Let's set the stage.

What if you called the customer service department of your office supply store and asked for this information, “I have an invoice with a stapler on it and I would like to know where the raw materials to manufacture it came from, exactly what time it was made, exactly what time it was delivered and who the driver of the delivery truck was”. They would probably sit on the other end of the line and say nothing for 30 seconds or so, then tell you they have no way to obtain this kind of detailed information. What about this, your best customer calls and asks for this information, “I have an invoice with ticket #100 and we need to know the mix design, exactly what time it was batched, exactly when it was delivered, the source of the sand in the load, and why we were charged for waiting time”. How disastrous would it be if your customer service people sat blankly on the phone and answered by telling them they have no way to obtain that kind of information.

The point is, the accounting requirements of producers are different than those outside of the industry. It is very common for producers to attempt to shoehorn accounting software without the capabilities to handle the nuances of our industry, into their operation. Many believe the basic principles of accounting are the same across all business sectors and to an extent they are right. However, the data handled by the software systems are very unique across industries and while this probably has little bearing on accounting principles, it has a huge impact on your customer service.

All good accounting systems bundle data and put it on an invoice. They bundle invoices and put them on statements and apply service charges for late payments. They bundle purchase orders and put them on payables vouchers. They print financial statements that look nice and they print paychecks with proper deductions. All good accounting software packages handle the basics of accounting well.

All accounting packages do not allow you to handle accounts receivable inquiries by drilling down to the ticket level to answer collections questions. Nor do they allow you to invoice by job, plant, or project. It is difficult to find a shrink-wrapped package that can handle a multi-tiered taxing matrix common to an industry that is a combination of manufacturing and transportation. You probably won’t find a non-industry specific package which can turn an aggregate ticket into a hauler payable. Not to mention the ability to report profitability by job, plant, division (ready mix or aggregate) or company. Like it or not, our industry is special. Specialized industry requirements call for specialized tools.

What makes this industry special?

There are several requirements in the data handling and accounting practices in the concrete and aggregates industry that makes them unique to any other business sector. In this article we will focus on four of them; the ticket, the price matrix, specialized invoicing and sales taxes.

The delivery ticket is the “DNA” of every transaction with the customers. It defines the who, what, when, where, why, and how of every financial occurrence on a daily basis. The job represents the understanding and expectations of the agreement with the customer, the ticket is the proof of delivery per that agreement. As in most industries the invoice alone acts as the core financial interface between customer and supplier. However, other industries do not require the ability to investigate every delivery down to the raw material level. The concrete producers customers expect to be able to inquire, on a regular basis, on the detail of every transaction which takes place between the companies. Failure to produce this detail results in significant payment delay and sometimes non-payment. Again, the ticket, not the invoice, is the detailed proof of every transaction between the ready mix producer and the contractor.

As a concrete or aggregate producer, you fully understand the many different scenarios involved in product pricing. You price by job, product, customer, season, circumstance, and more. As well, your people have a hard time keeping track of which customer gets what price on a particular job, not to mention the salesmen’s occasional lack of communication with the billing department. You must have a job price matrix which can handle all of the different scenarios and be flexible to change as the economic environment changes. It is a well known fact that pricing and billing can be a major bottleneck and source of friction in the concrete and aggregate operation. This is an area the “time is money” cliché actually is reality. The more labor involved in chasing down prices and the longer it takes to get your invoices out, the more it costs your company. Most important, is the lack of customer confidence and increased customer dissatisfaction related to inaccurate billing. Next to delivery delays, pricing errors are the largest source of irritation for unsatisfied customers.

How many times has your customer requested to pay off all invoices for a specific job? The ready mix producer needs the convenience of breaking invoices by job, plant, and date for job costing purposes. In many instances this is how their customers pay. In other industries the supplier has no idea why or where the end user is using the goods they delivered. Non-industry specific accounting packages have a difficult time performing tasks such as printing one invoice per job, because they cannot perform the batching and bundling of tickets required to do so. It stands to reason the less your customer understands the invoices you send them, the less likely they are to pay in a timely manner. I have heard of producers who have lost customers because of their inability to provide a legible invoice by job.

Sales taxes and how they are applied are peculiar throughout different geographic regions. The issues unique to our industry revolve around manufacturing and delivering a finished product across multiple tax jurisdictions at high volumes. Most other industries either deliver raw materials or do not manufacture the goods they supply. Few manufacture products and provide the transportation. The fact that this industry does makes the need for a fairly complicated taxing matrix built into the billing system. Manually keeping track of the different tax scenarios can be very cumbersome and time consuming resulting in errors in tax calculations. Trying to collect sales taxes after the fact is also difficult and time intensive. As with the pricing issues, producing inaccurate invoices because of sales tax errors can make for dissatisfied customers.

A word on Accounting Integration.

