

It is time to get back to the Basics!

For the past few years a lot of us have taken short cuts on project reporting and financial analysis. We have had great margins and who cared about a 1 or 2 percent slippage in the margin? Times have sure changed. Let's make an effort to pick 3 to 4 indicators and measure them for the rest of 2009.

Would you play golf and not keep score?

We are here to help!

CFO on the go works with nearly 900 Sage Timberline and Master Builder companies. Our consultants are former Controllers and CFOs with many years of construction industry experience. If you want to bounce an idea off one of us, are looking for a report or just have a question, pick up the phone and call us at 800-659-5851.



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Let's Start Keeping Score!

There are many indicators that you can use to manage your company. I am going to introduce you to two that are easy to calculate and will help you see where you were and where you are headed.

My favorite and probably the most difficult to get started is "The Survivability Ratio." The calculation requires you to calculate two numbers on a monthly basis. The \$ amount of your General Overhead which should be easily found on your income statement and the other is the open profit on existing jobs, and the net of your open AR and AP.

Case One:

Monthly Overhead	1,000,000
AR-AP	200,000
Remaining Billings –	
Projected Cost	3,500,000

$\$3,500,000 + 200,000 = 3,700,000 / 1,000,000$
Indicates you can survive 3.7 months if you are not awarded any new projects.

There is no good number or bad number. It is the history and trend that is important.

Another that I like is, "Weeks of Cash." This should be measured at the end of each week. Take the total of your checks written for the week: accounts payable, payroll and taxes. You may want to set up a spreadsheet that keeps a rolling 3 or 4 week average. Then divide your current cash balance by that average.

Case Two:

Weekly check average for the last three weeks is \$50,000 and your current cash balance is \$200,000--the answer is 4 weeks. This number needs to be monitored. If your average is 4 weeks and then it drops to 3.5 to 3.0. That is when the sirens and bells should be going off. Either margins are eroding or your clients are using you as their bank.

Please consult any accounting book or website for the old standbys: Quick Ratio, Current Ratio and others. Check in the next issue for two more of my favorites.

Free Reports

Timberline

Job Cost Variance

Report. The report prints by job and cost code and is date sensitive. The column headings are Original Budget, Budget Revisions, Revised Budget, Original Commitment, Commitment CO's, Revised Commitment, Non-Contract Costs and Total Committed.

What makes this report so popular is that project managers can see what makes up their committed costs on a summary type report so they do not have to go to another report to get the detail of the committed costs.

Please send an email to jeans@cfosontheho.net and she will forward the report with instructions for installing.

New CFO Resources:

Paul Asnicar Lonny Blank

Paul Asnicar has over 17 years of experience working with Timberline Estimating. Paul can add value to your current solution by working with you to build advance assemblies or models. Paul will also be scheduling workshops at our Temecula Training Facility.

Lonny Blank is a former Big Eight Senior Consultant and a Certified Timberline Consultant since 1993 including Accounting, Job Costing and Property Management. Lonny brings expertise in Implementation Management, Business Process Diagnostics, Application design and troubleshooting along with Crystal and STO report design. You can reach Lonny at 800-659-5851.



Secret #1 for Successful Contractors

Excerpt from “Seven Secrets for Successful Contractors” by Profit Press. Call and ask for the other six secrets.

Many contractors believe that marketing and customer service efforts are not effective in construction. Thus, usually the only time most contractors devote to marketing and customer service is when they aren't busy—when, in fact, the time to devote to marketing must be done when you're busy, *before* job volume slows.

Here are several other misconceptions many contractors share:

-Contracting is a “feast or famine” business, and that will never change.

-You must take every job, regardless of how profitable, or you may not be able to pay your bills.

-Good customer service is based solely on the quality of your work.

Most contractors also believe that having a core group of loyal customers who provide repeat business isn't possible. There's still a strong feeling among contractors that customers lean one way—“the contractor with the lowest bid gets the job!” However, this isn't necessarily true, and can be overcome with consistently implementing a plan addressing sound marketing and customer service principles.

During the past 20 years, my contractor clients have proven the just-mentioned misconceptions wrong. When a sound marketing and customer service plan is executed, the positive impact on sales and profits are far greater than the time and money spent by the contractor and his team.

You also must believe in and follow these universal business truths:

-Customer loyalty is defined by customers who bring you their new projects, consistently refer you to others.

-Developing a group of loyal customers who provide you with projects on a regular basis doesn't happen by accident.

-Contractors can increase sales and profits by developing higher-profit jobs. These higher-profit jobs are easier to obtain from loyal customers.

All successful projects and ventures begin with a plan.

Good customer service must be defined by your *customers*, not *you*, in order for you to succeed as a contractor.

Thus, the key to long-term business success *is* based on sound marketing and building customer loyalty. And these don't happen by accident!

There are many ways to build strong relationships with current customers or prospects. Several ways include:

-Maintain regular contact (ways to do this are almost endless: write notes or send them your company newsletter, send welcome letters or thank you notes, follow through immediately on change work, send e-mail notes as appropriate, etc.)

-Develop regular in-person “state of their project” meetings (such as breakfast or lunch)

-Identify what “priority performance” means for them (this is simple to do—*Ask them!*)

-Inform them that they are a “priority customer” for your organization and explain what this means

Offer extra services (such as early estimates, etc.)

