



Construction ERP Software Buyer's Guide

Whitepaper

sage Partner



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About Sherwood Systems Ltd.

An introduction to this guide

Construction is a massively diverse industry covering everything from quarrying raw materials, through distribution of materials, through the full construction process and ending with lifetime maintenance. It represents approximately 6% of the UK GDP with over 3.1 million employees.



**Construction
contributed £123.2
billion to the UK
economy in 2019**

If we look at the core building and construction sector first, this sector has a number of unique regulations that need to be covered by an ERP solution. These are:

- Subcontractor CIS/RCT
- Subcontractor Payments
- VAT Regulations

When you consider that construction sites can be a health & safety nightmare this is a highly regulated industry needing help from the software industry. Most software providers have been good at providing this functionality. It is worth checking the status of new legislation when moving suppliers.

What you should be looking for

So, what should you be looking for? It depends on your business and the size of your business.

Things to consider:

- Does your business own plant or mainly hire in plant?
- Are you a subcontractor or a main contractor employing subcontractors?
- Do you have a large directly employed workforce?

In general, you will be looking at a choice of modules to match your company's requirements. These will typically be related to:

- Your accounts
- Your contracts

£20m+
turnover

Enterprise

Accounts, Construction Legislation, CVR, Contract Management, Procurement, Timesheets, Plant Control, Budgets, Maintenance, Payroll, Mobile Apps (e.g. Purchase Requests, Invoice Approval, Expenses), Document Management

Medium

Accounts, Construction Legislation, Contract Management, Purchasing, Small Works, Invoicing, Plant Control, Budgets, Maintenance, Payroll, Mobile Apps (e.g. Purchase Requisitions, Invoice Approval, Expenses), Document Management

£5-30m
turnover

<£10m
turnover

Small

Accounts, Construction Legislation, Contract Management, Purchasing, Small Works, Invoicing, Budgets, Maintenance, Payroll, Mobile Apps (e.g. Purchase Requisitions, Invoice Approval, Expenses), Document Management

Managing your accounts

Accounting systems for small, medium and larger organisations are very similar, however, it's in the fine detail of functionality requirements where differences arise.

In medium and large organisations the underlying database will probably be a Microsoft SQL database. However, in some of the better low-end systems a SQL database may also be present. This will enhance the organisations ability to report and interrogate the data. This also removes the need for many diverse spreadsheets and potentially error-prone issues due to data being rekeyed or incorrectly downloaded.

Thereafter the core ledgers will do the same job as each other but again with some sophistication in the medium and large systems. I also feel that today you can assume that the standard aged debtors, aged creditors and trial balance are good enough, otherwise the underlying accounts system is not fit for purpose. Any good accounting system must now include document management of invoices and other key documents for later enquiry and viewing without the need to see the original.

So, what extras should a good construction accounting system include?



Sub Contractors

There are some very poor systems to handle subcontractors that do not easily allow the balances by job to be viewed. A good subcontract ledger will have essential columns of data for each subcontract; Committed and Actual, with obvious adjustments for discount, contracts, CIS/RCT, retention and VAT.



Contract Sales

The best solutions for contract sales, control periodic invoicing and the management and reconciliation of deferred income and cost postings. Contracts can be manually entered or created from the postings of sales orders with contract items included.



Project/Job Costing

These modules for most contractors are their key reporting areas. Cost, Value, Commitments, Cash and Revenue are all critical areas that need to be handled in the most sophisticated systems. They need the ability to create complex multi jog layers and also cost centres enabling sophisticated enquiries and reporting without the need for spreadsheets and further analysis.



Construction Legislation

Part of any construction solution must be the provision of specialist software to cover the needs of the industry. E.g. CIS/RCT

Managing your contracts

Contract Management is a huge area for contractors big and small. It is the reason to invest in a specialist ERP solution.

This is where all aspects of a job come together to give the management a complete oversight of the job. Budgets, reworked costs, commitments, accruals, actual costs, internal plant costs if relevant, labour and subcontract, revenue, applications, retentions, CVR, keeping data integrity and sales valuations.

