

Sullivan Construction Paves Road to Profits With Sage 100 ERP

“People walk all over Alton E. Sullivan Construction. Or rather, they walk, drive, and park all over Sullivan’s projects, which include the Hewlett-Packard campus in Corvallis, Oregon, and roads, large building pads, and subdivisions around Albany and Oregon’s mid-Willamette Valley.

Sullivan handled its accounts on Sage DacEasy during its early years, until growth prompted a search for a midsized package. The company selected Sage 100 ERP* for its powerful Job Cost and TimeCard modules.

“Sullivan Construction had been trying to allocate job costs on spreadsheets for years, and it was very time-consuming,” says Tom Zerkel, office manager. “Time card data was being done on paper. It was especially difficult to prepare reports on public projects, where prevailing wage information must be carefully tracked for the prime contractor. So Sullivan migrated to Sage 100 ERP and then hired me because I had experience on the system in a former position.”

Smart Management With Job Cost

Zerkel was responsible for maximizing Sullivan’s investment in Sage 100 ERP. The new system worked so well that he selected it to run A.J. Crushing, Inc., a sister company where Sullivan’s owner is a partner. He has plans to use it for Sullivan’s rental subsidiary, too.

“The Job Cost module alone has justified switching to Sage 100 ERP,” Zerkel says.

“Expenses are posted to specific jobs the moment they’re entered into Accounts Payable. We can run a report at any time to check for profitability. The long-term benefit is that we are now much better at estimating labor costs, which represent our biggest expense, and can therefore bid with greater accuracy on future jobs.”

Zerkel gives the example of a supervisor who tended to underbid labor projections. When employees then had to work extra hours to get the jobs done on time, their overtime salaries ate up considerable amounts of profit. Job Cost pointed out differences between estimated and actual labor costs, and this allowed the supervisor to be more accurate in the future.

*Sage 100 Standard ERP was named Sage ERP MAS 90 when Alton E. Sullivan Construction initially implemented this solution. The product names have been updated in this case study to reflect current naming.

Customer

Alton E. Sullivan Construction

Industry

Construction

Location

Albany, Oregon

Number of Locations

One

Number of Employees

25

System

Sage 100 Standard ERP

Challenge

Tracking job cost information on spreadsheets was time-consuming; reporting requirements hampered federal agency work; complex wage structure was difficult to manage; profits were virtually incalculable.

Solution

Sage 100 ERP with Job Cost, TimeCard, and financial modules for both construction company and sister rock-crushing firm.

Results

Eliminated work of almost one full-time data entry position; bank reconciliation that took one day now is done in 90 minutes; current receivables improve cash flow; accounting time for sister company cut in half.

TimeCard Handles Tricky Tasks

The TimeCard module for Sage 100 ERP has transformed the company's ability to handle public and private projects simultaneously. "Jobs that fall under the Bureau of Labor and Industry (L&I) require that we use a different wage structure," Zerkel explains. "The net effect is that laborers get paid different amounts, depending on the project they're assigned to do."

"We might have five jobs going at a time, but only one will fall under L&I reporting requirements," he continues. "Crew members might work half a day on one and four days on another, creating an accounting nightmare. Fortunately, the TimeCard module takes care of everything behind the scenes. I don't think we could even do such complex wage calculations without Sage 100 ERP and TimeCard."

Reconciling bank statements used to take an entire day at Sullivan Construction. With Sage 100 ERP, the task requires a little over an hour. "Part of the added efficiency comes from the Bank Reconciliation module itself," says Zerkel. "Part comes from the fact that Sage 100 ERP is integrated from end to end. Once data is input accurately, you can trust the integrity of your numbers throughout the system, and not waste time fixing mistakes."

Having Sage 100 ERP in place has virtually eliminated Sullivan Construction's overdue accounts receivables. "Before we had the new system, accounts sometimes sat for a year or more before we noticed them and targeted them for collection," Zerkel says. "With Sage 100 ERP, we run aged invoice reports on a regular basis and contact customers before the situation gets out of hand."

"Sage 100 ERP reduced the administrative workload at Sullivan Construction by at least 40 hours a week. It cut the time we spent on one of our company's accounts by half."

Tom Zerkel, office manager
Alton E. Sullivan Construction

Zerkel has seen efficiencies soar throughout the company. "Sage 100 ERP reduced the administrative workload at Sullivan Construction by nearly 40 hours a week. It cut the time we spent on one of our company's accounts by half. And it freed up additional hours that we devote to improved management — ensuring that we run the business as smoothly as possible."

About Sage

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