

YHB | CPAs & Consultants

# Is it Time to Upgrade Your Accounting System?



## Meet Your Speaker

Dorrie **Franzello-Kurtz**, CPA | Principal



Dorrie graduated from George Mason University in 1997 with a Bachelor of Science in Accounting and later received her Master's degree from the University of Phoenix in 2010. Since entering, the world of public accounting Dorrie has focused on construction and small business, on both attest and tax engagements.

Dorrie has previously acted as a controller in private industry, responsible for forecasting, budgeting, monthly close process, general ledger analysis and year-end financial procedures.

Dorrie currently leads our Client Accounting and Advisory Services team who provide consulting services for clients with selection, execution, and training of various accounting processes and software solutions. She utilizes her accounting and industry knowledge to aid businesses on deciding which tools to implement for current and future requirements. When doing this, she is able to leverage her technical experience with her unique understanding of the challenges businesses face.

Dorrie is an active member of both the American Institute of Certified Public Accountants and the Virginia Society of Certified Public Accountants. In addition, she is a member of the Associated General Contractors (AGC), the Associated Builders and Contractors (ABC), and National Association of Homebuilders. She is also a member of both the Construction Financial Management Association and Construction Industry CPAs/Consultants Association.



# Is it Time to Upgrade Your Accounting System?

- Are you receiving timely and accurate reporting **from** your current system?
- Does the reporting require performing functions manually **outside** of the current system?
- Does the current system generate **job specific reporting**?
- Does your current system rely on the knowledge or know-how of **specific individuals**?



# Why Change?

## Timely and accurate financial reporting:

- Promotes better management decisions
- Enables proactive rather than reactive responses
- Enables timely information to be provided throughout an organization
- Aides an organization with obtaining bonding and financing to support growth



## Why Change? - Continued

### Performing functions manually outside of the accounting system:

- Can be extremely time consuming
- Changing or updating information is not easily done
- Manual entry can lead to errors as a result of incorrect data entry
- Examples of schedules often manually prepared:
  - Job schedule
  - Indirect overhead allocations/Job burdens
  - Outstanding change order log



## Why Change? - Continued

### Rely on the knowledge or know-how of specific individuals:

- One employee prepares accounting reports outside of the system.
- Only one employee knows how to prepare certain accounting processes or functions.
- One employee, manager or owner administers all of their jobs with knowledge in their head or on personal spreadsheets or reports.
- Risk associated with proprietary information:
  - Loss of knowledge if person leaves employment with the organization
  - Difficulty with transitions and personnel changes
  - Could make fraud detection difficult



## Why Change? - Continued

- If you are listening to this presentation and do not have an accounting system that includes Job Reporting – You need to be considering a change.



## When to Change?

**The best time to make a change in an accounting system is when it does not align with your organization's needs and goals, factors include:**

- Growth or Expansion
- Inefficiency and Limitations
- Compliance and Regulatory Changes
- Cost and Return on Investment



# Prepare for the Change?

- Review your accounting processes
- Clean up your data before beginning implementation
- Set realistic expectations
- Develop a plan and timetable
- Prepare for change management
- Set the tone at the top
- Don't be afraid to ask for help
- Understand you are making an investment



## Review your accounting processes

Take a step back and observe and document the monthly accounting processes. Determine the following:

- What processes are being done?
- Who is doing the processes?
- How are the processes being done?
- When are the processes being done?
- WHY are the processes being done?
  - Are the processes necessary or are they being done because they have always been performed? Are they useful and if so, who is using the information?



# Clean up your data before beginning implementation

- The old adage applies to software conversions:
  - “Garbage In = Garbage Out”
- Review your chart of accounts
- Review or create cost codes
- Remember more is less!
- Clean up customer and vendor lists
- Clean up accounts receivable and payable balances



# Set realistic expectations

- Software conversions are not done in a day
- Everything is not going to work the first time
- Remember it's not your old software
- The time it takes for a new behavior to become a habit can vary depending on several factors. According to a commonly referenced study conducted by researchers Phillippa Lally et al. at University College London, it takes an average of 66 days for a new behavior to become automatic or habit-like.



## Develop a plan and timetable

- Determine when the best time is to perform a software conversion for your organization
- Do the clean-up work before you begin implementation
- Follow the software providers implementation plan
- Meet deliverable dates
- Think of the conversion process as a construction job
- Set-backs and not meeting deliverables caused delays that ripple through the entire conversion - Delays cost money



## Prepare for change management

- **Eat the elephant one bite at a time**
  - Tackle each task systematically and in order
  - Implement in stages
- **Anticipate push-back**
  - Individuals resist changes because they see aspects of the change as not in their best interest
    - Examples of this include:
      - Loss of job security or status
      - Fear of failure
      - Fear of the unknown
      - Past mistakes – skeletons coming out





## Prepare for change management

- **Communication is key**
  - Explain clearly why the change is necessary and what the organization will gain from the change
  - Assign roles in implementing the change, everyone appreciates being part of the team
- **Train and cross-train and then train again**
  - Helps reinforce new processes and builds confidence in individuals and teams
- **Document new procedures**
- **Find out if there are user groups for the software you choose**
- **Remember to have realistic expectations**



## Set the tone at the top

- The attitude and approach at the top greatly affects employees during implementation
- Model a positive attitude during implementation
- Set expectations on the use of the software
- Establish an implementation team
- Establish accountability
- Provide support





## Don't be afraid to ask for help



- Most software conversions fail due to lack of proper set-up or improper accounting logic
- Assistance at the start is more effective and less costly than correcting mistakes
- YHB has consultants who are knowledgeable about construction accounting, software packages and have experience working in accounting departments. This gives us the ability to help work through questions that arise during implementation and developing business processes



## How to choose the best system



- Consider the users
- Consider the size of your company now and in the near future
- Compile a list of must haves
  - Be willing to compromise on this list
- Look for a system that is designed for your industry or specific needs
- Avoid customization



# How to choose the best system - Continued



- Ask for references in your industry
- Call the references!
  - Ask how the software has improved their accounting processes and financial reporting
  - Ask what they like best about the software
  - Ask what other software packages were considered and why they made the decision to go with the package they chose
  - Ask how the implementation went for their company
  - Ask about the pain points in implementation and what went well
  - Ask for recommendations on how their implementation could have gone better
  - Ask about the customer support they have received after implementation

The background of the slide is a photograph of a modern building's glass facade at night, reflecting city lights. A large, semi-transparent green circle is centered on the slide, containing the text 'Thank you!'. There are also three smaller, solid-colored circles (green, yellow, and blue) scattered around the main circle.

Thank you!