Sage Master Builder
and Your Business

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Chapter 1

Key Relationships

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Welcome to Sage Master Builder and Your Business

Sage Master Builder - A better way to run your business

Welcome to Sage Master Builder. Sage Master Builder is an integrated, construction-specific, estimating, accounting, and project management software solution. Whether you are a general contractor, a subcontractor, or service contractor, Sage Master Builder manages your business using one system.

Sage Master Builder provides many features that are beneficial for customers with complex environments that may include remote connections, many simultaneous users, and/or multiple companies.

About this book

Whatever need has motivated you to buy and use Sage Master Builder, tools in the program can help you run a more profitable business. As with any powerful tool, it's best to take advantage of training opportunities to help increase your understanding Sage Master Builder. With that understanding, you will become an efficient and effective user.

Reading this book, *Sage Master Builder and Your Business*, is one way to start your Sage Master Builder training. It is not intended to show you specific installation steps or the how-to of program use. Instead, it leads you through three levels of concepts important to understanding how Sage Master Builder works. This book provides a bridge from the highest level overview of Sage Master Builder to a more detailed level. It provides the insights necessary to help you work effectively with a business partner while working through business implementation issues.

About Key Relationships

Key relationships in Sage Master Builder are in five major areas and are explained in further detail:

- Initial acquisition of your customer – sales, estimating, and proposals.

- Production activities specialized for contractors – these include the items that get the work done: POs, schedules, change orders, and more.

- Accounting activities specialized for contractors – AP, AR, Payroll, and more that are designed with the contractor in mind.

- Analysis specialized for contractors – near real-time analysis of jobs, job profitability, and the overall health of your business.

- Communication with your business partners – use the outputs and products of the prior four areas in a full array of communications.

As you read these topics, note that they are in the order you typically will follow for a construction job. Some of the groundwork for how you implement Sage Master Builder is discussed in the section, "Underlying Concepts."

Acquiring Your Customers

Acquiring your customers is generally the first step as you work through the normal business cycle. With Sage Master Builder, you can use existing prospecting and sales methods in your company or build upon Sage Master Builder and third-party capabilities. After finding your prospects, you use the estimating tools of Sage Master Builder or your current system to develop estimates that will drive proposals, production, and job analysis.

The components of acquiring your customers (sales, estimating, takeoffs, and proposals) are discussed in more detail in the next few paragraphs.

Sales

Sage Master Builder provides solid sales management and tracking. With a client database, you can use Sage Master Builder to manage sales leads from the first contact to signing the contract. In each client record, you can assign a salesperson to be responsible for managing the client and to

keep comprehensive notes about the client over the course of the sales process. Using the lead source list and the unique client reports, you can see how advertising and promotions are generating leads and closing sales.

Determining when to place follow-up calls is another important aspect of sales and client relations. To streamline the follow-up process, a salesperson can enter a callback date in a client record. Based on a callback date, the salesperson can quickly generate a list of clients to call for the next day or week, making the follow-up process simple and efficient.

After a contract or work order has been issued, the client database becomes an important part of making repeat sales, renewing service contracts, and other selling opportunities.

In addition, integrated applications from third-party vendors can provide more advanced CRM and sales management tools. For more information about third-party vendors, please review this page: http://www.sagecre.com/partners/development_partners/ complementary_products

Estimating

After identifying a prospect, the next step in acquiring a customer is creating an accurate estimate of the work for the prospect.

Sage Master Builder Estimating supports good business practices by:

- Helping you manage risks by explicitly including risk factors for all elements of a bid or by using different billing methods.

- Helping you delineate the bid you present your customer from the budget that measures your costs.

- Helping you manage labor with measurement and control of both hours and burdened labor costs.

The Estimating add-on module makes the estimating process fast and accurate. It is fully integrated with scheduling, project management, and accounting functions. Because it combines the best features of a database and spreadsheet, the Sage Master Builder Estimating module offers one of the easiest-to-use, assembly-based estimating solutions on the market today.

Estimating can be the start of your production activities by creating items such as budgets, proposals, purchase orders, and subcontracts.

There are many third-party estimating tools available that work with Sage Master Builder, thus extending Sage Master Builder's integrated accounting and project management tools to meet the special needs of your trade. For more information about third-party vendors, please review this Web page:
http://www.sagecre.com//partners/development_partners/complementary_products

For details of Sage Master Builder's estimating process, see the sections about "Takeoffs" and "Assembly (Estimating)." Estimating is an add-on module, but you may be able to integrate your own estimating methods into Sage Master Builder.

Takeoffs

A takeoff is the Sage Master Builder concept that encompasses building an estimate. This functionality is a key to starting the Sage Master Builder profit cycle. You can use bid items and job phases to organize your projects. Then, using the parts and assemblies databases, you can quickly build a takeoff for any project. The takeoff is how you translate your customers' needs into estimates of material, labor, subcontracts, and other costs.

Once completed, you can examine the anticipated project costs through a variety of takeoff reports. You can also export the information to automatically create budgets, proposals, change orders, purchase orders, and even service work orders.

If you have an estimating system that is trade-specific and works for you, you can import the estimate from that system and then use the rest of Sage Master Builder to run your business.

Takeoffs are part of the Estimating add-on module.

Proposal

The proposal is a document presented to a client, providing a breakdown of the contracted amount by cost code or bid item. Sage Master Builder provides several ways to create a proposal: you can export the data from a takeoff, import a budget, import a file, or create a proposal manually.

Using a variety of custom-designed document formats, you can then print the proposal, enabling you to produce the most professional and complete proposal possible.

Proposals can take advantage of Sage Master Builder's form design tool. With the form design tool, it is easy to build and customize a multi-page proposal that includes a cover sheet, the contract, and itemized price sheets for specific job requirements.

Once the proposal is completed, you can set the original proposal. After negotiating the price with your client, you can edit the current proposal and compare it with the original.

If it becomes necessary to adjust the selling price in a proposal, you can create change orders to track the extra work and revenue. Change orders allow you to alter the selling price independent from the proposal itself.

Production Activities Specialized for Contractors

About production activities specialized for customers

Sage Master Builder excels at the production activities you need to successfully deliver your jobs. The results of the production activities are automatically entered into accounting systems so you do not have to waste time with duplicate data entry.

Production

After estimating and securing a job, production activities ensure the timely and profitable delivery of a job. A few key controls can help you track your production:

- Controlling change orders is vital. Don't lose track of this source of added profit.

- Controlling schedules can help you complete jobs more timely with lower overhead per job. You'll also keep subcontractors happy with up-to-date schedules.

- Controlling materials can make sure all the parts needed for specific tasks are on-site when needed.

Beyond these key items, Sage Master Builder encompasses the following as part of production:

- Proposals

- Budgets

- Job cost

- Scheduling

- Purchase orders

- Subcontracts

- Change orders

- Automated cost-to-complete analysis

- Equipment management

- Document control

For all of these production items you can use reporting to identify and correct areas that need management attention.

