



# 6 Steps Every Contractor Needs to Take for Growth

ACI Asphalt & Concrete develops software to improve workflow, ease client handling

**MORE THAN 20** years ago when ACI Asphalt & Concrete worked with its database of customers, owner Jim Bebo was frustrated with the old customer relationship management (CRM) system where he needed to enter the customer's name into his system as many as five times.

Well, he doesn't have to worry about that anymore because ACI Asphalt has developed a single-entry software program – “really a work flow and business operation system, not a software system,” Bebo says – that integrates virtually all aspects of a contracting business. And not only is ACI making the system available to the industry, the contractor is willing to share what it learned along the way as they developed, tweaked, tested and implemented its PROCURU software program.

Headquartered in Maple Grove, MN, ACI Asphalt & Concrete employs 80 people who focus on commercial work and town home developments. In peak season, the full-service asphalt and concrete contractor runs a dozen crews including two paving crews, three sealcoating/cracksealing crews, three concrete crews, two infrared crews and one crew each for patching, milling and grading. The variety of work combined with upwards of 3,500 crew visits to jobsites a

year necessitated the use of some type of streamlined management tool.

Years in development, the PROCURU software integrates all sales, management and operations information in one place, then makes that information available to all employees depending on their level of responsibility. The information is collected in the software to provide information to employees and to generate reports ACI management relies on to fine-tune their operation.

The software's original version, scrapped and rebuilt starting in 2008, included an estimating platform, a proposal development platform and a job costing platform. The current version adds missing pieces that ACI deemed essential including a scheduling component, more specific job costing, and a restructured customer database that functions more as customer relationship management than just a database. It enables ACI to connect companies, company contacts and jobsites together or reconnect them as contacts move from company to company without losing the history of each – and all while entering their information only once. The software also creates invoices and connects to QuickBooks financial software for invoicing.

“All the things we added and improved were created out of problems, failures and challenges,” Bebo says.

Here's just some of what ACI learned along the way – information the ACI team says can benefit every contractor.

## 1 Share Information Among Employees

PROCURU's program starts with transparency. ACI collects a huge amount of information, plugs that information into its system, then makes that information available to employees. Based on the level of responsibility, each level of employee is given information about the job, the day's work schedule, the costs and equipment use, and even gross profit.

“If you want to empower people you have to share information with them and most owners don't want to do that. That's a big hurdle for many people to overcome,” Bebo says. “But *not* knowing is the biggest anxiety. Just like owners want to know how their investment in the company is doing, employees want to know they have work, that the company has work well into the future and that the work they are doing is profitable for the company.”

Tom Hastings, ACI/PROCURU technical director, says each ACI employee accesses PROCURU via a company-issued

laptop, iPad or iPhone. Each level of employee (laborer, foreman, manager, salesperson etc.) has a different “dashboard” on the device, which gives employees access to only the information they need to do their job.

Field employees get to see how their work compares to estimated hours for labor and equipment and estimated material quantities to what was actually used. Service line managers, salespeople, project managers and management team see this information in hours, quantities and dollars including gross profit. “An employee’s performance improves knowing the metrics based on the goal to beat the estimate and this lets everyone know when they are winning,” says Troy Ludgate, chief operating officer.

## 2 Know and Track the Cost of Each Job

The crux of the PROCUR software is its detailed job costing and reporting. To expedite the process of costing, two apps were developed. One for costing equipment and materials and the other for reporting labor. Both are reported

directly from the field.

The iPad app used by the foremen downloads all job information, such as, labor, equipment and materials needed for the job. All customer information and communications, special notes, site maps, etc., is at a foreman’s fingertips. When the work is completed for the day, the foreman enters the materials and equipment used for the day through a series of taps and drop-downs. He can add any special notes, if needed. This information is then pushed directly to the PROCUR costing module.

The iPhone app records each employee’s time in real time. The simple process works like this: When an employee gets to work, they pull the day’s scheduled work from the software using the phone app. Employees choose the first job they are going to, tap START, which punches them in for the



PROCUR phone app helps track payroll.

day. The app will ask for a work code, and with a few quick taps and selections from dropdowns they will pick what they are doing such as mobilizing, patching, paving, milling, etc. They punch in and out of these work codes and jobs throughout the day. At the end of the day, they punch out and send the information back to the server and the PROCUR costing module. That completes the costing for the day.

