Construction Management Software Buying Guide

For Home Builders and Remodelers

Content Summary

The State of Technology in Residential Construction

Relative to other industries, technology adoption in residential construction has been slow even though the total investment in construction technology from 2014 to 2019 was $25 billion. This new investment comes when innovative homebuilders and remodelers are increasingly dissatisfied with disparate point solutions that solve problems but don't address the larger processes that created the problem in the first place.

McKinsey & Company suggests that this growing dissatisfaction is influencing a shift towards integrated platforms, which address the entire building lifecycle, rather than point solutions. What many builders and remodelers don't realize is that while their current process gets the job done, it's not the best way to do the job. Whether it's inefficiencies, leaving money on the table, or poor process management, there is a better way.

How Point and Integrated Solutions Are Different

Point solutions tackle a specific problem using a specific solution. This helps solve a problem but leaves others left to solve. Integrated solutions are designed to connect disparate processes to create a new streamlined building experience with automated time-saving systems.
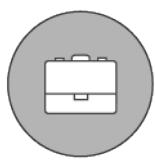
## Where do point solutions work well? Where do they not work?

Point solutions start with a problem such as how to capture employee time, configure a project budget, build a project schedule, and more. For smaller teams, point solutions, such as takeoff or bidding software, are a great way to fix process gaps since they are easy to implement and provide quick wins. They are also a good fit for companies that are looking to upgrade processes before their next project starts and who are on a tight budget. However, we frequently see companies graduate from point solutions to fully integrated solutions as they grow in size and project volume.

Often this transition happens when the problems that a company used to be able to manage become too cumbersome or cost inefficient to tackle the way they used to. As larger teams try to tackle more complex problems, adding additional point solutions becomes costly fast and can lead to more inefficiencies between systems. For example, when information is stored in multiple programs and spreadsheets, administrative tasks become more disorganized, field staff spend more time looking for information, and clients receive disjointed and sometimes conflicting information. If you use too many software tools, you are then stuck tracking down the latest versions of important contracts, estimates, bids, and proposals across a multitude of programs. A growing roster of point solutions becomes more costly and troublesome over investing in one integrated solution.

Team Members Want to Work Seamlessly with Integrated Software

With the right set of tools, your team members can work like a well-oiled machine with less oversight and your systems can communicate vital information seamlessly, freeing up time for you to develop business strategy, work sales, and grow your business. Here are some common team member needs you can address with integrated construction management software:
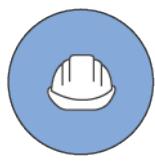
Owner

"I want to bring order to the chaos of residential home building and remodeling, track performance metrics to improve cash flow, and offer an incredible building experience for my clients."

Project Manager

"I want to keep all project details in one place so my team doesn't miss important deadlines or waste time looking for information. I need to communicate clearly with everyone working on a project so everyone stays up-to-date."

Field Staff

"I want to document all facets of operations on the job site so that the company has a historical record of all activities that impact our projects."
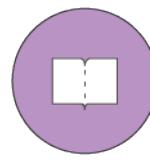
Office Administrator

"I want to generate purchase orders, change orders, and confirm selections quickly and accurately to ensure projects move ahead as planned with no unnecessary costs."