Schedule

Using **10-Scheduling**, you can create a schedule to plan and manage a project, regardless of its size. A schedule allows you to budget time, plan when some tasks begin in relation to other tasks, and set milestones. You can also set up tasks for billings or inspections and identify scheduling conflicts between resources. You can analyze the accuracy of time estimates, track the progress of jobs, and adjust tasks or resources to keep projects on schedule.

Purchase Order

A purchase order lists the materials needed from a specific vendor for a specific job. You can create purchase orders manually for each vendor, or export data from the takeoff to create purchase orders automatically for each vendor. In addition, you can create purchase orders for the subcontractors on a given project.

With large projects, you can create master purchase orders. A master purchase order contains all the parts needed from a vendor, but allows you to create smaller purchase orders to help schedule the flow of materials to the job site. For instance, you can stagger the purchase and delivery of framing materials to better coincide with the different phases of construction.

After creating purchase orders, you can generate job cost reports to determine committed costs. As you receive shipments of materials, employees can enter the quantities of materials received using purchase order receipts, which create a payable invoice. When you receive the payable invoice from the vendor, you can review the invoice record and make any necessary adjustments.

You can use a vendor-specific warning system to prevent you from paying an invoice without entering a PO number or to alert you if an invoice exceeds the PO amount. In addition, PO audit reports indicate overcharges on any line of the PO so that you won't mistakenly overpay, even for small items.

The program provides the functionality to attach POs to email messages or fax them to vendors.

Subcontract

Many contractors use subcontracted labor to perform specific types of work, such as electrical wiring, plumbing, framing, sheetrock, and so forth. Using subcontracts along with change orders and invoicing, you can create and monitor subcontracts, review change work, and create invoices that affect subcontracts to gain tighter control of subcontract billings.

You can export items from a takeoff to automatically create subcontracts, or you can enter the subcontracts manually. You can review billings, approved and open change orders, or a summary of the subcontract information.

You can also set up retention for a subcontract. When you create an invoice for the subcontract, Sage Master Builder uses the rate indicated in the subcontract record.

Request for Proposal

A Request for Proposal (RFP) is a document you send to vendors or subcontractors containing a list of parts needed or work to be performed. The vendor or subcontractor uses the RFP to create a proposal for you containing a list of parts needed or work to be performed.

Sage Master Builder supports RFP and RFI numbering by job, and if the job has phases, by job and phase. This feature makes it easier to keep track of RFIs and RFPs because they are associated with the job in which they were initiated.

RFPs can be generated directly from the takeoff screen. A number of key date fields allow you to manage RFPs through the bidding process. When accepted, you can easily turn RFPs into purchase orders.

Change Order

Change orders provide powerful tools for managing changes to a prime contract or subcontract. Change orders allow you to track changes independent of a project's budget, providing a clear audit trail for pending, approved, and refused changes.

Depending on the type of change work you need to perform, you can enter change orders that alter the job's budget, proposal, or subcontracts, or any combination of the three. You can enter changes to costs that

affect the bid amount. Then you can enter cost changes that affect your budgeted costs such as subcontract changes, or work for which you do not want to charge the client.

Change orders are now more closely integrated with subcontracts. When you create a change order for a subcontract, information is displayed on the subcontracts window in columns.This tight integration provides more control over your contracts and your invoicing by providing easily accessible information.

Service Management

Service Management includes service contracts, service routes, service dispatch, on-call work orders and quotes. Because service management functionality fully integrates with the inventory, you will be able to keep inventory up-to-date when service work is performed.

Service client data supports multiple locations for every client and lists of installed equipment at every location so that you can track what was done on any piece of your client's equipment.

As you create records, you can use the dispatch board to schedule the service call and provide the location of the work and the parts and assemblies necessary to complete the work.

When performing service work for insurance recovery, you can also supply necessary policy details.

Service Management is part of the Service Receivables add-on module to Sage Master Builder.

Project Management

Project Management includes most of the tools in the production portion of the profit cycle. The specific project management tools that come integrated as part of Sage Master Builder are:

- Budgets
- Job cost setup and job cost management
- Job cost and budget reports
- Purchase orders
- Subcontracts

- Change orders

- Cost to complete tools

- Proposals

- Unitary proposals

- The Project Work Center

- Document control

Project Management is part of the core Sage Master Builder system.

Document Control

Using document control functionality, you can track important project management documents and maintain complete control of every item needed for a project. Requests for information (RFIs), requests for proposal (RFPs), transmittals, submittals, daily field reports, and correspondence all integrate with estimates, change orders, purchase orders, subcontracts and payroll, thus making the process of project management complete, fast, accurate, and reliable.

You'll be able to manage correspondence, keep track of project plans, maintain a project hot list, and stay on top of punch list items. A customizable template makes daily field reports accurate and easily accessible.

Document Control is located under Project Management.

Accounting Activities Specialized for Contractors

Accounting for Construction

Fully integrated accounting with automated job costing is the backbone of Sage Master Builder. Sage Master Builder accounting meets accounting needs and your special needs as a contractor. Sage Master Builder accounting includes:

- Managing key compliance issues such as workers' compensation, liability insurance, bonding, and more.

- Distinguishing between overhead and direct costs, and then comparing budget to actual job costs.

- Driving job control through purchase orders. Job costing is not dependent upon accounting staff but starts when the information is generated by project managers.

- Billing easily in a variety of ways so generating income is an easy part of your operation.

The accounting system includes:

- General ledger

- Accounts receivable (with many invoicing options)

- Accounts payable (bill paying)

- Payroll (with direct deposit)

- Equipment costing and management

Add-on modules that are integrated with accounting are:

* Estimating
* Combined Service Receivables and Inventory

Sage Master Builder integrates all estimating, production, and analysis tasks fully with the accounting system. A major key to this integration is the ability to track all job estimates, costs, and committed costs. Then you can use standard reports or create new ones so you always track your profit and loss from each job.

General Ledger

The General Ledger forms the backbone of the accounting system. it receives information from all functions that affect the accounting process, including accounts receivable, accounts payable, payroll, inventory, and service receivables. You also can make entries directly into the general ledger for cash, checks, deposits, journal transactions, and recurring transactions.

The General Ledger supports up to 10-digit account numbers. True subsidiary ledgers are maintained so that financial statements are simplified.

All 12 accounting periods for the year as well as the twelfth period of the prior year are available for posting, and you may control posting to any period. Entries made to the prior year will automatically update the prior-year ending balances as well as the current year beginning balance.

You can print custom financials and multi-company financials as well as standard accounting reports at any time for any period. A bulletproof audit trail creates a secure system from accounting to job costs, complete with automatic auditing of all stored balances back to their original entries.