There are limited seamless solutions available which move data from the customer quote all the way through to the final general ledger transactions. Thus, there are several views regarding the point at which to break the systems in an organization. The most common break areas today are between ticketing and accounts receivable or between accounts receivable and general ledger. This is one area where this industry should share in the same philosophy as others. It is a rare occasion in most other industries to find companies not using the same financial software for accounts receivable as general ledger. The premise is that correcting errors at the front end of accounts receivable is more of an administrative editing task. Correcting errors at the general ledger level, as a result of transferring data between AR and GL, is more of an executive task. Too many executive level corrections draw more attention by outside accounting firms and auditors. The flow of financial data to general ledger should be automatic and free from manual intervention. Another critical area requiring automatic posting is the Bank Reconciliation.
Jerome T. Osborne Sr. founded Osborne Coal and Feed Co. in 1947 with one truck. Osborne Companies is now comprised of sixteen corporations. The company headquarters is located in Mentor, Ohio, approximately 20 miles east of Cleveland. Nineteen locations serve the construction materials needs of seven counties in northeast Ohio with ready mixed concrete, asphalt, aggregates, and masonry building materials. The Osborne Companies take great pride in supplying high quality products from state of the art plants and exceptional service to the residential, industrial, and commercial markets.

At the core of Osborne’s business systems is CompuCrete Accounting which they started using in 1991. Today just four people use CompuCrete to manage the daily accounting activities of this complex multi-company enterprise. The accounting functions include invoicing, accounts receivable, accounts payable, inventory, general ledger, and cash management. Only one person administers the system.

Osborne uses CompuCrete Aggregate and point-of-sale, as well as, Dispatch One to run their operations. A majority of the 90 truck Osborne ready mix fleet is owner operated. Fleet utilization is critical to make sure loads are distributed fairly and delivery schedules are kept. Osborne finds Dispatch One, which was installed in March of 2005, the perfect dispatching tool. Dispatch One and CompuCrete run on one server and are seamlessly integrated for single point of entry for data. They make use of standard Microsoft communication tools to tie several remote sites together enabling remote users to share common accounting and operations data. Plant dispatchers can schedule their trucks while managers view all trucks. This one server, one provider approach allows Osborne to run their entire corporate operations effectively, efficiently, and economically.

“You can imagine the enormous number of daily transactions our complex business generates. It is a credit to GivenHansco for how simple and trouble-free their system handles it,” says Scott Mackey, Vice President of Operations. “We are doing the work of many with very few.”

Major projects:
- Legacy Village - Premier retail shopping plaza
- Progressive Insurance - including parking garage, offices and 20,000 yards of 5,000 psi post tensioned concrete.
- Abram’s Creek - 15,000 yards of low strength flowable fill for the relocation of Abram’s Creek at Cleveland Hopkins Airport.
- Key Tower - 12000-psi design strength concrete pumped 60 floors
- Cleveland Federal Courthouse - 8000 cubic yards, low heat, fly ash mat foundation concrete shipped in 10 hours.
- Gateway Sports Complex - Jacobs Field, The Gund Arena, & 2 parking structures - 120,000 cubic yards of concrete including 6000-psi design strength air-entrained post-tensioned concrete.
- Rock & Roll Hall of Fame - Architectural and low heat concrete with Ground Granulated Blast Furnace Slag.
- University Hospital Bed Tower - Pumped 9000 cubic yards 110-pcf lightweight concrete 16 floors.
- MetroHealth System Ambulatory Services Campus - 20,000 cubic yards of concrete including 260-pcf heavyweight radiation shielding concrete.
- Veteran’s Memorial Bridge - 20,000 cubic yards including shrinkage compensated lightweight concrete for the center span.
Lowering Your Risk Of Plant Downtime

One of the greatest fears in the concrete industry is downtime. Many different sources can cause downtime including mechanical failure to electrical to human error. One of the worse case scenarios of downtime can be lightning.

Lightning causes billions of dollars in damage a year. One lightning strike alone can carry up to 40,000 amperes of current and generate temperatures as high as 50,000 degrees Celsius. Lightning causes fires, roof damage, harm to electronics and even death. Without the proper protection, a lightning storm can take out an entire operation for days.

Lightning occurs when positive charges and negative charges build up in the atmosphere. As the negative charges approach the earth, the positive charges are attracted. When the two charges get close enough, they produce a closed circuit. A lightning flash is the result of the charge closing the circuit to ground.

Lightning strikes it uses the path with the least amount of resistance to travel. Some points of least resistance are telephone lines, power lines, trim and gutters on buildings and buildings themselves.

Since concrete plants are made of 95 – 98% conductive material, it becomes a very good source of least resistance. When lightning hits a plant, something always seems to get burned or shorted. Some ways of protecting ourselves are by reducing the least amount of resistance or by giving the lightning a direct path to ground.