Trade Partner

"I want to understand the expected scope of work, complete the job, and get billed on time."
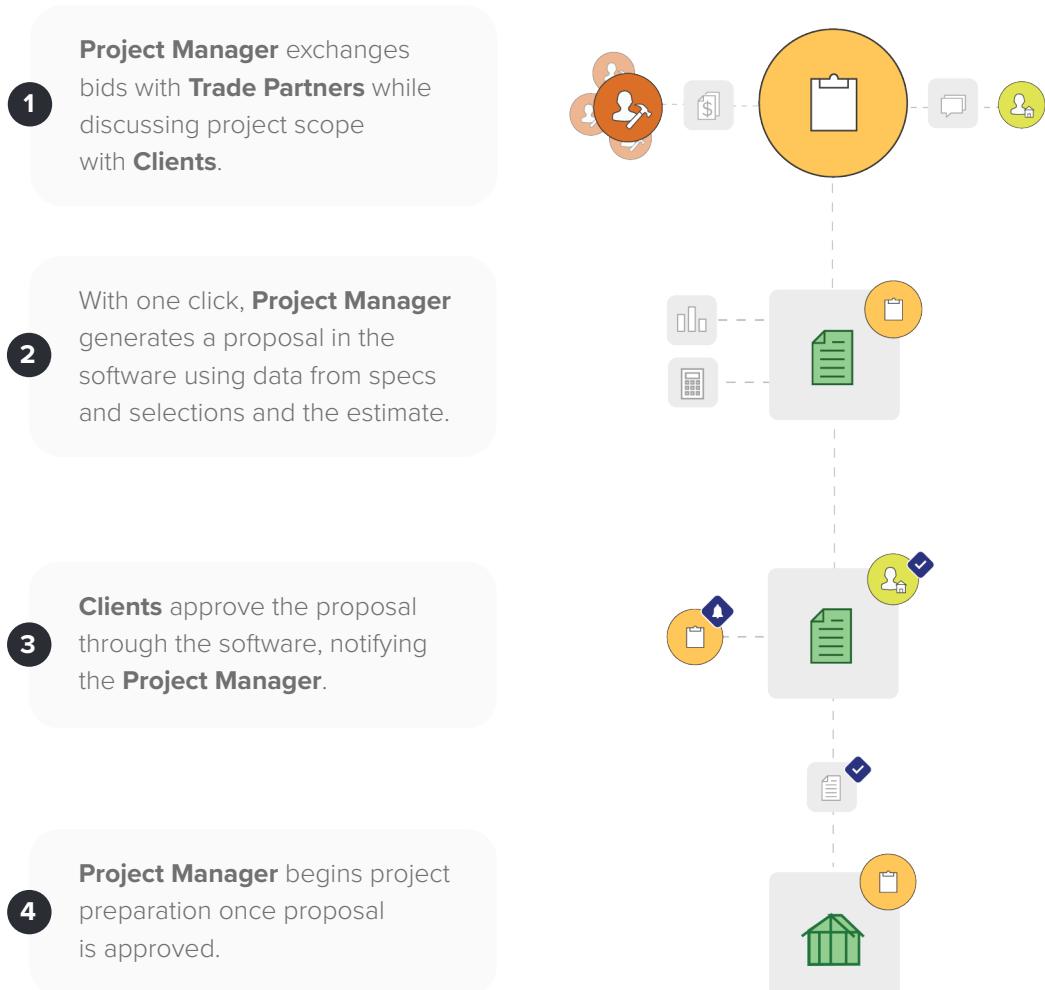
Bookkeeper

"I want to be able to accurately and efficiently document all project expenses with confidence so I can produce reports that help our company make smarter decisions. I also want to move quickly to process invoices from trade partners and suppliers."

See How Integrated Processes Flow Together
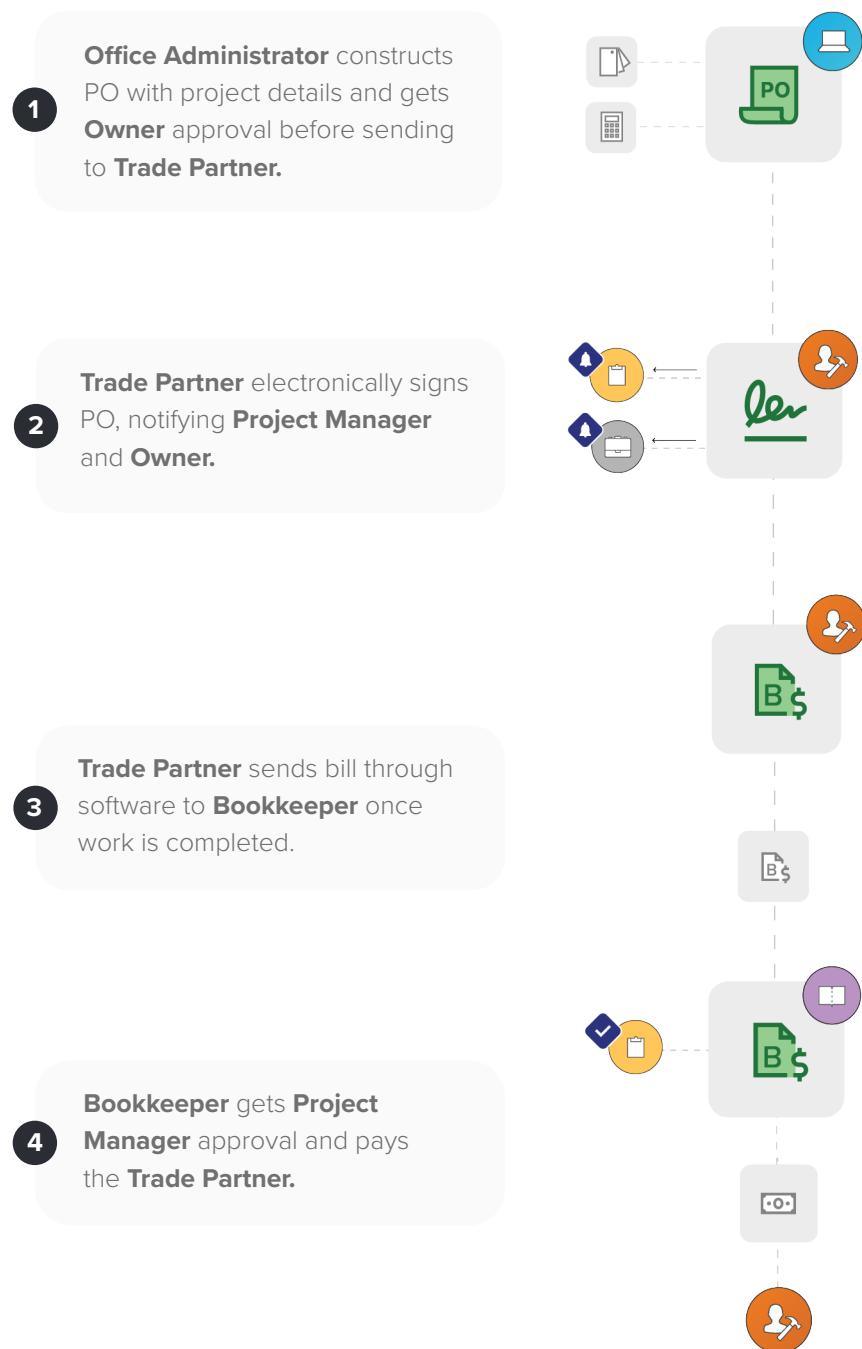
A Better Proposal Process

