

There are 3 main categories: off-the-shelf, construction-focused and proprietary.

In the old days of homebuilding, the most sophisticated technology available to help keep track of scheduling, purchase orders and all the other operational details was a brown-paper fax machine, whiteboard and a paper trail. Busy builders relied on copy machines and telephones to make sure everyone was on the same page. A staff of employees armed with calculators and ledger books were responsible for tracking the numbers. Computers were just entering the industry. In the late '90s a few specialized PC-based applications were introduced to the industry primarily for accounting.

It's a different story today for builders. A walk through the recent International Builder's Show in Orlando, Fla. provided a demonstration of how far technology has come in the homebuilding business. The show was full of exhibitors offering the latest software systems designed to help the builder do their job more efficiently and profitably. Most obvious is the prevalent application of Internet-based tools to all aspects of the homebuilding industry.

At the show, the companies are quick to claim their software can trim costs and boost profits. But once you get away from the glitz and glamour of the trade show floor, how do you know what you're really buying? To get a better understanding, let's take a look at what's currently available.

Generally speaking, accounting products used by builders fit into one of three categories. Some builders opt for the first category, off-the-shelf, all-purpose accounting software that can be self-installed onto a standard PC. To make the standard-issue package more applicable to a unique business situation, the builder can connect with a local computer consulting company to handle customizing details.

The second category includes general construction accounting software packages, usually designed for and used by commercial companies. These programs may not adequately reflect the residential builder's unique needs, although enough benefits may be gained that the system seems worthwhile.

The third category features software systems that have been written especially for the residential homebuilding market. These various systems range from specialized applications focusing only on one aspect of the homebuilding business such as sales office management or accounting to fully integrated processes that can be expanded as the builder's business grows.

Prices of these packages vary depending on the levels of service and depth of integration you're seeking. For example, a system purchased from the local computer and electronics store might only run a few hundred dollars. But keep in mind, that doesn't include the extra dollars you may have to spend with a consulting firm trying to make the system work the way your business works. In addition, there's the issue of culling details from several different data bases in order to gain an overall perception regarding the fiscal fitness of your business. Gathering data from several sources-job budgets, financial reports and vendor pricing-takes time. What's more, once you pull the information, you still have to spend the time to organize it in a manner to make it useful to your operation.

At the other end of the software spectrum are the "gold standard" systems. These are the packages that have been created specifically for homebuilders and are backed by technical service people who work onsite with your staff. While you may pay more for such systems at the front end, they may turn out to be much more cost-effective than you might think.

Because these packages are designed to handle-as well as to integrate-the key processes in your business, they become a one-stop touch point for functions such as estimating, scheduling, purchasing and tracking. In other words, by using workflow-oriented applications based on a relational database foundation that continuously adjusts all impacted databases when a change is made to only one, these systems put you squarely and securely in charge of the data you need to make strategic decisions.

It goes without saying that when you buy a system like this, you're making a long-term investment in your company, and that the value of such an investment should be amortized over the longer term.

Jim Waldrop is the founder and CEO of HomeSphere.

A software self-test for builders

Here are some questions builders should ask themselves prior to making software investments.

What's the problem?

Focus in on the specific issues that are currently hampering your business. Understanding the nature of the gaps in your business will help direct you to the right software for closing them.

Does the software vendor understand your homebuilding needs?

Your operational needs may be different than other builders using a given vendor's software product. Is the leadership support team of the vendor experienced enough in the industry to help you apply the vendor's product in the best manner to your needs?

References?

You do this for the subs you hire, so why wouldn't you do it for your software investment? Before you buy any software package, find out who else is using it and if they're happy. Ask the software supplier for some names of customers.

What are all the costs?

That off-the-shelf system may seem like a good deal, but remember what's not included, such as consulting fees, training costs and additional hardware and software needs. For the more sophisticated software, find out what kind of technical support is available.

How involved is setup?

How long will it take to get the system up and running? What's the impact on staff and productivity?