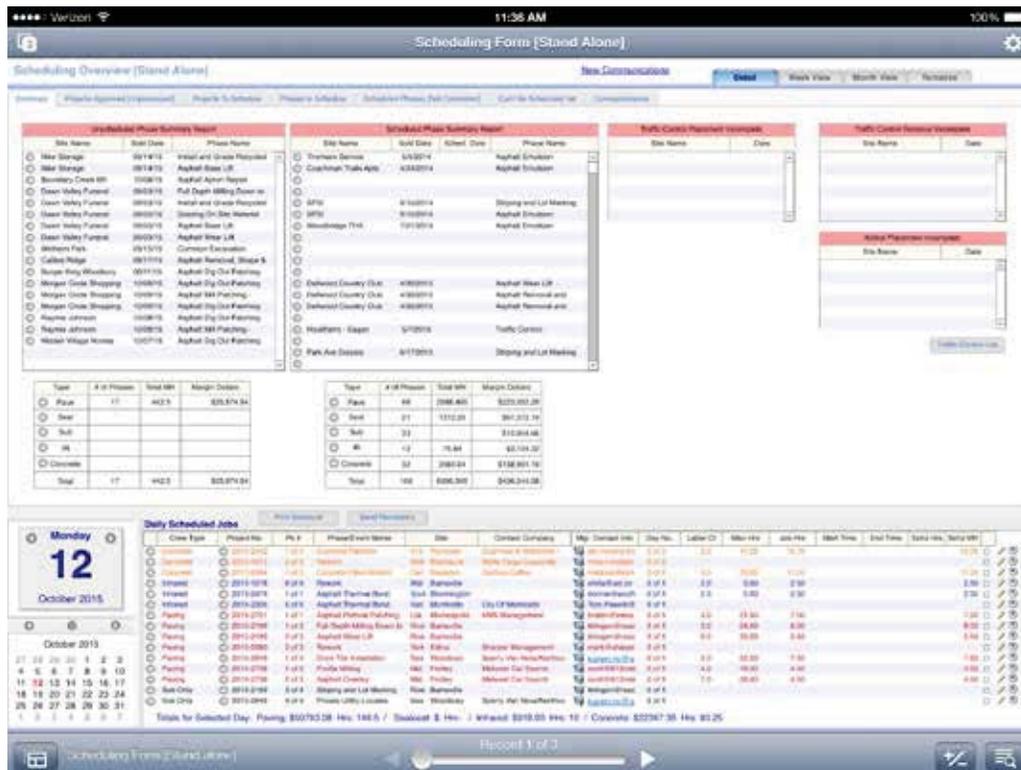
While allowing employees to access the software with these apps, access is limited to only the information needed to perform their work for that day, keeping all other data secure.

“These two apps have revolutionized the costing and reporting times for this software and our industry, not to mention the increased accuracy of job costing and the labor savings by real time reporting,” Hastings says.

“Accurate job costing is essential,”

Ludgate says. “Most contractors don’t know what the costs of their job are. They get to the end of the year and if they have more than they started with then they had a good year. We know within 24 hours exactly how well that job did for us and what all the specific costs were, how they compared to estimated costs, what the change orders were and what, if anything, we need to fix.”

Already loaded into the program are detailed material costs, labor costs, equipment utilization costs – basically any cost specifically associated to a job. When salespeople access the proposal component to put together a bid, the costs are right there and are loaded right into the bid.



The software provides an integrated overview of the job schedule.

ACI runs two paving crews, three sealcoating/cracksealing crews, three concrete crews, two infrared crews and one crew each for patching, milling and grading. The variety of work combined with upwards of 3,500 crew visits to jobsites a year necessitated the use of some type of streamlined management tool.

“We want all the details in there from the start, as many details as we can get because if we do it properly up front, that gives us great information at the end of the project,” Hastings says.

“The program also tracks historical information that way. The salesperson can see if we did a job for that client in the past and we can see exactly what that job involved including what our billing was, how close it was to the estimate and how much material and how many man hours were required.”

Once a lead is generated, the specific information of the company, contact, and site is given to the ACI receptionist for entering and generating a job number. “One person enters this information for consistency and she is our ‘enforcer,’ making sure all procedures are being followed and that all necessary information is entered correctly. The proposal is now ready to be built by the salesperson.”

The details of a project are entered by the salesperson into the proposal builder module with a few clicks and choices from dropdowns. “Material, labor, equipment and trucking costs are all pre-loaded so actual costs are accurate for the estimate. The salesperson adds the margin percentage, clicks ‘view proposal’ and a proposal is ready for the customer’s approval,” says Steve Stone, ACI/PROCRU sales representative.

