Specialty Contractor Scales with Acumatica Construction Edition, Transforming Operations

OVERVIEW

Founded as a manufacturer's representative (rep), Spohn Associates evolved into a full-service architectural installation company offering ornamental metal railings, canopies, walkways, shelters, and architectural wall panel systems. The company ran on a legacy Sage system for more than 20 years, and later added a custom reporting database that grew so big it often crashed. Spohn deployed Acumatica Construction Edition, gaining a single connected construction and accounting solution, gaining numerous efficiencies to help projects remain on time.

KEY RESULTS

- Connected disparate business systems, streamlining operations
- Automated processes, saving time and increasing on-time project completions
- Gained real-time visibility into financial operations fortifying strategic business decisions
- Acquired cloud-based platform for improved access to information and data from job sites
- Transformed AIA invoicing from manual to automated process
- Configured subcontractor insurance compliance workflow, lowering the company's risk profile

CHALLENGES

When Sean Barnett, Spohn Associates' Chief Financial Officer, joined the Indianapolis company 15 years ago, it was a manufacturer's rep—a sales organization—of products used by construction firms to build ornamental railings, architectural wall panels, canopies, and walkways. Installation of those specialty construction products in schools, higher education, and medical facilities in Indiana, Ohio, and Kentucky was a mere 20 percent of Spohn's total sales.

Over the years, Spohn added project management and installation to its list of services and developed a large dedicated group of subcontractors who installed the architectural specialty products. Eventually, the company transformed into a full-service specialty contractor.

"Because the work was custom and often needed us to provide very detailed installation instructions, over 90 percent of our work now is installation," Barnett says. "Our mix has definitely flipped, which has allowed us to grow and do things you don't normally do as a manufacturer's rep."

Barnett likes to position the company's work as installing "all the pretty things on a building." For example, when the City of Blue Ash, Ohio decided to erect a 180′ observation tower, Spohn provided the entire exterior skin, including the perforated and ACM panels, the point supported glass, and the ornamental railing.

In the past decade, Spohn Associates' business has shifted to larger and more commercial projects. The company has multiple crews working on large buildings and corporate campuses, and has some 40 to 50 projects running concurrently. They typically handle 350 projects a year.

Legacy Sage plus Access Database Untenable

Spohn Associates operated on legacy Sage Mas 90 then Sage 100 for many years. When Barnett joined, he built an Access database to improve the financial reporting Sage lacked. Soon after, project managers asked for their custom databases to be included. "We kept adding and adding to it until soon it had more than 450 reports and views," says Barnett, who has a technical background. "It was great for a while, but we outgrew it, and it started to crash."

The company's challenges were primarily reporting based. When the team wanted to write checks, it took 10 minutes to write two checks, Barnett says. "That's because you had to print four reports before you wrote a check, and each report took at least a minute to print. Then you had to print four more reports after you cut the check. You'd do one bill, and print four reports, and then you had to go back and do all the manual updates."

The financial operation spans five internal companies; each had to be manually updated in the old system. "We were always out of balance and we wasted hours a week when doing all of the intercompany transfers," Barnett says. "We had a lot of manual steps to remember because the system had been cobbled together over time."

After building a new database and having it crash, Barnett realized they needed a better reporting system connected to the company's financial system. Since most of their work is performed at a customer's site, the team searched for a project management platform that had a robust mobile application that included document management, storage and search capabilities.

"One of our biggest frustrations when we were outside the office was having to remote in via VPN, which was clunky," says Jeremy Sturgeon, director of operations. "It wasn't conducive to use on a tablet or iPhone, and that's where the industry has gone, specifically with employees out in the field."

Spohn Associates wanted a solution that would help it consistently achieve its core values of adding value to a client and delivering projects on-time.

SOLUTION

Customizable, Flexible Construction Platform for Growth

"I also wanted a better solution on the accounting side than what we were using," Barnett says. "I looked at Procore, which is the top of line for construction management, but it doesn't have accounting. Procore was also expensive for not getting what we really needed."

Barnett queried the company's outside CPA firm Somerset CPAs and Advisors for possible solutions, which resulted in a meeting with the firm's technical director, Jason Leveson. "Just from that conversation, Acumatica Construction Edition sounded like everything we wanted,"

Barnett says. "After Jason showed us everything - all the customization we could do and the functionality—we knew we had found a great solution."

Leveson met with the Spohn Associates accounting team, operations manager, and a couple of project managers, showing them the Acumatica Construction Edition mobile app functions, project management features, and reporting. "Acumatica Construction Edition had everything we were really looking for," Barnett says. "We are different from a regular construction contractor and liked that we could add different specialty fields and customize it to the way we do business."