Accounts Receivable

The Accounts Receivable system serves as a marketing, sales contact, and document management tool, as well as a means of managing receivable accounts. The client database contains sales information for tracking prospects from the first point of contact to the close of a contract and completion of a job. Client documents includes standard sales letters, notifications, and other client related forms. For each client, actual work

is associated with jobs. Jobs are discussed in more detail in Chapter 2, Underlying Concepts.

Four special billing options are available for Accounts Receivable - progress billing, unitary billing, loan draws, and time and materials billing.

Statements and other documents contain full contract summaries. You can add any information from the job or client databases to these documents. Call sheets and aging reports are also available for efficient collection management and processing. You can produce aging reports at any time, which can be 'as of' the end of any prior fiscal period to match financial reports for the same period.

Accounts Receivable is part of the core Sage Master Builder system.

Accounts Payable

The Accounts Payable system is fully integrated with purchase orders, subcontracts, job cost, and inventory. You can complete your entire invoice entry in one step when you enter a purchase order or subcontract number. Sage Master Builder compares each line of the invoice to the purchase order, preventing over-pricing or over-delivery of items without your approval.

By tracking expiration dates on Workers' Compensation, liability insurance, and contractor licenses, Sage Master Builder can warn you before you pay subcontractors who have not supplied you with current documentation. In addition, you can track each subcontract separately to prevent payment if there is a dispute over the contract.

You may select from a wide variety of check formats or create your own. Choose multiple check stubs or special check reports to list all of the invoices paid. You can make a partial payment or designate dual payees on any invoice, and decide which credits to apply to a payment prior to running checks. You can even override discount dates to take discounts that have expired.

Aging reports can be run as of the end of any prior period to match financials even after the period has been closed. Compliance reports and 1099 forms are also included in the extensive reporting options.

Accounts Payable is part of the core Sage Master Builder system.

Payroll

5-Payroll is one of the core modules provided with Sage Master Builder that helps provide complete integration with job costs. The payroll functionality includes many cost savings features, such as handling complex workers' compensation. In addition, the program provides functionality for working with local taxes, payroll groups, union payrolls, certified payroll, and multiple ways to enter your data.

Payroll automatically generates accurate labor costs by calculating all your accruals as well as basic pay items on a line-by-line basis for every timecard. You will get the most accurate cost of payroll possible. Even liability insurance and small-tool costs can be included in the payroll calculations and automatically posted to job costs. You also can include any of the standard 401(k), "cafeteria," and qualified benefit plans to save money on payroll taxes and workers' compensation.

Payroll supports all workers' compensation systems, including split rates, hourly calculations, and in some states employee and employer portions. Special reports are available for states with different workers' compensation calculations, such as Nevada, Oregon, and Washington.

For large payrolls, Sage Master Builder provides daily field and staffing reports. Daily Payroll can be integrated with equipment management for allocation of equipment repair time and equipment cost to projects.

Equipment Management

Equipment management is an integral part of maintaining a profitable business. The ability to analyze equipment costs ensures that you not only recover costs but also make the equipment profitable. With the Equipment module, you can track a variety of ownership costs including loans, loan payments, and maintenance as well as examine equipment costs and revenue.

For each piece of equipment, you create an equipment record to track important information such as loans, cost rates, rental rates, and depreciation. In each equipment record, you can set the rate at which you recover costs for the equipment.

As you use equipment, allocate the equipment time to jobs or to other equipment for repairs. Suppose that a backhoe is used to lift the engine out of a bulldozer for repairs. The program creates an equipment-cost

record for the use of the backhoe based on the cost recovery rate and the length of time it was used. When you allocate the backhoe to a job, the program creates job cost and revenue records. With a database of job cost and revenue records, you can then analyze the profitability of your equipment.

Inventory

The Sage Master Builder Inventory control system lets you keep track of the inventory flow, from the time you receive it, to the time you consume it. Inventory control helps track how much of a particular item you have in stock, where it is located, how many are committed to jobs, and even how many to reorder when stock is low.

The inventory control system is integrated with the rest of Sage Master Builder. When you enter payable invoices, service receivables credits, or purchase order receipts, the program moves the parts into inventory, even individually serialized parts. In the **9-2 Parts** window, you can select a part and view how much stock is on hand, how much is available, and to which locations it has been assigned. When you create service invoices, Sage Master Builder automatically removes the parts from inventory. You can also manually remove parts and job cost them using Inventory Allocation.

Service Receivables and Inventory are a combined add-on module.

Service Receivables

Service Receivables includes quotes, point-of-sale and billing-of-service work and materials. Because Service Receivables is fully integrated with Inventory, you will be able to keep inventory up-to-date as you invoice service work.

Service Receivables includes quotes, point-of-sale and billing-of-service work and materials. Because Service Receivables is fully integrated with Inventory, you will be able to keep inventory up-to-date as you invoice service work.

Service Receivables functionality helps you quickly enter work orders, invoices and credit transactions that affect service receivables accounts. You can create quotes, work orders, invoices, credits, and service routes and contracts. You can also view many different summaries such as ser-

vice contracts for clients, client equipment, equipment by location, quotes, work orders, and open invoices.

Service Receivables integrates with payroll so you can directly import hours from your service work orders.

When performing service work for insurance recovery, you can also supply necessary policy details.

Service Receivables and Inventory are a combined add-on module.

Analysis Specialized for Contractors

Analysis

Now let's consider the concept of job analysis. Many contractors tend to think of jobs independently. Sage Master Builder has the tools for you to analyze each job and apply the insights learned to the next job. You can analyze single jobs while you are working on them. You can also use such tools as the committed cost or cost to complete reports.

Then as the job is nearing completion, as part of your job closing work-flow you can:

- Create, manage, and clear punch lists

- Review all job costs, especially those unbilled from vendors

- Ensure that all change orders have been billed to the customer

- Compare job costs to budgets

When you have completed a job, you can then contrast and compare groups of jobs. In addition to comparison reports, Sage Master Builder provides graphical project review analysis where you can visually compare various selections of jobs.

For your business as a whole, Sage Master Builder provides financial review with a wide range of key charts that can be viewed or printed in line, bar, or 3D bar for current year, 12-month or 12-month rolling periods. Among the many graphs available are current ratio, quick ratio, gross profit/sales, net profit/sales, and overhead to direct expense. In addition, trend graphs are available for cash, accounts receivable, accounts payable, sales, gross profit, net profit, break-even, and working capital.

With over 1200 reports, Sage Master Builder provides you with the tools to analyze your business the right way for you. If you do not find the exact report you need, you can turn to the Report Writer and develop the report you want. To complete complex reports, you may wish to consult with a business partner.

Report Writer

The Sage Master Builder Report Writer allows you to create custom reports that access information stored in the Sage Master Builder data-

bases. With Report Writer, you can modify existing reports or create altogether new reports for your company needs.

Before using the Report Writer, however, review existing Sage Master Builder reports to see if there is one that you can adapt your processes to use. With over 1200 reports, Sage Master Builder probably has one to suit your needs.