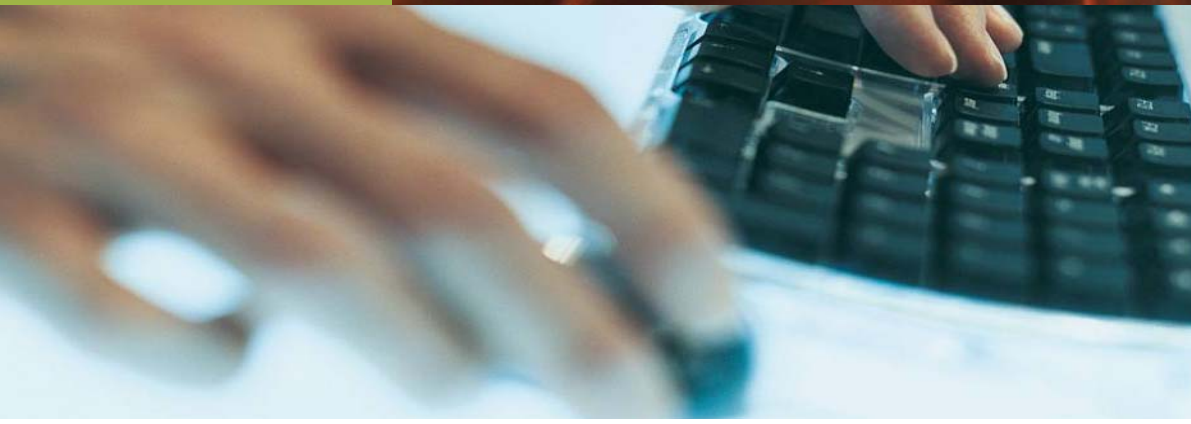
-Here are additional relationship-building tips:

-Return all phone calls promptly

-Keep your word no matter what

-Avoid excuses

-Meet deadlines



EYE ON IT

Current Industry Trends

We are seeing more products offering time collection in the field. We are being asked about this more frequently as well. We can refer you to some of our top picks to solve this issue. I personally believe that time reported daily is more accurate than a timecard that is filled out on Friday night or Monday morning. Want accurate cost reports? You have to start with accurate daily labor reporting.

SOFTWARE Monthly Picks

Saw this one in
The January
Issue of PC
Magazine.



Sorry for the name-----
PC Decrapifier at
www.pcdecrapifier.com

This website cleans all the stuff that the computer manufacturers include on a new computer. Items like AOL installer to Yahoo toolbar. I used it on two of my PCs and their performance did improve.

Technology Solutions to Consider

It is hard to make investments in new software and technology in these economic times but when you consider these facts:

- Your staff has more time to learn how to use this new technology
- Our prices are lower than they were last year
- With interest rates as low as they are, CFO on the go can provide access to one – three year, no interest, leases for you.
- You need to bid more jobs today to get work.

We offer two solutions that should have an immediate impact on your bidding efforts and results.

The first is On Center our onscreen/electronic takeoff software. This solution can reduce quantity takeoff times by 50-80%. Want to try it? Call us today to get a free 15-day trial.

The powerhouse of our construction bid software applications, Estimating Extended offers you the most comprehensive package of advanced estimating tools. Make the most of Model Estimating to generate detailed, conceptual estimates by answering a series of onscreen questions about a project. **Special price until 3/27/09.**

You can also choose to jumpstart your database building efforts by tapping into a variety of pre-build industry-specific estimating databases. Easily modified, these databases contain thousands of items which can be updated with your own prices and productivity factors. Incorporating your company's own estimating procedures and policies as they relate to unique items, formulas, assemblies, and productivity factors will ensure you generate more precise estimates with improved efficiency.

Want a demo? Give us a call at 800-659-5851.

This Month's Q&A Technology Tips

Q: What should I be aware of before I load 9.5 Estimating?

Last week I made the move to Timberline 9.5, I can tell you it was an exciting adventure only because I was not always consistent on where I located my estimating databases. Since this is the first version to be Vista compatible, Microsoft requires the databases to be located in a specific folder. Everything

is fine if all of your databases are located in the Timberline/Estimating folder because the system will relocate them (Back them up first, please). I had one database located on my desktop and the conversion bombed out a few times before I realized that this one database caused it to fail. I would suggest you do a search looking for *.pee files to make sure they all located in the correct place.



Maximize your Software

If you are like most of your clients you are missing some important reports or in the case of Timberline most of you have not adopted the new desktop feature.

Upcoming Events

Master Builder Instant Alerts – Brand new product

Receive email notifications in real time. Be notified as soon as a condition is met or violated.

Timberline – What is this Desktop everyone is talking about?

Attend a short E-presentation and learn how to install this feature and customize it for each of your users.

Timberline – Learn more about the Project Management module

This is the time to manage projects better; this module adds all the tools you need to take control of your projects.

Please send an email to amyc@cfosontheho.net and once the dates are set, we will notify you. Please indicate which presentations you want to attend.

In the mail soon! My Assistant for Timberline demo CD. Learn how this inexpensive solution can help you manage your business in REAL TIME.

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New address or email address for your main contact? Call us at 800-659-5851 and ask for Jean. We will update your records.