The obvious objective is to get a current profit for each job and anticipated final cost, along with a cost to complete. In many cases, this replaces the core profit and loss because if overheads are controlled then the P&L can become redundant on a monthly basis.

Ideally, the result of the process is inputting a series of journals into the nominal ledger to confirm the company P&L. Not all contractors may want such a complex solution, and job/project costing with CVR can be enough.

In getting to the projects/job profitability there are a range of things that need to be considered that are key to providing good financial management of the company.



Procurement (covering subcontractors, materials and plant)

Obviously, each of these has varying requirements. For example, plant has accruals for on hire plant, differing rates and periods. Where materials are much more straightforward, there can be complexities with certain material types such as concrete orders or deliveries.



Project, Job or Contract Costing

This can be a very complex issue and it depends upon the company's needs. These three types of order are critical at all levels and larger companies may need to look into these areas in more depth with supplier approvals and consolidated analysis across group companies in terms of spend on types of products, service and certain subcontractors/suppliers. One of the key issues that contractors at all levels have faced is capturing goods received and delivery information. This is now much easier with modern systems, as the use of iPhones and Android allows "apps" for goods received, ordering and/or requisitioning of materials or call off from a master order form.

A key area that phones can be used as handheld devices is timesheet capture. This will have a huge impact on speeding up the capture of time data which can be done daily rather than having to wait until the end of the week or month and having a "mad rush" to get everything ready for payday. It also gives the employee peace of mind that their time is logged and with the payroll team. Where the site manager may still be keying time data in, then the ability to enter by site or individual is desirable.

Managing your contracts continued...



Payroll

Payroll is key, and HMRC have become much more demanding in recent years. However, before committing it is worth checking the provider of your possible financial management solution have commitment to the construction industry and the status of future legislative upgrades.



Plant Control

If the company owns a large amount of plant, this can be a major issue in its own right and can be a full review in its own right. If this is an issue for you, contact us directly on +44(0)28 9066 8585 or +353(0) 1465 9690 for a discussion.



Budget

Budget is a key part of any construction organisation. A good well-developed system is highly desirable at all levels of the industry. Your budget is the starting point from a financial plan of the job/project/contract; through to procurement and ultimately the successful delivery of a well-managed profitable job.



Facilities Management

If as part of your organisation you have a need for a Facilities Management or Maintenance system, please contact us directly on +44(0)28 9066 8585 or +353(0) 1465 9690 for a discussion. We can provide functionality on the use of mobile apps and operative tracking etc.

Don't assume site staff cannot use mobile apps. We can easily deploy mobile technology to provide a wide range of functionality for site staff, including full cost/job enquiries which drill through to invoice viewing if required. Timesheets, order placement/requisitions, approvals and delivery notes.

This mobility provides for huge savings and improvements in processes and the ability to speed things up from site to accounts/staff.

Reporting

A construction-specific solution should provide a reporting system that is both flexible and simple to use.

A key part of any ERP solution is the ability to report on your data. Sherwood Systems solutions have standard data reports and we can also customise reports from your database according to your organisations reporting requirements.

About Sherwood Systems Ltd.

The change to any new platform is a journey, and we will be on that journey with you, every step of the way.

Sherwood Systems has been involved with construction software for over 25 years, covering implementation, selection, project management, delivery of systems and support and maintenance.

We work with companies across the spectrum in the construction industry.

Sherwood's has experienced rapid and dramatic change to systems used within the construction industry. We use that vast experience of helping companies solve real-world challenges with affordable, cutting edge technology. We are ready to help you with your next ERP / Financial Management Project.

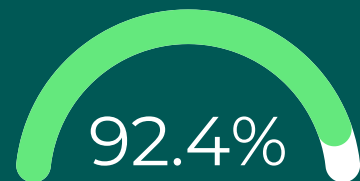
25+

Years of experience with construction software

300+

Clients across the UK & Ireland

Percentage of our support calls responded to within one hour.



Speak with one of our experts today



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