The Report Writer has a wizard that walks you through the process of creating your own reports. You can use most standard reports as a starting point for creating your own.

Query

Queries are a powerful feature for analyzing your data and your business. When you query a database, Sage Master Builder locates all the records that match your criteria and displays the results in a **Quick Report** window. You can then use drill-down capability to select a record for review. You can also copy the results of a query into a spreadsheet. Queries are supported by a Query Wizard to get you started with a minimum of effort. Queries are a key feature for customizing Sage Master Builder for the way your business runs.

Executive Dashboard

Sage Master Builder has a powerful feature called the Executive Dashboard. The Sage Master Builder Executive Dashboard has been designed for busy construction executives. At a glance, it shows you the state of your company's finances in real-time by displaying information under seven major category headings.

To enhance the power and flexibility of the Executive Dashboard and Sage Master Builder accounting in general, you can now drill down into Sage Master Builder financial reports from the Executive Dashboard, and from those reports to other reports or transactions within Sage Master Builder windows.

About program-wide drill down into reports

Sage Master Builder provides over 1200 in-product reports to enable you to analyze the state of your business from many different perspectives. In addition to the information available on reports themselves, you can also

"drill down" into the report information contained in the report's rows and fields.

Viewing reports in print preview also provides the platform for report drill down. When you are viewing a report in print preview, if there is drillable information on that report page, your cursor becomes a magnifying glass. When the lens displays a red circle, you can double-click the row or field.

Communications Specialized for Contractors

Communications Specialized for Contractors

Communications capabilities are available throughout Sage Master Builder. You can stay in touch with:

- Clients

- Prospects

- Employees

- Vendors

- Subcontractors

- Architects

- Engineers

- Banks

- Government agencies

- Unions

- Insurance companies, and more.

For each of these audiences, you will find that Sage Master Builder provides specialized and customizable reports and forms from every functional area of the system. These reports and forms are designed with the contractor in mind. For instance, you can print contracts with detail notes automatically imported from takeoffs.

As discussed in related topics, Sage Master Builder provides the means to fax and email all these communications to your business partners. With Scheduled Reporting, you can have these communications take place automatically, at any time of the day.

You can also communicate by sharing files. Some areas of Sage Master Builder provide specialized formats but you can also use the export to excel capability discussed as part of analysis.

Attachments provide functionality to attach files and/or Web links to selected records in Sage Master Builder. You can simply drag and drop files and/or Web links onto Sage Master Builder windows that accept

attachments, such as AP invoices, subcontracts, and requests for proposals.

Finally, a much larger world of communications is opened when you use the Sage Master Builder Application Program Interface (API) with specialized third-party programs.

To view the product developed for Sage Master Builder using the API, browse to this link:
http://www.sagecre.com/partners/development_partners/complementary_products

Report Scheduling

Report scheduling provides the functionality so that you can schedule most reports to print at a specific time and for a given frequency. You can also specify the output options (print, fax, or email) for the report and determine to whom it should be sent. There are specific system requirements for faxing and emailing reports.

This powerful tool gives you the ability to control and manage your data on a regular basis. It provides specific reports and forms that you can send directly to your vendors, clients, and employees.

You can specify whether the report should be sent to the printer, a fax distribution list, or an email distribution list. You can specify when and how often the report should be run. Recurrence lets you designate a specific end date for the report or the total number of times that the report should be generated. For email and fax reports, you can include a subject line and message.

Scheduling is not possible for reports that print checks, post to general ledger, or require secondary input.

Emailing and Faxing

Emailing and faxing from Sage Master Builder provide the communications tools you need to get information to your business partners and staff when they need it. You can email or fax almost all reports from Sage Master Builder to either a single person or to a full distribution list.

You can email and fax as you create reports. Using the report scheduling feature, you can have email messages and faxes sent at specific times and on a recurring basis.

NOTE:

For all the details about faxing from Sage Master Builder, see the *Installation and License Administration Guide*.

Application Programming Interface (API)

An API is a set of programming tools for developers to interface to a specific application. Many programs provide APIs to allow third-party developers the capability to integrate with and extend the basic capabilities of the program.

The Sage Master Builder Application Programming Interface (API) provides access to a Sage Master Builder Company database via a COM method call. The call has input parameters containing an XML string that tells the API what to do in the specified company database.

The API supports access to over 65 Sage Master Builder objects, covering most areas of interest except general ledger transactions.

For further details about joining the Sage CRE Development Partner Program, and current partner products, visit
http://www.sagecre.com/partners/development_partners

Chapter 2

Underlying Concepts

This chapter provides information about the following:

Underlying Job-related Concepts

About underlying job-related concepts

Before you continue your Sage Master Builder education with function area information, there are a few important topics you need to know about. The topics discussed in this section are very important because your choices and understanding about them will influence every area of Sage Master Builder. If you are unclear about any of these topics or why they are important, be sure to talk to your business partner or take the appropriate training classes.

Job-related concepts and job costing

Jobs and job costing are key components of Sage Master Builder. Many aspects of the system are set up to support job costing. Good job costing helps produce some of the most important benefits of Sage Master Builder, such as budget to actual reports and job profitability analysis.

Cost Code

Cost codes are an important part of the job costing system. They allow you to separate costs into different categories and compare budgeted costs to actual cost for a job. Each cost code is assigned to a division, which provides a way to group cost codes for subtotaling on reports. Sage Master Builder organizes job costs in order of detail by job and phases, cost codes, and cost types.

When you set up a list of cost codes, Sage Master Builder uses the list throughout the entire company; all construction projects use the same list. Because the cost code structure relates to an individual company's estimating and cost gathering methods, you can create a different cost code structure for each company. However, using different cost codes for the same type of work performed across different projects or companies can prove confusing and potentially cause inaccurate data.

You can also assign workers' compensation codes and departments to cost codes, providing default information during timecard entry. The workers' compensation code ensures that you correctly assign compensation codes for work performed. For states with split rates, you can also set up a wage maximum and a second compensation code.

The cost code can contain a department, which the system will find while looking at the job record during timecard entry. If the cost code does not indicate a department, the program will then look at the employee position for information.

Job

In Sage Master Builder, a job encompasses the work and materials for a specific project for a specific customer. Simply speaking, the job is where you do the work, and the client is where you send the invoice. For each job, Sage Master Builder stores and develops the job-related information such as important identifying information, contract dates, job balances and costs, and contract terms. In addition, job functionality provides a variety of tools to help manage contracts. You can supply information for creating pre-liens and lien releases, and create phases to divide work into more manageable sections. You can also create bid items to divide the estimate into more measurable or customer-required sections.

You can also provide billing information such as the client, job architect, engineer, or project lender. For instance, when you supply the client number, the program includes the client information on invoices printed for that job. If you include the architect or engineer name in the job record when using progress or unitary billing, the program uses that information when creating a progress or unitary bill. If you include the lender, the program uses the lender information when creating a loan draw document.

