

Identifying Common Challenges That General Construction Contractors Face In Routine



Overcoming Challenges, Improving Productivity, & Driving Revenue

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Introduction

Though there has been a rapid shift on digital platforms when it comes to project management and accounting operations in the construction industry, the performance curve may still not be satisfying for quality & productivity when compared to investment.

At present, the total investment made to the infrastructure and development is expected to grow double in the coming 15 years. However, there are large numbers of contractors in the industry who are still stuck with traditional practices rather than digital operations or software use.

And this downfall in performance is not new. It has been happening since the early 90s as contractors have resisted investing in technology and holding onto manual operations that are cutting down productivity.

Moreover, the reports shared by PwC during 2017 have suggested a growth of 85 percent elevating the global value of the construction and infrastructure industry by \$15.5 trillion, taking it to **\$17.5** trillion by the end of the year 2030. On the other hand, the expenses made on the research and development for the construction sector is less than 1 percent of the entire revenue made by the sector.

Such statistics define the base for the various operational and technological challenges that contractors have to face with their business. This eBook will help you understand the challenges that come as hurdles when it comes to driving productivity in the construction industry.

Since contractors have to deal with both operational and technological limitations, we will be highlighting the challenges that need to be rectified in order to make the most at the business front adding value to the construction world.



The Operational Challenges

Delays and Overspendings

For years, the construction industry had seen a consistent loss of revenue due to delays and overspendings. Above that, factors like inefficient labor productivity have captivated the overall economic productivity adding to the financial spend on projects.

Such delays and overspendings can be identified as traditional construction practices which were not just costly but are inefficient as well. Inefficiency has turned to be a prominent reason behind the delays and over expenses, in comparison to specification issues.

According to a report shared by McKinsey during 2015, it has been found that 98 percent of projects had cost overruns of more than 30 percent while 77 percent of them had to struggle with delays by 40 percent. On the other hand, larger projects tend to take more than 20 percent of the estimated time to finish with an expected budget rise of 80 percent, confirms another report from McKinsey released in 2016. The reason behind the loss is considered to be the unhurried approach of contractors to adopt new technology that can help with better operational management.

Though it has appeared to be the biggest challenge for the construction industry to deal with delays and overspendings, it is only the contractor's approach to adopt advanced construction project management and accounting software technology that can help drive revenue and provide a better control over time.

Safety Concerns

Another challenge that hampers productivity and revenue for the contractors is safety. Labor injuries at the site are one of the most prominent reasons behind unexpected delays and overspending. This generates the need for improvement with safety management programs to decrease injury rates, which will help counter delays with schedule and budget overruns. This also helps to improve the overall performance of the company by driving ROI.

Over the years, integrated technology used to document safety concerns along with essential support on BIM, prefabrication, etc. have shown proven benefits for safety. However, there are still many contractors that face weeks of delays due to injuries and compensation.

Now, let us quickly dig into the factors that lead to the operational challenges in the construction business due to poor technology support:

Organizational Structure: The primary reason that you may face operational issues in your business is due to the lack of practicality in the organizational structure. This immediately affects the decision making and project procurement process causing loss of speed and scalability.

Communication: Lack of integrated technology in the construction business often leads to inconsistencies in communication. Also, issues in the communication process could hinder the process of developing an understanding of project management goals for owners, subcontractors, and contractors. Moreover, lack of proper communication may require multiple teams to work on different processes causing difficulty achieving contract goals on time.

Performance Management: Another factor that restricts productivity in business is the lack of technological support with performance management goals. For instance, dealing with change orders, budget allocation, or resource management, all becomes difficult when an organization is not having proper construction accounting software in place.

Connection Gaps: Lack of technology does not allow the project managers to get notified of the real-time status of tasks. Also, connection gaps often cause trouble working on the preparation and execution process for important project tasks due to the unavailability of timely notifications leading to delays and loss.

Short-term calculations: The next task on our list includes ineffective short-term calculations. Lack of technology resources often makes it difficult to plan finances or forecast the outcomes leading to issues related to the shortage of materials and resources. On the other hand, firms using construction project management software manages short-term calculations, very effectively saving expenses and unwanted delays.

Limited Skills: Last but not least, limited skills are a factor that makes it very difficult for construction firms to grow their business ROI. Most of the time, it happens due to missing construction ERP software that restricts access to manpower, leading to delays.

Using Technology To Overcome Operational Challenges

Now let us come straight to the biggest concern of construction firms and contractors: how technology could be used to overcome operational challenges while overcoming the factors that add to the difficulty of managing projects.

At first, the construction firms that stick with their traditional practices of project management should aim to improve their basic project management performance by using a construction project management software technology. This can help to achieve transparency and communication requirements amongst the field and office teams, with better control of workflow.