Lightning rods are our first line of defense in leading the lightning to ground and away from our valued devices. Lightning rods are small metal rods, around an inch or so in length. Install lightning rods or Air Terminals in certain intervals along the highest points of your buildings. Then connect the rods with an aluminum or copper cable that leads to an underground grid or rod. Drive grounding rods 6-8 feet deep in the ground. In some cases this is not long enough due to the high amounts of salt minerals in the soil. You should use several 10-feet rods if you have very conducive ground. This type of lightning prevention should take the brunt of the current and lead it directly to ground since it has the least amount of resistance. As with all safety precautions, check with your local professional for specifics to your area and your buildings.

Not all lightning strikes hit lightning rods. Lightning can hit lower points of least resistance where there are no lightning rods. In these cases we need a second line of defense. Surge arresters and suppressors are products that slow or absorb the high spike in current caused by lightning.

You can find surge arresters and suppressors in any local electronics store, online, or even a convenience store. They come in different form factors including strip, rack mount, in-line and direct plug-in. Use them to protect most appliances and electronics in homes and businesses alike. There are even commercial “whole house” systems to protect you entire building.

A surge arrester-suppressor slows the incoming current and passes it to ground. If the components fail to pass the current, the circuitry fails and passes it to a fuse that blows, preventing the electronics on the other end from taking the hit. Replace a surge arrester/suppressor unit whenever it takes a hit. It can only do the job one time. When lightning hits, the components are typically weakened and should not be used again.

Surge arresters and suppressor can also protect such items as phones, load cells and moisture probe systems as well as computers, faxes, television and radios. A surge arrester/suppression circuit can protect anything that carries a current.

Surge arresters and suppressor carry various ratings and warranties. In general, the higher the number the unit has the more protection. Two key ratings to look for are Joules and Surge Amp.

Joule Ratings - Joule ratings measure a surge suppressor’s ability to absorb surges. Joules are a way of measuring energy. In general, 200 joules will give you basic protection; 400 joules provide good protection and anything with over 600 joules can be considered exceptional.

Surge Amp Ratings - higher ratings offer more protection. Although often replaced by Joule ratings, Amp levels are another important factor in determining surge strength. Once again, you should go for the highest amp protection levels you can find.

The last item in lightning prevention is awareness. Be aware of oncoming lightning storms and take action. Backup your computer data to CD-ROM, DVD, USB-drive or other type of removable media and store it offsite. If certain electronics are not on some type of suppression unit, then unplug them from the outlets before the storm arrives. Unplug phone lines, coaxial cables and network cables as well. Even though these items carry very low current that will not harm us when touched, they still offer a least resistant point for lightning to travel.

Follow these simple rules on lightning prevention and your business will have a lower risk of downtime.

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Industry Specific Accounting

There are many specific requirements for accounting systems to fit the concrete industry. Too often ready mix producers organize their business around their software, when in fact things should be done the other way around. Fortunately there are suppliers who understand the business requirements of our industry. We suggest working with a software supplier who has years of experience in the industry and whose products have evolved within the industry over time. A product with years of experience is more likely to have adapted to most industry specific issues. There are good software solutions available that fit perfectly in the industry so you will not spend excessive time and money trying to make a non-industry specific package work.

GivenHansco Users Conference 3 Wrap-up

The recent GivenHansco Users Conference 3 was an overwhelming success. Producers from around the country learned about cost center accounting, credit management, data mining, batch controls, dispatching, and other pertinent topics that related to improving their bottom line. They exchanged ideas and experiences after class and during the social events.

GivenHansco introduced Dispatch One Version 8.5 and CompuCrete Accounting 1.6 at the conference. Released a week after the conference, CompuCrete 1.6.2 incorporated eleven conference attendee requests and suggestions.

Attendees used the new “on-demand” open training sessions to expand their understanding of their systems. Users at every knowledge level came away with helpful tips that increase efficiency and help their profitability.

Lessen Downtime

Now is a good time to prepare for potential downtime during spring and summer thunderstorms. Lightning strikes cripple production in a flash; how long it takes to get back up and running depends on how prepared you are.

- Use surge suppressors on all electronics to minimize damage.
- Install lightning rods according to local conditions and codes.
- Have a plan in place; know who to contact to replace hardware and reinstall software.

Keep a list of what you are using, including model numbers and configurations, so if replacements are necessary, you know what to order right away.

- Take daily data backups off site every day.

Tips for Using the Windows XP Disk Defragmentation Tool

Defragmenting your hard drive will help keep your system running at top speed. For best results when defragmenting volumes, follow these tips:

Before defragmenting a volume, delete any unnecessary files, such as temporary files. You can delete unnecessary files by using Disk Cleanup. See Windows XP Help for more information on Disk Cleanup.

Defragment a volume before you add a large number of files to the volume, such as before you install programs. This ensures that the files occupy contiguous space and do not become fragmented after you add them.

Defragment a volume after you delete a large number of files from the volume.

Defragment a volume after you install programs on it.

Defragment the system and boot volumes after installing Windows XP.

Defragment volumes during periods of low system activity.