Job Cost

Job costs are the detailed cost records about a specific job. Accurate job costs provide the way to analyze costs and refine the estimating or budgeting process. When you post a transaction to the Direct Expense or WIP range of accounts, Sage Master Builder prompts you to create a job cost record.

Overhead

Overhead costs are those costs that cannot be job-costed. Sage Master Builder supports direct allocation of a wide range of costs to jobs. A great many costs that once required an additional journal entry to allocate to jobs can be added as labor burden rates within the payroll system.

These can include items such as vacation accrual or small tool expense. The daily field reports make it easy to capture job-specific equipment use.

A goal for many Sage Master Builder customers is to move all variable overhead to specific job costs. For developing estimates and budgets, specific overhead rates can be set by bid item, by cost type, and by direct assignment in takeoffs; this capability is only available if you have purchased the Estimating add-on module.

Cost Type

Cost types allow you to arrange costs into categories. Each cost code acts as a controlling account for the nine cost types. Cost types will be displayed on grids throughout the system. Five cost types are defined by the system: material, labor, equipment, subcontract, and other.

Cost codes are key to accurate budget reports. You can set up Sage Master Builder to provide budget verification. The program then compares the cost codes in the timecard against the cost codes in the budgets. When you save the record, the program notifies you if a line item does not appear in the budget of a job.

Division (Cost Code)

Divisions allow you to group cost codes. Because Sage Master Builder uses divisions to subtotal costs for cost-based reports, many contractors create divisions based on the Construction Specifications Institute (CSI) structure. You do not, however, have to rely on the CSI structure for divisions and can create your own.

Phase

Using phases in a job affects all its aspects, such as job schedules, the job budget, all document control, purchase orders, subcontracts, change orders, proposals, project management reports and analysis, job costs, change orders, payables, and billing. Phases organize jobs and can represent different sections of a job, such as different buildings or lots. You can also use phases to distinguish different types of work, such as change orders or site work. Using phases does not restrict which billing methods you can use; in fact, you can use them with time and materials billing or change orders.

Project phases are defined in accounts receivable when you set up jobs, but then flow through Sage Master Builder.

Budget - Job

A budget represents a summary of the expected hard costs detailed in a takeoff and provides the basis for all budgeted versus actual cost, hour, or unit comparisons. In addition, you can use the budget as the basis for the proposal you provide the client.

The costs for a budget are categorized by cost code, and each cost code is further divided into cost types. Furthermore, you can include the hours necessary to complete the work for each cost code. For work performed on a unit basis, include the quantity of units to be performed for each cost code; the program automatically computes the cost per unit.

There are several ways to create a budget: you can export the data from a takeoff, import a file, or create a budget manually. Once the budget is completed, you can set the original budget. If at any point the budget is changed, you can compare it to the original.

If it becomes necessary to adjust the costs in a budget, enter the changes by issuing change orders instead of changing the original budget. Change orders allow you to alter the budgeted costs independent from the budget itself.

Underlying Accounting-related Concepts

About underlying accounting-related concepts

You need to understand the accounting related topics below before setting up any component of Sage Master Builder. A clear understanding of these topics will ensure that you set up a general ledger that will work for your business. These topics will also give you insight into some of the operational processes that are part of Sage Master Builder.

Chart of Accounts

Sage Master Builder supports an integrated chart of accounts that functions across all modules of the system.

One of the first tasks when creating a new company in Sage Master Builder is to set up the general ledger structure. When you select the pre-built chart of accounts, the program automatically sets up the account ranges, controlling account numbers, posting account numbers, and then creates the ledger accounts. You can then modify the ledger setup to meet your particular needs. However, you may need to edit the ledger accounts to match any changes made in **1-8 General Ledger Setup**.

You can also set up the general ledger manually. If you choose to enter the account ranges, controlling accounts, and posting accounts manually, the program will not create the ledger accounts. You will then need to create each ledger account in the **Ledger Accounts** window.

If you are setting up a completely customized chart of accounts, you should work with a business partner.

Department

Departments help organize income and expense data and provide a means to evaluate the profit and loss for a company by functional unit or profit center. A single controlling account uses a set of subsidiary accounts tailored to the controlling account. In contrast, income and expense controlling accounts share the same set of departments, and each controlling account that uses departments has the same set of subsidiary accounts.

You can use departments in a variety of ways. Some companies have separate divisions, which use the departments to track the individual

income and expense for each division. Others use departments to track types of jobs such as residential or commercial, new or remodel, or other combinations. Still other companies use departments to track performance of salespersons or project managers for bonuses. When you operate in multiple states, you can create income statements by state using departments.

Controlling Account

A controlling account is a ledger account in the general ledger that summarizes the balances for a group of similar subsidiary accounts.

With specific, dedicated controlling accounts, the program uses the accounts you designate to automatically post certain transactions to the correct ledger accounts. For instance, when you post a receivable invoice, you do not need to supply the accounts receivable ledger account. After posting a transaction to the general ledger, the program locks the account numbers for the accounts under Controlling Accounts. The account numbers are locked and unavailable for editing.

You can change the account numbers on the **Receivables**, **Payables**, **Equipment**, and **Inventory** tabs regardless whether you have posted transactions. If you change the account number on the **Receivables**, **Payables**, or **Equipment** tabs, you have to move the balances to the new account through a journal transaction.

Controlling accounts are a good way to ensure that your data is properly entered into Sage Master Builder.

Subaccount

Using subaccounts (subsidiary accounts), you can arrange financial information into related categories under a single ledger account, providing quick access to specific information. A ledger account that uses subsidiary accounts is known as the controlling account. Primarily asset and liability accounts use subsidiary accounts, although you can also use subsidiary accounts with income and expense accounts.

Sage Master Builder automatically sets up subsidiary accounts for dedicated accounts, such as accounts receivable, accounts payable, and service receivables using the job, vendor, and client numbers as the subsidiary account numbers. Sage Master Builder does not, however, provide access to these subsidiary accounts through the **Ledger**

Accounts window because you can view the subsidiary account balances from the **Job**, **Vendor**, and **Client** windows.

Closing the books

Closing the payroll and/or general ledger accounting is almost always a hectic time. It's best to schedule enough time for learning about or refreshing your knowledge about the closing process, when planning to close the books.

We recommend that you run an audit and close your books monthly. This helps to keep your ledgers current, accurate, and ready for year-end close. Before you begin the year-end procedures we recommend you run an audit several days before the scheduled year-end closing. This should provide ample time to resolve any errors that could exist and still meet your scheduled closing date. After resolving the audit errors but before closing the books, make at least two backups of your data. These backups are your permanent records.

