Design/Build Firm Improves Project Management with Simplified Access to Analytics

Overview

Country or Region: United States
Industry: Professional services—Architecture, engineering, and related services

Customer Profile

Founded in 1982, KDA Holdings is a design/build firm that creates turnkey facilities for the financial and healthcare markets.

Business Situation

Because its Sage Timberline accounting system was inflexible and ran on older database technology, KDA could not easily analyze its project management.

Solution

Working with Microsoft® Gold Certified Partner SIS, KDA implemented Microsoft Dynamics® SL. Improved project accounting and reporting helped increase project profit margins by 3 percent.

Benefits

- Easier access to data
- More efficient accounting processes
- Higher profit margins

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Karen Dubois, CFO, KDA

KDA Holdings, a design/build firm based in Georgia, needed to better track profit margins on its projects, but was limited by its Sage Timberline software. Managers at KDA could not easily analyze information in Timberline because of the slow performance of the database, a reliance on outside consultants to create sophisticated reports, and the accounting system's inflexibility. To improve operations, KDA worked with Microsoft® Gold Certified Partner SIS to switch to Microsoft Dynamics® SL. With the new solution, KDA managers and executives have real-time insight into their business and can better evaluate project information, leading to more efficient operations and project management. Since switching to Microsoft Dynamics SL, the company has improved average profit margins on its projects by 3 percent, simplified data access, and streamlined accounting.

Situation

Based in Marietta, Georgia, KDA is a design/build firm that primarily serves financial markets. KDA provides real estate assessment and acquisition, capital financing, facility design and construction, retail merchandising, and more. This portfolio of services has helped more than 400 clients optimize market presence and financial performance since KDA started business in 1982.

KDA typically runs approximately 20 projects at any time and these projects last nine months on average, with roughly three months allocated to design and six months for construction. KDA employs 33 consultants, project managers, and office staff, and works with a variety of subcontractors to complete the construction portion of its projects.

"Profit margin is a key business performance metric for design/build firms like KDA," says John Hodge, formerly Vice President of Finance at KDA, and now a Consultant with Microsoft® Gold Certified Partner SIS. "Whether the company makes money is determined primarily on how well it manages its projects. The company needs to be able to analyze its project management discipline, not only to prevent erosion of profit margin for existing projects but also to evaluate project management capabilities on an ongoing basis."

The Sage Timberline accounting software that KDA used offered limited reporting and data analysis capabilities. For example, Timberline did not let managers run period-comparison reports so that they could compare actual performance of a project against the originally anticipated project costs.

"Timberline was difficult to use and had a significant learning curve," says Karen Dubois, CFO at KDA. "For example, we had to rely on consultants to create reports using the proprietary reporting function."

The database technology underlying Timberline performed slowly, delaying responses for queries and reports. "The report writer in Timberline is very slow," says Hodge. "When I first joined KDA, I was incredulous when people told me it took a day to run a report for accounts payable by project. But indeed, the system took in excess of eight hours to run that report."

To analyze information more easily, company executives at KDA maintained a large spreadsheet populated manually with numbers from the accounting system. The spreadsheet tracked percentage-to-complete status on projects and helped calculate forecasts. "The process of typing data from Timberline into the spreadsheet not only took a long time, but often introduced errors. And, there were no controls, so anyone could change anything in the spreadsheet without record," says Hodge.

However, this type of asynchronous and manually intensive data analysis did not provide adequate visibility into project performance at KDA. Having previously worked with Microsoft Dynamics® SL at another large design/build firm, Hodge suggested to company executives that they move from Timberline to the Microsoft solution.

Solution

In a presentation to company executives, Hodge explained that Microsoft Dynamics SL provided greater technical flexibility, which would enable KDA to structure the system to reflect its unique business requirements. KDA tapped Microsoft Gold Certified Partner SIS to complete the implementation, including the core financial modules, the Project Manager module, and Microsoft FRx®. The solution lets KDA conduct more in-depth analysis of

project performance, without needing to maintain offline spreadsheets or engage outside consultants.

"With Microsoft Dynamics SL, the company can do its forecasting and accounting the way it needs to. We structured the system so that the company can more effectively manage its projects," says Hodge. "And, we made adjustments to the interface so that it was intuitive for employees."