Proposal documents lay out the anticipated scope, price, and optional upgrades on a project. They set expectations for the client-to-builder relationship and build a roadmap for fostering client confidence. Integrated construction management software can help your team develop processes for quickly generating, approving, and sharing proposals without entering data twice. All it takes is the click of a button to generate a professional proposal using data from your budget and estimate. This is what your simplified proposal process can look like:

1 **Project Manager** exchanges bids with **Trade Partners** while discussing project scope with **Clients**.

2 With one click, **Project Manager** generates a proposal in the software using data from specs and selections and the estimate.

3 **Clients** approve the proposal through the software, notifying the **Project Manager**.

4 **Project Manager** begins project preparation once proposal is approved.

Streamlined Purchase Orders

With construction management software, complicated processes in your building business that require multiple steps become streamlined. Residential home builders and remodelers increase revenue on their projects with the creation, approval, and payment of purchase orders. This is what your streamlined purchase order process can look like:

1 **Office Administrator** constructs PO with project details and gets **Owner** approval before sending to **Trade Partner.**

2 **Trade Partner** electronically signs PO, notifying **Project Manager** and **Owner.**

3 **Trade Partner** sends bill through software to **Bookkeeper** once work is completed.

4 **Bookkeeper** gets **Project Manager** approval and pays the **Trade Partner.**

Measure Your Success Around Integrated Processes

How to Set Up Business Process Goals

Setting goals is a critical step in transitioning from a reactive to a proactive business. Usually the first step in this transformation is setting baselines to understand how business processes are currently operating. Once you know where your business is today, you can set your sights on how you are going to get where you want to go tomorrow. Point solutions offer insights about a specific area of your business, whereas integrated solutions offer a wider array of information for business owners to make decisions. For instance an estimating point solution may be able to tell you how much framing lumber you've estimated for upcoming projects, but an integrated solution could show you how your framing lumber estimates have affected your budget. Here are what some integrated process goals look like for your business:

Grow business revenue with an integrated financial system to account for every dollar going in and out of a project to protect profit margins and increase overall work efficiency.

Capture and invoice 100% of your project work by issuing change orders for any items not originally budgeted for in the estimate.

Increase client satisfaction by consistently sharing project details with clients to foster transparency throughout the building process.

Keep projects on schedule by tracking projected and original schedules in order to adjust future scheduling for any inefficiencies.

Work on more projects with a fully integrated system that saves time and works more efficiently by automating tasks and reusing templates.

Where integrated construction management software can help

Simplified Project Management

See your entire business at a glance and understand where projects currently stand, if there are any issues or delays, and what needs to happen next. With this clear view, owners and project managers can increase project volume, without having to expand their team, and stay on schedule.

Seamless Communication

Communicate with your team members, trade partners, and clients from one platform and have a solid paper trail of past communications to foster transparency and clarity in the building process. Stop wasting time sorting through crowded inboxes or lengthy text threads to collaborate.

