing, invoicing, and reporting
- » Wasted hours on manual and/or double data entry
- » Slow decision-making due to outdated, inaccurate, or inconsistent data

### **3. Inefficient Change Order and Contract Management**

All general contractors know that no project goes exactly as planned. There are design changes, scope adjustments, unforeseen jobsite challenges, material shortages/delays, and client requests that lead to contract modifications and change orders. While these things are a fact of life in the construction business, managing them manually can increase the risk of losing money, damaging relationships, and costly project delays.

- » Unaccounted costs erode profit margins
- » Approval bottlenecks cause major project delays
- » Administrative burdens for project managers and accounting teams

### **4. Limited Job Cost Tracking and WIP Management**

Reliable WIP reporting, including properly accounting for earned revenue vs. incurred costs, hinges on accurate job cost tracking and properly documented change order. If labor, material, and trade partner costs aren't tracked in real time, project managers and accounting teams can't assess and manage the financial health and profitability of a job.

- » Underbilling, lost revenue
- » Overbilling, causing cash flow and relationship problems later
- » Unclear profitability, making it hard to predict financial outcomes

## **HOW INTEGRATING CONSTRUCTION MANAGEMENT SOFTWARE WITH ACCOUNTING PLATFORM SOLVES FOR MANY COMMON CHALLENGES**

### **1. Lack of Real-Time Financial Data**

Instead of waiting for monthly reconciliations or manually pulling reports from different sources, project costs, revenue, and profitability data sync automatically between your accounting platform and your construction management software. The integration enables better and more timely WIP updates and budget tracking.

- » Manage company and project-level cashflow closely
- » Track cost vs. budget to flag projects in danger
- » Oversee payment transactions in/out

### **2. Manual Data Entry and Duplicate Work**

Construction teams spend countless hours doing manual entry of financial, contract, and job cost data across multiple systems. When best-in-class construction management software is integrated with a company's existing accounting solution, you can reduce time and errors.

- » Monitor costs and change orders in one place
- » Assess financial health and profitability in real-time
- » Streamlined Workflows - Automate approvals, reduce paperwork, and keep teams aligned.

### **3. Inefficient Change Order and Contract Management**

Automating the processing and handling change orders and contract modifications can be transformational for growing construction businesses. By adding a construction management platform to your existing tech stack, every change order logged is more accurately reflected across all financials reporting, including job cost reports, budgets, and invoices. This can measurably increase profits, decrease delays, and ensure contract compliance at all times.

- » Maintain full visibility of all billable work
- » Move through approvals faster
- » Reduce admin burden for PMs

### **4. Limited Job Cost Tracking and WIP Management**


Assuming a seamless, real-time integration, all material, labor, and trade partner costs logged in your construction management platform are instantly updated in your accounting records. By more accurately tracking revenue earned vs. costs incurred, GCs can anticipate issues early and with enough time to keep jobs profitable.

- » Optimize cash flow
- » Maintain project profitability
- » Keep the CFO happy

## **HOW TO SELECT A CONSTRUCTION MANAGEMENT SOFTWARE SOLUTION**

Best-in-class construction management software offers

tremendous value on its own, but an end-to-end platform that integrates seamlessly with your accounting software can be a game-changer. The key is to find a construction management solution that is right for your business. As you review the various solutions, ensure you get answers to these critical questions:

- » How easily will this construction management software/solution integrate with my existing accounting software?
- » Will the integration significantly eliminate manual data entry and double work?
- » Does the integration provide real-time financial insights and updates directly to project-level financials?
- » Can the solution and integration scale adequately to support my business' future growth?
- » How does the construction management platform handle change orders, submittals, and job costing?
- » Is the onboarding process smooth and does it include training?
- » What is the model for ongoing customer support?
- » What are existing customers saying about their experience and satisfaction with the software? 



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## About the Article

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The [Builder Blog by RedTeam](#) was launched in 2023. It serves as a resource for construction professionals with industry insights, in-depth articles about solutions, and helpful customer stories. From best practices to workflow guides, the blog builds on RedTeam's expertise and knowledge of the industry to help create a better tomorrow for everyone in construction. You can learn more about RedTeam at [redteam.com](https://redteam.com).

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