The software includes automatic reminders e-mailed to clients who have not responded to proposals and it includes reminders to the salespeople that they haven’t heard from a prospect about a proposal sent out.



“Every company loses sales because salespeople don’t get back to a customer in a timely manner about a job they bid,” Ludgate says. “It’s not that salespeople want to forget to call about a proposal, it’s that we all have too much to do, especially in the heart of the season when everyone is so busy.

“This allows us to increase our closing percentage because we’re able to follow through all the way on the sales process.

It allows us to put out more bids and the fail-safe auto-reminder takes the human element out of it. So forgetting or having too much to do doesn’t mean you’ll drop the client.”

Ludgate says that over the last four years, with only one additional salesperson, ACI has significantly increased the dollars of proposals it has sent to prospects. During that time, overall sales are growing at double-digit rates annually and he attributes a good portion of those increases to the PROCRU system.

“We’ve virtually eliminated clients calling us saying ‘your salesman never called us back,’” Ludgate says.

### 3 Schedule Quickly & Involve All Parties

Because scheduling is one of the biggest challenges every contractor faces, ACI made sure the scheduling component operated smoothly and connected all parties involved in a job

– ACI managers, foremen, field workers and the project managers. Hastings says that after a proposal is accepted, the scheduling system takes over. “Within 72 hours of receiving the customer’s acceptance, we’re talking with them to schedule a date,” says Joyce Jakel, ACI scheduling. The scheduling department works with all service line managers, project managers, salespeople and the customer to find the best date and once that’s determined, the system makes the information available to the appropriate people via a download through the app to the foremen’s iPad or field workers’ iPhone.

“Scheduling can get very detailed in each phase of the job, in fact each phase of each job can be scheduled and details can be added along the way,” Jakel says.

### 4 Document All Change Orders

Another improvement for ACI – and an area most contractors need to work on – is that the number of change orders has increased dramatically under the system. Bebo says that in the past many ACI change orders got lost in the shuffle of end-of-day paperwork. “But the work itself, the change, still got done. It got done but we didn’t get paid for it and I know from talking to contractors that this happens all the time,” Bebo says.

To solve that problem and to generate the revenue that it should from all of its change orders, ACI built into the software a process that enables change orders to be entered and approved at the jobsite on a foreman’s iPad. “Our customers can sign it right on the iPad or we can e-mail it to them for approval right from the site,” Bebo says. “Volume from change orders has gone up substantially.”



At the jobsite the software app enables crews to track start and stop time on each job segment.

## 5 Manage & Maintain Your Customer Relationships

Because the initial impetus for ACI Asphalt's entire PROCRU software program was its customer database, it's no surprise that the customer relationship management system ACI developed is an advanced design that allows ACI to connect the jobsite, company and the company's contact all together. "It's designed so we can track all the history of each of those parts," Hastings says. "Also, because people move around a lot in this industry, we can connect and disconnect all those things so we don't lose any history."

The system includes an automated reminder that brings to attention any customer or property the contractor has done work for in the previous two or three years. "It tells us, for example, that the last time we sealcoated their property was three years ago, so we reach out to them and let them know it's time to sealcoat again," Ludgate says.

He says every three weeks ACI sends an e-mail blast to this list reminding property managers it's time for work to be done. He says this has brought in a good amount of business that, just as happens with many contractors, otherwise might have fallen off the radar in the midst of a busy season.

## 6 Do Something with the Information You Collect

Bebo says that the key to the success of the PROCRU software – and the key to success with collecting any information regardless of how you collect it – is to do something with it.

"Many contractors I talk to *do* collect information but they never reconcile it – whether at the end of the job, the quarter or even the end of the year. There's almost no value in collecting this type of information if you don't reconcile it," Bebo says.

ACI Asphalt & Concrete built an automatic reminder into their system so that once a proposal is sent out to a customer, the salesperson gets an e-mail reminder to nudge the customer about the proposal. Within 72 hours of acceptance of a proposal ACI is talking with the client and internal managers to add the job to the ACI schedule.

***"Since we've been using this program we have been within 3% plus or minus for our sales goals every year,"  
Jim Bebo, Owner, ACI Asphalt.***

"Our software forces reconciling all that information and managers can track things like equipment utilization which helps us decide if we need additional equipment. And we can even test and adjust labor rates. I know what our trends are, I can see what our business needs are, we rely on this for forecasting – and we report to everyone two days a week so they know where we are in our goals," he says. "Since we've been using this program we have been within 3% plus or minus of our sales goals every year."

Not only does the system force reconciling information, Bebo's management team examines and reacts to the information within days of the completion of each job. "Within 24 hours we know how a job was done," Ludgate says.