The time it will take you to close your books depends on many factors, but especially on the size of your company and the state of your accounting. If the following conditions are true:

• you have already prepared backups,

• you have been keeping up with accounting period audits,

• you only have repairable period audit errors,

• and you do not have very many employees,

then you may be able to close your books in a few hours to half a day. Obviously, larger companies with many employees and companies with audit errors may spend a day or two on closing the books.

There are three possible ways to close the books. Sage Master Builder provides checklists for each closing method:

• Close the payroll at calendar year-end (closes on 12/31)

• Close the general ledger accounting at fiscal year-end

• Close the fiscal year and the calendar year at the same time (closes on 12/31)

Company archive

Over the course of a year, the accounting and payroll databases grow as you enter records. Like a manual accounting system where you might move the previous year's records to storage boxes or a storage facility, you can move Sage Master Builder records to an archive file.

When you close your books, it is important that you create a mirror image of your data for tax reporting purposes. This is referred to as your company archive or archive directory. It is a duplicate copy of your existing company data up to the point when you create it.

The company archive resides on the same drive as the active company. With an archive of the previous accounting year on the same drive as the active company, you can simultaneously post to period 0 in the active company and period 12 in the company archive.

Accounting Period 0 (Zero)

When you want to enter the startup balances and invoices for a new company or when you want to adjust the beginning balances for a company, post to period zero. Period zero is not part of the fiscal year; therefore, Sage Master Builder does not include transactions posted to period zero in any year-to-date reports.

When you post to the asset or liability accounts in period zero, the program adjusts the beginning balances. If you post to income or expense accounts in period zero, the program adjusts the beginning balance of the Retained Earning ledger account because income and expense accounts do not have beginning balances.

Changing posting periods

Use the **Change Period** window to change the default current posting period for the entire program. The window allows you to change to any posting period within the current fiscal year. You can also choose to set the posting period to period 0 (00-Prior Year).

When you advance to the next posting period or a future posting period, for example from period 1 to period 2 or 2 to 9, the program performs an audit automatically. The audit results are logged in the **Audit History** window. After the audit has been completed, you click the button to change the period.

To change the posting period, under **Period Selection**, type a period number or click the arrow button to open the **Posting Period** window from which you can select a posting period.

Chapter 3

Additional Details

This chapter provides information about the following:

General Operational Features

Accounting Details

Analysis Details

Accounts Payable Details

Accounts Receivable Details

Document Control Details

Equipment Management Details

Estimating Details

Inventory Details

Payroll Details

Production and Project Management Details

Reporting Details

Scheduling Details

Service Receivables Details

About Additional Details

These topics are organized around specific Sage Master Builder functions. As you plan implementation of a particular area, these concepts will point you toward key points you need to consider to ensure a successful startup.

General Operational Features

Sample Company

The Sample Company provides the means for viewing and working with sample data in Sage Master Builder windows. There are sample accounts, sample employees, sample takeoffs, and much more. By viewing and working with this sample data, you can gain an understanding of how different windows interact with the sample data when managing a construction business with Sage Master Builder.

Sage Master Builder master trainers use the Sample Company extensively during Sage Master Builder training classes. We highly recommend that you load the Sample Company during your initial installation.

You can log on to the Sample Company using "Supervisor" as the user name. You do not need a password.

The Sample Company:

- Allows you a safe way to try out new functions as you learn them.

- Is used in many online and recorded classes.

- Provides samples of many Sage Master Builder forms that are all filled in. This makes it easy to understand many concepts.

- Provides starter lists for many values you'll need to set up: cost codes, cost types, tasks, client status, client type, employee positions, paygroups, etc.

- Provides you with live data to investigate the content of Sage Master Builder reports.

- Takes very little space on your hard disk drive.

Archive Company

Over the course of a year, the accounting and payroll databases grow as you enter records. Like a manual accounting system where you might move the previous year's records to storage boxes or a storage facility, you can move Sage Master Builder records to an archive file.

When you close your books, it is important that you create a mirror image of your data for tax reporting purposes. This is referred to as your

company archive or archive directory. It is a duplicate copy of your exist-ing company data up to the point when you create it.

The company archive resides on the same drive as the active company. With an archive of the previous accounting year on the same drive as the active company, you can simultaneously post to period 0 in the active company and period 12 in the company archive.

You can only make a company archive during the process of closing the books at the year-end. When you archive records for a company, Sage Master Builder copies all the data from the active company to a separate file. Sage Master Builder then removes the records you have selected from the active company to prepare it for the new fiscal or payroll year.

Company Information Record

The company information record of Sage Master Builder stores key information about a specific company which you are managing with Sage Master Builder.

You keep track of such information as:

* Name

* Address

* Phone and fax numbers

* License and tax IDs

* Direct deposit

* email server setup

* Fax setup

See the Sage Master Builder Help for a full list. These are all key items to set up since they may drive other parts of your system.

Security features of Sage Master Builder

Sage Master Builder provides a variety of security features that allow you to restrict access to data in each company. You can do the following:

* Create a list of users and passwords for each company. The list of user names and passwords allows you to restrict access to individual

companies. Moreover, if a user does not have access to a company, that user does not have access to the archive of that company.

- Create groups of users. Security groups provide a way to collect users together in meaningful sets such as project managers, payables clerks, or payroll clerks. With groups established, you can then assign each user to up to five security groups.

- Control the admission of users to windows through security groups. Moreover, you can assign access rights to each security group.

- Control items within windows such as text boxes, lists, check boxes, and grid columns. By limiting what information a security group can enter or view in a window, you also restrict access to that same information in queries and reports. For example, you might not want to allow the payroll clerks security group access to salaries and wage rates in the employee files. The payroll clerks will not be able to view salaries and wage rates in the employee files, or while entering timecards, or by running any payroll reports.

Each company in Sage Master Builder can use different user names, passwords, security groups, and access rights. You only have to set up security groups and access rights one time for each company. As you add or remove users from the User List, you can simply assign or reassign users to the proper security groups.

IMPORTANT

Many actions in Sage Master Builder can only be performed when logged on as the "supervisor" user. When setting up security, it is critical that you add a password for the user name "supervisor."

Security Groups

In Sage Master Builder, you can set up security groups for your company's employees. Security groups let you control users' ability to open windows as well as perform specific actions within a window.

When you set up user groups, you type a group number and group name. Then you determine whether or not that group will have rights to save, delete, and void records, as well as to change the accounting period and print checks. You may use the notes column to add any pertinent information about each group.

While you might create security groups for specific employees, it is a good idea to build each security group for the tasks performed by the employee. This allows you to add or remove employees from security groups easily, rather than having to build a new security groups for each new employee.

As a company's size increases, the need for additional security groups increases. For example, a large company has an office staff that includes several accounts payable clerks, an accounts receivables clerk, a payroll clerk, a controller, project managers, and estimators. In this company, six different security groups are set up to accommodate the specific needs of the employees engaged in six different task areas.