Unique Pricing Model Facilitates Access

Barnett also liked Acumatica's consumption-based pricing model. "It's a nice thing not to have to worry about per-user licensing fees," he says. "Some of the other systems we looked at were comparable but then the per-user licensing model made them way more expensive." Executives don't need to worry about excessive licensing costs when they add more employees. In the future, if executives chose to allow subcontractors to submit information via Acumatica Construction Edition, it won't be cost-prohibitive.

Spohn Associates deployed Acumatica Construction Edition in an aggressive three-month time frame thanks to Somerset CPA and Barnett's technical expertise, which allowed him to handle most of the data transfer.

BENEFITS

Automated Processes Save Hours of Time

Acumatica's automated processes have been a big time saver for the accounting team. "Working in Acumatica Construction Edition is easier, so is the management of invoicing as well as the management of approvals for accounts payable," Barnett says. "The side panels are one of my favorite features. It keeps information I need the most at my fingertips."

Nationally, most construction firms produce a standard invoice following the American Institute of Architecture guidelines, known as an AIA invoice. Previously, Spohn created AIA invoices outside of Sage, which was a time consuming, manual task. "Now it's built-in and automated, so billing takes less time," Barnett says.

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Barnett previously spent countless hours sending email reminders to project managers and others, prompting managers to close out projects or approve invoices. "Now they see custom dashboards that show what three invoices they need to bill, four they need to close, and maybe two they underbid, keeping those reminders right in front of them," he says.

Spohn Associates handles all the job costing functionality they require through Acumatica Construction Edition.

Automating Subcontractor Compliance

One of the finance team's biggest headaches previously was manually tracking the subcontractors' insurance and compliance paperwork. That process is now automated within Acumatica Construction Edition thanks to a Somerset CPA customization. For Spohn, Somerset built out automatic workflows for project management, cost approvals, subcontractor insurance compliance, and project submittal tracking. Workflows incorporated email routing, document management, dashboard reporting, as well as feature rich system functionality. These automated project control processes save Barnett and his team time and lowers the company's overall risk profile.

"The ability to automate workflows in Acumatica Construction Edition is huge," Barnett says. "There are many other business processes we look forward to automating." Finance month-end close "is super simple," he adds. "Acumatica tells you why it won't close and with just a click, lets you know which entries are still open." In the old system, he wasted hours combing through 10 different applications to learn where an error was and why something wouldn't close.

Machine Learning and Artificial Intelligence Drive Efficiency

Barnett likes that the Acumatica Construction Edition user interface is easy to use and intuitive. "I love it," he says, adding he likes the flexibility the program has to configure many items, including simple items like the words Acumatica uses in the system. For example, Spohn Associates describes projects as "scopes" rather than items or activities, which was a simple change.

Spohn's Jeremy Sturgeon likes the flexibility. "We can make it adapt to what we need it to do, to the way we do business," he says.

Acumatica's embedded machine learning and artificial intelligence into its "Google-like" search function has been helpful for Spohn Associates. When phrases or locations are typed into the search function, the platform remembers that information making it easier and faster for any user to access later. "Being able to type in an area that users want to analyze or access different parts of the system, has helped Spohn be more nimble and it has cut out steps, allowing them to streamline search and be more efficient," says Somerset's Leveson.

Machine learning and AI also help Acumatica customers wirelessly send data from the field from their phones into the financial system, such as expense receipts. For example, a field manager can snap a photo of a business receipt on her phone, email it to the home office, and Acumatica reads the image and notes the vendor, amount, and other information, pulling it into the system and categorizing it correctly.

"This way, the reporting process is much less prone to errors, and the company has complete records instantly," says Leveson. "There are fewer manual steps to get accurate information into the system, saving time as well."

Automation, Extended Subcontractor Access Future Goals

Next on Spohn Associates' Acumatica Construction Edition agenda is to automate several Accounts Receivable processes, such as sending out statements automatically to vendors and internal managers. "We also have plans to give access to our subcontractors so they can submit daily project reports," Barnett says. He likes that opening up to partners - with restricted security access—won't escalate licensing fees due to Acumatica's unique pricing model.

Those two examples are just the tip of the iceberg of what Spohn Associates has in mind for Acumatica Construction Edition.

"When we changed our business model from selling material only, to be an installation company and subcontractor, we changed the complexity and the amount of work and paperwork required," Barnett says. "We're relying on Acumatica Construction Edition to help us be more efficient, more productive, and allow us to do more with less over the coming months and years."

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