By integrating job costing, estimating, scheduling, operations and billing ACI Asphalt has reduced its amount of rework has fewer customer complaints, and has doubled its sales in four years.

To make it easier to do something with the information, ACI Asphalt's software produces reports that management can use to compare the job estimates with the actuals of a finished project. ACI meets each Monday with the sales staff to evaluate performance, discussing not only where the company performed well but where it could improve. On Wednesdays the service line managers meet and look at the same report.

"We can see if our material costs are in line and if our labor costs are in line and if our equipment utilization and costs are in line," Ludgate says. "If they aren't, we then figure out why and apply what we learn to the next job."

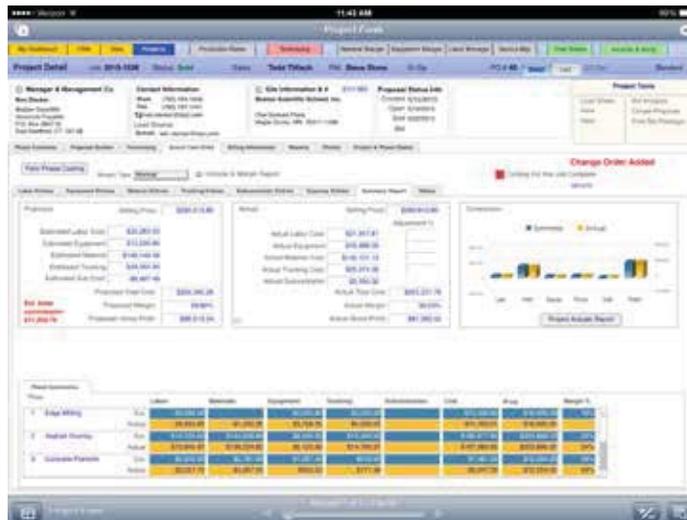


"This is important for us and for every contractor because there are only two things we can control: Our labor costs and our material costs," he says. "As a result of this report we can safely say we've added 1 1/2 -2% of gross margin annually since 2008 because we've tracked our costs and work to control what we can control."

And that's done in as close to real time as possible, Ludgate says, not waiting until the offseason to evaluate and make changes. "When we do a job on Tuesday by Wednesday afternoon we know exactly how we performed on that job and everyone in the company can see it," Ludgate says.

He says the figures that seem to make the most impact on employees at all levels are estimated man hours, material use and equipment utilization vs. actuals "because we can see how we performed."

"That helps us tweak our estimating so we're more accurate when we bid jobs because past performance has been factored into the hours, material use and



equipment use and we can alter that if we need to," Ludgate says.

"Basically this software does everything that consultants for years have been telling contractors they have to do. But contractors just don't have the time," Bebo says. "It took us years to develop it but it's worked."

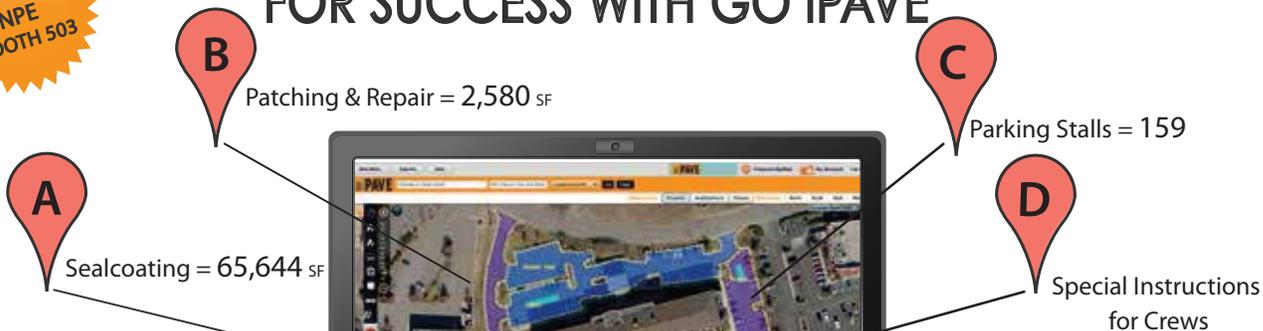
"Most contractors do some of this, or at least they do some of it to some extent. That's a start, but to take full

All the information collected about a job is combined into a project form that provides a detailed look at the result of the finished job.

advantage of the information you collect you need to have systems put in place to analyze it and make course corrections when you need to," Bebo says. "That approach has made a huge impact on the success of our business over the last few years." **PVM**

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