Streamlined Financials

Track all your financial information including a project's estimate, budget, purchase orders, change orders, and invoices from one place. Defeat double-entry and take the guesswork out of a project's profit margin. Invoice clients on all the work you complete and stay updated throughout the lifecycle of a home building or remodeling project.

Focused Operations

Use time saved from better communication and project management systems to spend more time working on your overarching business processes. Manage relationships with trade partners, track employee hours, and develop reusable templates to save time on future projects.

Bringing it together
with systems in sync

Now let's take a look at how the benefits of integrated software solutions come together in frequently used residential construction processes like proposals and purchase orders.

A disjointed proposal process

In residential construction the creation and approval of proposals is a repeatable process. Some companies create proposals in Word, Excel, or the Google Workspace while others use specialized programs. In either case these programs are disconnected from other project details, so you spend time sorting through tons of emails, texts, and documents from clients and trade partners to create, update, or amend their proposals. This is time that could be saved since the required information already exists but it needs to be found and entered a second time into your proposal. To win new customers, you need to generate proposals quickly and accurately so any delays can be costly to your business.

With an integrated software solution, you can have an effective proposal process. With systems communicating in sync and sharing information, you don't have to spend any time connecting the dots manually. This leads to shorter turnaround times on proposals to help you keep your sales pipeline full. Integrated software solutions streamline the process and reduce the time between information input to utilization. This means faster (and more accurate) proposals for your clients.

An inefficient purchase order process

The purchase order process is another example where inefficiency and miscommunication commonly plague builders. To create a purchase order, an owner might refer to their budget in Excel, text their trade partner to confirm pricing, and then create a PDF document in Microsoft Word to send over email to their trade partner. Halfway through the process at least three different programs have been used already..By the end of the process, purchase order information could pass through as many as five or six different programs. The larger the team or project, the more cumbersome and intricate this process becomes, fueling costly miscommunications and delays.

With an integrated software solution, you can have an efficient purchase order process. Rather than copying and pasting from program to program, your integrated system centralizes your communications and pulls in the relevant data automatically. This saves you time in having to track down details and ensures your team always has the latest information at their fingertips. Integrated software solutions also give you a single source of truth for your purchase orders so there never is any confusion about which version is the latest.

What You Need to Know to Evaluate Construction Management Software

The good news is that there are a number of great options on the market to help meet your needs. With a variety of features offered, you can expect to pay between $300 - $1500 a month for an integrated construction software management tool. Here's what you should be looking for when you start your research...

What do you need in an integrated construction management software?

Here is a list of important features you should always consider when you assess integrated construction management software:

Operating System

+ Open API
+ Cloud-based
+ Account integrations
+ Templates
+ ePayments

+ Security
+ Contact directory
+ Unlimited storage
+ Unlimited users
+ Data backups

+ Offline accessibility
+ Mobile application
+ Permissions management
+ Notification system

Professional Services

+ Data migration
+ Support services
+ Customized branding
+ Performance reporting

Community

+ Training programs
+ Active community forums
+ Implementation services
+ Industry resources

Ask the right questions

Before choosing an integrated construction management software, consider starting with a low-cost or free trial to test the software's functionality. Ask yourself the same questions while you try each tool.

> **+ Which features are most valuable to your company?**
>
> **+ Is your team comfortable with the user experience?**
>
> **+ Will this tool improve my customer experience?**

Once you've evaluated the software product itself, assess the resources the company offers to help you learn and achieve your goals. This is where many business owners leave value on the table. Once you've invested in a tool, take advantage of their additional resources to help you fix problem areas in your business.

> **+ Does the company provide additional training for their users?**
>
> **+ Do they provide online resources to help their users learn the software?**
>
> **+ Do they have a partner network of consultants?**

As you evaluate different integrated construction management software solutions, these questions will help you choose the best option for you and your team to create more efficient processes and level up your residential construction business.

How to Implement Integrated Construction Management Software

If you plan on purchasing integrated construction management software for your home building or remodeling company, it's important to develop an implementation plan. These solutions can take roughly six months to implement so it's important to set expectations with your team that this will not be an overnight transition but a series of smaller steps. You also may not see an immediate ROI, which is totally normal, due to the timeline to get your new systems up and running. Because of these factors, you will need to develop a plan to incorporate your new software processes into your current and future projects.

Get your team on board

Construction management software makes teamwork easier, but if your company isn't working together, you might not experience all the benefits. Consult your team and show them how an integrated platform can save time and improve their workflows. Learn more about their frustrations with existing business processes, share this buying guide with them, and start a conversation clearly laying out expectations and timelines. If you want to use the software to its full potential, you'll need their commitment to your vision throughout the implementation process. Set aside time in company meetings to talk about the transition and make sure your team knows the "whys" behind your decision.