Aside from this, using a technology solution could also help project managers anticipate change orders with more precision on job planning and material management. Also, construction management software could help in effective tracking of the events associated with the projects for better adaptability.

Secondly, using construction software could help real-time tracking of the projects leading to improved adjustments on change orders. This reduces the chance of any disputes resulting in advanced productivity and easier management.

All in all, using an all in one integrated construction technology could benefit a construction business at every front. It will help you plan more strategically and provide you the maximum advantage of tools for more accurate project management. In other words, investing in the right construction software technology can be of great help with meeting productivity and performance goals, while generating better financial returns.

The Technological Challenges

Common Concerns

Heavy Investment

When you need to deliver the best service to your customers, it becomes necessary to invest in a quality construction accounting software that can handle multiple projects for their financial, project management, ERP, and CRM needs. Though it is natural to refrain from such expenses, they are actually very beneficial in the long term



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Complexity

When you are entirely dependent on traditional practices, it is difficult to align with advanced tools and technology. The uneasiness in which project managers and office teams experience using construction management software is the next challenge that contractors often face with technology. Most of the time, staff associated with construction projects take a considerable amount of time understanding and using the software.

Technology Management

Most of the time, contractors are not able to use the complete potential of the software solution and this happens due to complete dependency on technology. Though automated systems are designed to improve the performance and process, it is essential to strategize and use the technology for optimum productivity. Thus, it is extremely important for the contractors to execute their technology solution for business benefit with improved management and control.

Access Management

Using a construction accounting software that offers cloud-based features can be a big responsibility. Most contractors find it very challenging to keep command on access control to avoid unwanted access to sensitive information.

Advanced Interface

Last but not least, switching from a traditional work process that involves the use of spreadsheets can be a bit difficult without the right training. Most of the users find it discouraging to work on new and advanced construction project management software that has a longer learning curve in order to implement the technology for business benefit. However, it entirely depends on your choice of solution and efficiency of staff to overcome any possible hurdles in upgrading to a technology solution that can add value to the business.

How To Drive Productivity Using Construction Software Technology?

All in One Solution

When you use an integrated solution like construction project management software, it allows smoother collaboration between the teams. From field engineers to inventory, project owners to project managers, it allows transparent communication between teams for an effortless check on project progress

Establish Defined Goals

A construction project depends on timely deliverables and using construction management software helps achieve those objectives with ease. When you choose an integrated solution for your business, it helps you to drive productivity with timely management and execution of tasks. It helps you to manage timelines for different operations while taking control of budget and expenses.

Keeping A Check On Projects

With construction project management software in place, you can have real-time insights on the project progress. It helps you to check on the workflow while resisting any possibilities of loss. Also, if you have to keep track of multiple projects at the same time, using construction management software makes it much easier for you to work on planning, scheduling, resource management, accounting, payroll, and other important tasks related to projects.

Enhanced Teams

Using construction accounting and project management software enables all team members to stay in coordination with each other. Also, when you are working on a unified platform, it allows you to locate any gaps to ensure timely completion of goals.

Fewer Meetings

Using integrated construction management software allows you to have better control over time. It allows you to stay connected with the team with no loss of time spent on repetitive meetings. With easy access sharing and data management, anyone from the project team could easily log in to the system accessing necessary information on project status or suggest any required changes. Moreover, the automation benefits allow you to have improved control over inventory and other resources to avoid any gaps between deliveries.

Productivity & Revenue

Last but not least, using a construction accounting software helps you to drive productivity and revenue with better control over tasks. From project documentation to job quoting, job purchasing, material planning, billing, payrolls, or change orders, everything could be managed with ease without the loss of time and resources. It even helps to cut down any loss due to duplication since all the teams working on projects at the same time have access to the project data.

*Using a construction accounting software can be of great value to your business. All you have to do is choose the right platform and solution to meet your needs. If you need any assistance planning your technology solution, feel free to connect with our team at ProjectPro for a **quick consultation call**.*



ProjectPro is a cloud-based Construction Accounting Software Solution based on Microsoft Dynamics NAV/Business Central. It is designed to help construction firms work on construction project requirements related to Project Accounting, Resource Management, and Customer Relationship Management.

Streamlining the business processes for construction firms, real estate developers, and contractors, ProjectPro can be used to work on Integrating Data, Transaction Processing, and robust reporting. Moreover, the features like Cloud and Power BI helps the construction companies for improved Business Decision Making.

Some of the other features include Project Management, Project Billing, Account Tracking, Material Planning, etc. ProjectPro also includes Subcontract Management, RFQs, integrated Timesheets, and keeps a user updated with real-time Notifications and Alerts. It also comes with a dedicated mobile technician app that can help with field service operations.


At ProjectPro, we help construction firms with customized software solutions to make their construction business sustain and grow in this digitally growing world. We help you turn your vision into a value with promising services and a positive customer experience.

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