In addition to creating task-oriented security groups, it is a good idea to create one security group with full access to the entire program. This allows owners or managers to log in with full access, but prevents unauthorized access to program features that only a user logged in as supervisor can use.

It is important to consider the scope of tasks performed by users as well as the number of users that access Sage Master Builder. Before designing security groups, examine which users need access to specific windows in Sage Master Builder. After you set up the security groups, you can then set up window and menu-level security.

For example, a small company has three clerks: a general accounting clerk, an accounts payable and accounts receivable clerk, and a payroll clerk. For this company, it is only necessary to create three security groups. The first group, entitled "Payroll Clerk," only provides access to payroll operations. The second group, entitled "A/P A/R Clerk," provides access to accounts payable and accounts receivable operations. The third group, entitled "General Ledger Clerk," provides access to general ledger operations not covered by accounts payable and accounts receivable.

Consider the following before setting up security groups:

•   Do you need to create separate security groups for employees who perform specific tasks? For example, does your company have a payables clerk who only enters payables data?

- Do you need to create separate security groups for accounts payable, accounts receivable, and payroll supervisors, or can you just create one group for the supervisors?

- Do estimators perform different tasks than project managers?

- Do you need to provide differing levels of access to owners, controllers, or managers?

Are you going to use the Sage Master Builder API to integrate with other programs? If so, create a security group named "API" with a group number such as 51.

About the supervisor user

When you log on to Sage Master Builder as "supervisor," you have access rights to the entire Sage Master Builder application.

Important:

To maintain security, we strongly recommend that you set up a password for the supervisor user. Be sure to write it down and keep it in a safe place.

Following is a list of actions you can only perform when logged on to Sage Master Builder as supervisor:

- Create security groups in **7-3-1 Security Groups**.

- Grant access rights to security groups for windows and items within windows such as text boxes, lists, and grid columns in **7-3-1 Security Groups**.

- Use the F7 key to display the **Field Properties** dialog box to set the individual security properties for a text box, list, check box, or grid column, as well as set security for certain menu commands from the main menus. You can also customize the window, set defaults in specific fields, and set system user prompts.

- Create user names and passwords, and assign user names to security groups in **7-3-1 User List**.

- Create new companies in **7-1 Create New Company**.

- Make and save changes to the General Ledger in **1-8 General Ledger Setup**.

- Close the accounting at the fiscal year-end in **1-6 Change Period/ Close Year**.

- Close payroll at the calendar year-end in **5-3-8 Close Payroll Year**.

- Restrict posting to specific accounting posting periods, for example, **4-2 Payable Invoices/Credits** and other windows.

Field Properties

Field properties allow the supervisor user to extend security wherever it is needed. The supervisor can assign field properties for every field on every entry window and grid in the program. Items defined include defaults, custom field names, field processing during entry, and which users have access the window and fields on the windows.

User Name

You can set up a list of user names for each company to control access to each company you set up in Sage Master Builder. By setting up security groups and assigning the groups to user names, you can further limit access to certain windows, and text boxes, lists, and columns within windows.

Because Sage Master Builder determines access through the user names, a user can log on to the program from any workstation in a network environment.

User-defined Fields

User-defined fields are available on many key forms in Sage Master Builder. They offer another way for you to customize Sage Master Builder for your business. You can determine the names and how these fields behave and then use them in your own reports.

See also Field Properties.

Export

Exporting is a Sage Master Builder concept for moving data from one area of the program to another. This provides powerful workflow features to automate key tasks. Export capabilities are found throughout the program but key ones support development of purchase orders, bids, proposals, change orders, subcontracts, and budgets from takeoffs.

Files can be exported as templates to be used in other jobs or in other Sage Master Builder managed companies. This saves you valuable time as you copy key components from job to job and also provides consistency for job analysis.

Exporting can also be done from many grids, and creates standard `.csv` files. You can use **Export to Excel** from almost all reports.

These capabilities will allow you to take your Sage Master Builder information and feed other custom applications your company may use.

Import

There are many different import capabilities in Sage Master Builder. These capabilities allow you to bring data into Sage Master Builder from different outside sources. Imports also allow you to use saved files and templates to get a fast start on new jobs.

Basic capabilities for import are provided in virtually every grid via standard cut and paste (See also "Grids"). Specialized internal imports support such features for re-use of budgets, proposals and estimates, among others, for use in new jobs.

Specialized external imports support such features as price updating from parts databases. Finally, specialized programs from third-party vendors provide complete ways to import a variety of specialized data, from time sheets to estimating data and beyond. Click this link for more information about using the Sage Master Builder API.

Defaults

You can customize many different aspects of Sage Master Builder. For instance, by using security groups, you can grant or restrict access to specific windows. Within a window, you can customize text boxes, lists, check boxes, and columns to increase data entry speed and accuracy. Within each window, you can set up default information, require entries, skip entries, or even limit access to specific security groups.

For instance, in the **Checks and Bank Charges** window set the default ledger account number for your checking account in the **Account Number** box. When you open the window, the program automatically inserts the account number.

You can save time and effort by setting up your preferences for report types, form designs, selection criteria, and options in the Report Printing window. You can also set preferences for printers, page ranges, page orientation, and number of copies to print. When you save the defaults, the program assigns them to the person currently logged on to the program by referencing the person's user name.

You can copy most defaults (except security groups) from existing users to new users to speed setup of new employees.

Template

Sage Master Builder templates can provide the starting point for just about any business process. A template can include any information you want to provide, such as dates, descriptions, or other important information. You can create a template from scratch, or modify an existing record and save it as a template. Unlike a record, you do not have to complete required fields to create a template. Many windows throughout the program let you create templates.

Suppose that you are building homes in a residential subdivision. The budget and proposal for the base design are established and do not vary. Using templates in the change orders window, you can create a different template for each upgrade. When you are informed which upgrades the home buyer wants, you can quickly load the corresponding templates to create the necessary change orders.

You can either use an existing record as the basis for creating the template, or you can build the template from scratch.

Templates are a key tool for customizing Sage Master Builder and also provide ways to standardize data input so you can manage your company. Consult with your business partner to analyze where templates might help you.

Notes

Notes are a feature throughout Sage Master Builder. You can keep notes with nearly every type of record, which can prove helpful when reviewing data later. You save notes with individual records, as well as with individual rows in a grid. Notes can be reviewed at any time and can be a valuable part of many printed reports. They are the place to put further

details and specifications to make sure all parties understand a decision or need.

Notes can be exported from estimates to provide details of specifications that can support all areas of production.

Grids

Grids are a powerful feature of nearly all Sage Master Builder functions. Essentially, grids display the detail information of a transaction, estimate, budget, change order, or any item which has a header to details relationship.

All users can customize grids to display just the information they need. You can modify and save the grid defaults by user.

Grids also provide a handy way to import and export information from and to external programs with simple cut-and-paste capabilities.