"Microsoft Dynamics SL is so user friendly that we had no problems when we switched over from Timberline," says Dubois. "Once we switched, people intuitively understood how it worked. As a result, we have a lot more buy-in from people throughout the company for Microsoft Dynamics SL than we had with Timberline."

KDA project managers use Microsoft Dynamics SL to keep track of their open commitments, cash positions, accounts receivable, and accounts payable for their projects. The inquiry screen in Microsoft Dynamics SL lets the project managers easily investigate issues by drilling down from project summaries into transaction details, if necessary. And, they can generate project-specific reports at the click of a button by using stock and custom reports written with the Crystal Report Writer. Previously, project managers had to analyze job-cost data in offline spreadsheets.

Company executives also have more powerful tools for evaluating project management at KDA. Current and past-period reports are available quickly with updated accounting data from Microsoft Dynamics SL through Microsoft FRx Report Writer. "In my opinion, Microsoft FRx Report Writer is the best reporting tool in the industry in terms of flexibility and power," says Hodge. "For example, we created reports that track corporate profitability by comparing the prior

month's margin against the current month's margin."

KDA also takes advantage of the Allocator module in Microsoft Dynamics SL to assign costs by type in a project—such as labor, materials, or services.

Benefits

KDA now has fast access to detailed project accounting information so that project managers and company executives can closely track metrics that determine business success. "With Microsoft Dynamics SL, KDA can configure the system to meet the unique needs of its business," says Hodge. "This gives the company an important business advantage because they have more visibility into past and current projects, which makes them better prepared for future success."

"I've used a number of business systems and Microsoft Dynamics SL is by far the most flexible and easy to use," says Dubois. "Having all our business information at our fingertips has helped us increase our profit margins and manage our overhead expenses."

Easier Access to Data

KDA no longer relies on offline spreadsheets to analyze business information. Instead, KDA project managers and company executives can create and run reports in Microsoft Dynamics SL according to their particular needs. "The Vice President of Construction at KDA told me that Microsoft Dynamics SL is 10 times easier to use than Timberline—that's notable coming from someone who used the previous system quite heavily," says Hodge. Project managers particularly appreciate the ability to easily drill down into details and the customized navigation menu that highlights functions, both of which are important to how KDA operates.

"Our financial processes are much more efficient with Microsoft Dynamics SL. For example, we've halved the time it takes to close our monthly financial records."

Karen Dubois, CFO, KDA

Running reports is also exponentially faster with Microsoft Dynamics SL than with Timberline. "To evaluate the performance of the two systems, I set up a Microsoft Office Access® database that made queries to Microsoft SQL Server® and the Pervasive SQL database that ran behind Sage Timberline," says Hodge. "The general queries were at least three times faster with Microsoft Dynamics SL. And, in less than three minutes, we requested and processed a report in Microsoft Dynamics SL. That same report required eight hours in Timberline."

By taking advantage of the flexibility of Microsoft Dynamics SL, KDA can create general ledger entries that are also reflected as job costs in the project account.

More Efficient Accounting Processes

KDA now has a fully integrated project accounting solution, eliminating redundant data entry that produced errors and inefficiencies in managers' spreadsheets. With Microsoft Dynamics SL, the information comes directly from the financial system so that it is accurate and up-to-date. In addition, now that KDA employees enter information directly into Microsoft Dynamics SL, all changes are tracked for accountability and audit purposes.

"Our financial processes are much more efficient with Microsoft Dynamics SL," says Dubois. "For example, we've halved the time it takes to close our monthly financial records."

Higher Profit Margins

With Microsoft Dynamics SL, KDA managers are empowered to make timely decisions that preserve project profit margins. Since switching from Timberline to Microsoft Dynamics SL, KDA has improved average project profit margins by at least 3 percent. "Before implementing Microsoft Dynamics SL, projects consistently fell below margin targets. Now, KDA has the tools and insight to improve its project management and preserve those margins," says Hodge.

Better project accounting and reports also help managers keep track of other critical financial measures. "The company's project managers know early on which areas of the project they need to watch more carefully. If they are falling into an overbilled position, they know it will negatively affect cash flow and will try to get to that billing milestone faster," says Hodge.

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