Know your priorities

What aspects of your business keep you up at night or cause you the most frustration? What existing processes cause problems for your entire team? Tackle these problems first. It isn't realistic to implement all the features of a new software system overnight but selecting and implementing key features right off the bat can pay dividends in the long run. Choose one or two central functions of the software to master. Then, move to the next function. Over time you'll have a fully implemented tool. Tackle one problem at a time, gain momentum, then move to the next function.

Get training

To implement construction management software you'll want to equip yourself with the right knowledge and an action plan for you and your team. Consider hiring an expert to help walk you through implementation to increase your speed to ROI. Some construction management software companies offer such services to help guide users through the process with confidence and highlight best practices. When you decide to purchase a software service, be sure the company supports your business by providing professional services and top-notch customer support.

Connect with other software users

Throughout the implementation process, connect with other innovative home builders and remodelers in the industry. Networking with other companies is one of the best ways to stay up to date on industry best practices and software tips. Before you purchase a construction management platform, talk to a few business owners who use the software to build professional relationships with other successful companies and learn from their successes and mistakes. Collaborative professional communities commonly form around construction management platforms because they allow home builders and remodelers to connect with other companies that are active in various markets from across the country. Purchase a construction management platform with active, collaborative users so you can learn from others in the industry and foster relationships with innovators in your niche.

Steps to Overcome Common Obstacles

It's natural to have some pushback from internal stakeholders whenever new processes are introduced. We've compiled a list of common roadblocks construction companies face when implementing new software to help you overcome them to get your team on board.

Tech can feel intimidating, but it doesn't have to be.

One reason for slow technology adoption in residential construction is that businesses are concerned about disrupting their existing processes. While this is a valid concern, there are ways to ease the transition, keep disruptions to a minimum, and benefit from increased profit and saved time. See below for a few common misconceptions that keep home builders and remodelers from adopting new technology:

"Integrated software solutions are too complex for my team."

Your team can easily learn the different functions of construction management software through a focused implementation approach. Typically, individual users only need to become familiar with a few main features to complete their tasks. Teams can tackle implementation one feature at a time by business priority.

"Construction management software isn't worth the cost."

Residential construction companies should expect to spend at least 1% of their revenue on tech solutions with costs varying based on project volume. This expense is minuscule compared to the revenue lost due to inefficient purchase order processes, undocumented change orders, and miscommunication between team members. Additionally, many contractors pass on some of the cost of their new software to their clients via a technology fee on projects.

"The software will be too complicated for my trade partners."

Most software solutions ease the complexity of working with trade partners without requiring them to change their current process. They can still use email and text messaging to communicate just like they are doing today. Some integrated construction management platforms offer a trade partner portal that can be used for referencing project details including scheduled work, project scope, contact information, and documents. In addition to a low learning curve, integrated construction management software saves your trade partners time in tracking down project details, making it a valuable tool for their business as well.

"My current process seems to be working fine."

Some companies operate profitably and fear that the implementation of a software system might compromise their success. Builders with this mindset are missing out on substantially cutting their costs and building on their existing profit. A building company using integrated software could earn more than a company not using integrated software while completing the same number and types of projects because of their higher margins.

SECTION NINE

If You're Here You've Already Taken the First Step

You've learned about slow adoption of technology in residential construction, the difference between point and integrated solutions, and what your business can look like with an integrated construction management software leading the way. You also saw how to evaluate different solutions and how to implement them efficiently and effectively. Because you took the initiative to research new ways to build better business processes, you have already taken the first step in building a better construction company. Use this resource as a guide and share it with your team members to get everyone ready to take your business to the next level.

What Is CoConstruct?

CoConstruct's integrated construction management software helps 100,000+ home builders and remodelers improve their business processes. In 2004, CoConstruct was founded to streamline the selections process for both builders and clients. Throughout the past 17 years, we've expanded our software functionality to include features to support company financials, project management, communication, and operations. Today we are an all-in-one solution designed to help businesses efficiently manage projects, coordinate teams, and serve client needs all while saving critical time for business development. We empower owners, project managers, field staff, office administrators, bookkeepers, and other team members to be in sync across multiple projects. When team members work together, building companies minimize costs and generate more profit.

If you are looking for ways to grow your residential construction business and improve your team's performance, visit CoConstruct to learn more about the benefits of integrated construction management software.

Ready to take the next step? Schedule a demo with our sales team today

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