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## QuickBooks® for Contractors Newsletter

### Spreadsheet Dependency – Are you addicted to Excel?

When you run a business, there are always some tasks that simply scream “INEFFICIENT!” and most business owners will generally not waste any time seeking a solution to those tasks; however, spreadsheet dependency just sort of sneaks up on you at one point or another.

On almost a daily basis, I talk with contractors or their bookkeepers about our AIA Billing program (*Construction Application for Payment Solution - CAPS*) and when I tell them that CAPS is designed to work off the Estimating and Progress Invoicing features of QuickBooks they tell me – “oh but we don’t do our Estimating in QuickBooks, we use Excel” – my immediate response is “how do you handle your job costing?”

Being lured into spreadsheet dependency is an easy and almost transparent event. For many small contractors just starting out, spreadsheets are the first and seemingly only solution they need to get their company up and running....quickly.

Because spreadsheets are flexible and easy to use there is little to no learning curve and no need to learn anything at all about bookkeeping and accounting. Contractors frequently create spreadsheets to create and track estimates, invoices, payroll, basic job costing, financials and more. The next thing you know the business is growing and here comes the creation of more and more complex “WORK” sheets to analyze job costs.

Soon the contractor has mountains of data that cannot be linked and spends even more time building and maintaining these spreadsheets than he does looking at the numbers that they contain. And as the “mountain” of data grows it takes longer and longer to maintain the “WORK” sheets. The next thing you know the reports, the invoicing, or the payroll start falling behind.....the data is outdated, and no one has a clear picture of what is going on with the company’s financials. This is why you will notice that I’ve started calling the spreadsheets “WORK” sheets – because they just become more and more WORK!

Don’t get me wrong, spreadsheet technology *does have* and has had its place in the construction industry as it is way ahead of doing books manually and can produce some great forms to use in the field. But when spreadsheets become “WORK” sheets . . . it is time for a change!

This is usually the time that most contractors switch to QuickBooks or some other small business accounting software in order to alleviate the burden of spreadsheet dependency.....

## QuickBooks and the Spreadsheet Sprawl

So now you've bought QuickBooks and one of Intuit's payroll services, and start to create a QuickBooks company file for yourself. Perhaps you have even managed to:

- ✓ Get your payroll and payroll liabilities set up and working adequately.
- ✓ Write and/or record your checks so you always know what your bank balance is.
- ✓ Started tracking invoices (even if they are only single-lines invoices) so you can track Accounts Receivable and record customer payments.

Things are going good.....right??? ..... WRONG!

Well, ok, let's admit it - SOME things are better....but....you have simply become overwhelmed by the learning curve, run out of time to try to figure things out because there is so little information about setting up and using QuickBooks in the commercial construction industry and you simply can't find anyone who can "tweak" QuickBooks to meet your needs.

By this time you are frustrated and the Estimates and Billings need to be done and you still need to track Job Costs....so it's back to your "WORK" sheets because they are familiar and "easy" compared to the rest.

Now depending upon *who you talk to*, some folks will tell you that:

- ✓ QuickBooks does not offer contractors enough flexibility or formatting capabilities for job costing or specialized reporting
- ✓ That they cannot see their data the way they need to see it
- ✓ The QuickBooks Estimating function isn't powerful enough
- ✓ In order to truly get good construction job costing you need to buy a construction specific accounting program (aka costing \$1,000's of dollars)

Perhaps these were more accurate statements a few years ago when as a result these people would spend even more time re-entering and manually updating data into S\_P\_R\_E\_A\_D\_sheet "WORK" sheets. However, the people that are still preaching that gospel today either

- ✓ Don't realize how far QuickBooks has come
- ✓ Don't realize that there are now hundreds of QuickBooks integrated applications that enhance the functionality of QuickBooks (you'll find these located on the QuickBooks Solutions Marketplace - <http://marketplace.intuit.com/>)
- ✓ Really don't understand the construction industry and how to *properly* setup QuickBooks for use in the construction industry
- ✓ Or, they want to sell you one of those *really, really expensive* construction specific accounting programs

## Conquering Spreadsheet Addiction

If you are one of those folks who is still addicted to spreadsheets take the final plunge and conquer spreadsheet addiction once and for all!

Using spreadsheets does not provide you with the ability to integrate data between all aspects of your business, provides no ability for multiple users, and offers no protection against data loss.

QuickBooks on the other hand is built upon a secure database, can handle large volumes of data, and allows for multiple users, each with their own unique set of permissions. Reports can be shared by multiple users without worry about transposition errors, are instantly updated as soon as a new transaction is entered, and can be run for any time period or multiple time periods with comparisons .... Sounding better all of the time isn't it?

Put away your misconceptions and frustrations and get back to the focus of finishing the setup of your QuickBooks company file.

Make a list of the business functions that you are still using “Work” sheets for; it probably looks something like this:

- ✓ Estimating
- ✓ Invoicing
- ✓ Job Costing

If so, setting up your Job Cost Codes in the QuickBooks Item List should be your first step, as you will be using QuickBooks Items in all three of the functions listed above.

Some very good resources to help you with the setup of your Job Cost Codes/Items List can be found in our On-line Support & Resource Area -

<http://www.sunburstsoftwaresolutions.com/support/quickbooks-resources.htm>

In closing, I would like to say that it has been my experience that the QuickBooks Estimating function IS or CAN BE powerful enough for most contractors if you set up your Item List correctly and then use it.



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