



Ahern Painting Company Inc.



Timberline Office[©]

Ahern Turns to Timberline to Paint a Bright Future



Corporate Profile

Headquarters:

Melrose, MA

Type of Business:

Painting Contractor

Website:

www.ahernpainting.com

Timberline Office Modules:

Accounts Payable
Accounts Receivable
Address Book
Billing
Cash Management
Financial Statement Designer
General Ledger
Information Assistant
Inquiry Designer
Job Cost
Payroll
Project Management
Report Designer
ODBC
Create-A-Check Software

To appreciate the software he uses today, finance executive Chris Lundgren thinks back to a time when his work was much more complicated.

When Lundgren joined Ahern Painting in Melrose, Mass., in 1986 the company had just purchased an accounting system that ran on an 8086 processor (think pre-286) with a 40-megabyte hard drive, two megabytes of memory and six terminals. That single computer -- less powerful than today's cell phones -- supported the entire office. At first the firm used the system only for payroll; during slow periods Lundgren brought on job costing, general ledger and other features. But this product was far from ideal.

"We expended enormous energy trying to get around limitations in the system, but we managed to get by with that product for ten years," says Lundgren, who is now vice president and head of finance and systems for Ahern, the largest merit-shop painting contractor in New England.

In 1996, Ahern decided to upgrade its software. Lundgren flew around the country to meet with various suppliers before whittling the field to three finalists. In the end he decided to go with Timberline, largely because of its ability to drill into the details. Ahern partnered with local Timberline supplier United Solutions over the one-year conversion process, during which it ran parallel systems to fine-tune the Timberline modules.

"United Solutions gave us great support during the transition," Lundgren says. "Their support person stayed with us and got to

know our systems very well."

It did not take long for Ahern to see the benefits of the new software. "We suddenly had the ability to track in detail expenses that we couldn't track at all before, and to make comparisons we couldn't make before," Lundgren says.

Ahern is also using Timberline to accrue payroll overhead. With low-end software, the only way to accrue payroll overhead (insurance and taxes) to a job is to set a fixed overhead rate in the payroll system. As payroll costs are posted to the job, the system also posts that fixed, estimated amount of overhead. In January or February this approach might be reasonably accurate, but as individual workers reach the payroll limit on, for example, workers compensation insurance, this fixed amount can be grossly overstated. By the end of year, the amount of overhead accumulated in job cost can be way off from what the actual expenses were.

With Timberline, the overhead figure is not an estimate, but the actual number appropriate for each job and each person working on each job. So, for example, when a worker reaches the payroll limit for unemployment insurance, the software "knows" this and stops posting that cost to jobs. Alternatively, anyone who works in multiple states knows that workers compensation rates can vary widely from state to state. Timberline can address this, too, and post the expense at the rate appropriate for the job location.

Last year, Lundgren and his team got a stark reminder of how valuable this new software

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"I have referred several people to Timberline and United Solutions. It has been a winning combination for our business."

**– Chris Lundgren,
Vice President,
Ahern Painting**

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is. Bumping up against the limited functionality in Job Cost for billing and receivables, they set out to bring the Contracts, Billing and Accounts Receivable modules on line. To prepare for the conversion, the team reviewed every physical job file for every job that had an accounts receivable balance as of the conversion date. The team then re-created every accounts receivable transaction in the new modules exactly as they had happened.

This file review was a sobering endeavor. Change requests had always been produced using a system of Excel spreadsheets and Word documents. While this was a quick way for the project managers to get the work done, it did not update any accounting information for the job, nor did it provide any mechanism for follow-up. In a business where change orders increase contract values by an average of 17 percent per job, that leaves a large margin for error.

"We knew we had issues with tracking changes, but we had no idea just how bad it was," Lundgren says. "We found example after example of change requests that existed only as forgotten pieces of paper buried deep in a file and that, of course, had never been billed to the customer. At that point we knew we had to also bring Project Management on line."

Although the company has been using Timberline software for ten years now, the software was new to its project managers with the recent implementation of the Project Management module.

"We realized early on that Timberline's overwhelming choice of reports and inquiries could seem intimidating to a new user and hinder acceptance of the software," Lundgren says. "So we concentrated development for the project managers around the Timberline Desktop and making things as simple as possible for them. Using Crystal Reports as the reporting platform for the Desktop allowed us to bring together in one screen all the information the project managers need to see."

Lundgren is so confident in his software and his team that Ahern prepares its own financial statements. Their accountants render an opinion on the final statements, but they do not compile them. In the same vein, Ahern audits its own workers compensation and general liability policies each year, before the carriers' auditors undertake the process.

"It's about understanding what the right answer is," Lundgren says. "If anything the auditors produce does not match our result, we make sure we're both on the same page before they leave."

Reflecting on his team's enhanced capabilities, Lundgren stresses the value of superior software -- and a strong support team.

"Greg Kirshe and United Solutions have been great to work with," Lundgren says. "I have referred several people to Timberline and United Solutions. It has been a winning combination for our business."

CHALLENGE

A leading painting contractor needed new software to improve its financial management – and its bottom line

SOLUTION

A full line of Timberline software, supported by local Timberline partner United Solutions.

RESULTS

Ahern has streamlined and upgraded its financial accounting, saving time and reducing costs.



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