



LEVESYS
SMARTER
CONSTRUCTION
SOFTWARE

COMPLIMENTARY WHITE PAPER

10
essential
elements
to
improve
the
profitability
of
your
business

10 essential elements to improve the profitability of your business

High profitability is commonly sacrificed to get contracts in the cut-throat construction industry. But there are a number of initiatives that you can take to improve your profitability and still win those very lucrative contracts.

Here are the key issues that successful construction companies have addressed to improve their financial performance:

- Streamlining their businesses;
- Removing all duplication;
- Having the ability to access accurate information when they need it; and
- Taking advantage of the latest technologies as they become available.

It all sounds a bit daunting but it's not as difficult as you think.

So how exactly do you go about achieving a streamlined business, zero duplication, information in real time and the latest technology? The simplest way to achieve these things is by implementing Enterprise Resource Planning (ERP).

ERP systems see duplication removed, processes streamlined and are commonly upgraded annually or bi-annually to ensure their customers are ahead of their competition.

What's an ERP System?

An ERP system is a computer-based system that integrates most of your business operations into a single company-wide system. ERP systems are used to manage all external and internal resources, as well as materials and tangible assets.

As well, ERP systems facilitate the flow of information across all business functions within the company in real time, while also managing the company's relationships with outside stakeholders. ERP systems see duplication removed, processes streamlined and are commonly upgraded annually or bi-annually to ensure their customers are ahead of their competition.

Here's how an ERP system will improve your profitability.

1. Increased Revenue

1. All projects and service works are methodically recorded and tracked through their duration. Variations, a feature of any construction contract, are logged instantaneously, and fully managed. These vital functions ensure that all work is invoiced in a timely fashion, increasing revenue and improving cashflows. No more 'work not invoiced'!

2. Reduced Operating Costs

2. Improved coordination, flexibility across all company departments, and increased efficiencies deliver reduced operating costs. Human resources, information technology, financial management, auditing, procurement, production and administration costs can all be reduced. Implementation of an integrated ERP reduces duplication of data input, reducing staff levels.

3. Increased Productivity

3. The automation and streamlining of business-processes translates into paperwork reductions, productivity improvements and ultimately cost-savings. An enterprise-wide information network holds and records all company information.

4. Facilitation of day-to-day Management, Permitting Continuous Improvement

ERP systems deliver access to accurate data in real time. This enables informed and efficient decision making and management control, ensuring efforts go to areas that will improve the company's performance overall.

*Reduced costs
translate into
potential savings
for customers
while
maintaining or
improving profits
for the company.*

5. Support for Strategic Planning

Accurate data collected from all aspects of a company provides information necessary to determine exactly where a company is, as well as allowing informed decision making for the future. Owners and decision makers can confidently develop company wide strategic plans. With full control and streamlined processes, a company can align its operations to the developed strategies. The cost of time that was once wasted through data collection and strategy implementation is significantly reduced.

6. Ensured Compliance with Changing Industry Requirements

With regular updates, upgrades and assistance at end-of-financial-year, an integrated ERP system ensures that the system is up to date with industry requirements. This saves time and resources you would have required to ensure your company is compliant with ever-changing regulations. This point however highlights the importance of choosing an ERP vendor that supports the specific requirements of the Australian construction industry.

7. Reduced Risk

Clear work flows and integrated linkages between financial, project management and human resource data removes the risk of inaccuracies and the cost of amending inaccuracies. Control is increased with both documentation and financial data for all facets of company operations being clearly visible and easily retrievable.

8. Improved Corporate Governance

Research finds that better corporate governance is directly linked to better company performance, with higher earnings per share and return on assets than that of poorly governed companies. An ERP system improves corporate governance through the collection and storage of data to provide convenient access and control for financial compliance, as well as for sustainability reporting and the tracking of licenses and certificates.

9. Increased Ability to Take on Additional Work

With improved productivity, reduced costs and access to accurate, timely information, a "portfolio" approach to projects can be taken, estimating the profitability of each throughout the process. Also, ERP systems support global operations as they can handle domestic accounting requirements and currency conversions.

10. Increased Customer Satisfaction

Reduced costs translate into potential savings for customers while maintaining or improving profits for the company. Streamlined sourcing and procurement processes translate into a more efficient response to changing customer demands, while remaining within budgets and deadlines. With the combination of streamlined processes, constantly recorded, accurate, real-time data and quality estimating abilities, customer expectations can be managed and exceeded. All of these benefits lead to improved quality and company reputation.

Overall, these benefits increase a construction company's profitability, competitive advantage and allow sustainable company growth.

For more information on improving your construction company's profitability contact LEVESYS on +61 7 3004 6100 or at info@levesys.com.