Within Estimating, takeoff grid files provide specialized functionality for rapidly building estimates using a library of already developed grids.

You need to study each grid in the detail screens before you implement that section of Sage Master Builder.

Lookup Windows

Lookup windows help you locate data. Suppose you are entering a payable invoice, but do not remember the vendor number. You can open a Lookup window, find the vendor, and then insert the vendor number in the appropriate box.

Lookup windows are used throughout Sage Master Builder. You can sort items in a lookup window, set a default sort order, and select items with a click.

Learning to use lookup windows is part of the mechanics that will make your Sage Master Builder experience successful.

Quick Lists

With quick lists, you can create lists of transaction descriptions, names, states, and ZIP Codes, then quickly retrieve the information for entry. Each list is specific to its associated text box and window.

This is a very handy feature for ensuring that your data is consistent. In conjunction with setting **Field Properties** and locking the quick list, you can guarantee that data will be entered with the values you need.

Attachments

Attachments provide functionality to attach files and/or Web links to selected records in Sage Master Builder. There are two methods for attaching files and links. You can add them individually using the **Attachments** window (**Edit > Attachments**), or you can simply drag and drop files and/or Web links onto a Sage Master Builder window that accepts attachments.

The Sage Master Builder windows that accept attachments are payable invoices, requests for proposal, progress bills, change orders, purchase orders, and jobs.

Here are a few examples of how you might use attachments:

*   After receiving a hard copy document that you would like to attach to a payable invoice record, you scan the document into your computer to create a file, then attach the file to the payable invoice record.

*   You have several digital photos of work being done by a subcontractor on a remodel job. You can transfer these files to your computer, and then attach them to a subcontract record.

*   After sending an RFP to an architect who has a website, you want to attach the architect's website URL to the RFP record. From the open site in your browser, you drag and drop the link from the browser's Address box onto a request for proposal record.

Accounting Details

General Contractor (Accounting)

General contractors are provided with specific general ledger chart of accounts they can select during set up. They also have a starting set of cost codes that may suit their needs. Functionally, Sage Master Builder provides a range of management tools for the general contractor to manage scheduling, purchasing, and subcontractors.

When you select the pre-built chart of accounts, Sage Master Builder automatically sets up the account ranges, controlling account numbers, posting account numbers, and then creates the ledger accounts. If you use payroll and use the command to **Create Standard Calculations**, then the payroll calculations are automatically linked to the proper general ledger accounts.

General contractors can also copy and customize the Sample Company **Cost Code List**.

Home Builder (Accounting)

Home builder capabilities are built right into Sage Master Builder. Industry standard general ledger chart of accounts and cost codes are available when you create new companies. Additional features include "starter" task lists plus some standard parts and assemblies.

Sage Master Builder also provides a special selection of project management reports just for home builders. You may also find that the work in progress (WIP) features are useful.

WIP (Accounting)

Many contractors refer to any project in the process of completion as a work in progress. You can print a WIP report for any job to determine the WIP adjustment for "percentage-complete" accounting. Using this adjustment, you can post a transaction that allows you to compare the revenue generated during a given fiscal period to the expenses incurred during the same fiscal period.

WIP also refers to a method of accounting used with speculative projects. Because the contractor owns the project, the contractor must declare improvements to the property as an asset. Only after the contrac-

tor sells the property, does he or she then declare the revenue and expense.

Methods for using WIP adjustments and WIP for speculative projects are detailed in Sage Master Builder in-product Help and in the *User Guide*. You should review this information with your accountant or business partner before you start using WIP features.

Remodeler (Accounting)

Sage Master Builder offers specialized support for remodelers in two areas.

General Ledger - When you select the **Remodeler Accounts**, Sage Master Builder automatically sets up the account ranges, controlling account numbers, and posting account numbers, then creates the ledger accounts. You can then modify the ledger setup to meet your particular needs. This accounting structure has been put in place for the needs of remodelers.

Estimating Data, Cost Codes, and Tasks - Sage Master Builder provides remodelers with starter data, giving you a head start on setting up your accounting structures.

Estimating data can be used as a starting point for your takeoffs, saving you time when creating estimates. This includes a specialized chart of accounts, cost codes, tasks and the following estimating data:

• Parts

• Assemblies

• Part/Assembly classes

• Takeoff grid files

Subcontractor (Accounting)

Subcontractors are provided with specific general ledger chart of accounts they can select during set up. They also have a starting set of cost codes that may suit their needs.

Sage Master Builder provides functionality needed by the Subcontractor such as management for change orders, capabilities for importing from specialized estimating systems and management of the pre-lien and release process.

Current Period default (Accounting)

Sage Master Builder sets an accounting period default depending upon your fiscal year-end date and the current posting period date established during your general ledger setup. You then control the movement of your accounting to the next period using the windows under **1-6 Change Period/Close Year**.

You can have Sage Master Builder verify the date of transactions versus this default. You can also change the default period while you are entering a specific set of transactions.

Posting period (Accounting)

Using **1-6 Change Period/Close Year**, you can set the posting period to any period from 0 (prior year) to 12. When you advance the posting period, the program performs an audit automatically, and the audit results are logged.

As you enter individual transactions, Sage Master Builder will assign them to the current accounting period, but the program can be set to check the transaction date and warn you of an error in posting an item.

Audit (Accounting)

When you audit the books of a company, Sage Master Builder verifies that the accounts are balanced and that valid transactions support the balances.

In Sage Master Builder, you can audit the books at any time to help maintain your ledger balances. When you audit the books, the program does not make any changes, but it does log any errors using the Audit History function.

When you advance to a new period in the future, the program audits the books automatically as part of the process to change the default posting period.

When you start a new company or suspect data corruption, it is a good idea to audit the books and recalculate balances. If unbalanced data exists, the program alerts you so that you can correct the errors as early as possible.

Fiscal Year (Accounting)

Sage Master Builder's fiscal year is driven by the year-end day you select when you complete your general ledger setup. Once you set this date, you do not have to change it annually. Sage Master Builder will do so as part of the fiscal year-end close.

See also "Fiscal year-end close (Accounting)"

Prior Year (Accounting)

The year-end close process creates a prior year company which Sage Master Builder calls the archive company.

For ledger accounts, Sage Master Builder rolls over the ending balances for permanent accounts to become the beginning balances for the new fiscal year. All period balances roll over becoming balances in the **Last Year** column. All temporary accounts, such as revenue and expense, start the year with zero balances.

When closing the books, the program only deletes "cleared" prior-year check records and the remaining prior-year checks are appended to the prior-year check database (DBF) file. This allows you to reference prior year checks from more than one previous year.

See also "Archive Company"

Fiscal year-end close (Accounting)

Sage Master Builder requires you to close your books at the end of your accounting year. At the end of fiscal period 12, you can close the books for the year. Before closing, be sure to create a backup of your data. The backup represents a permanent copy of your financial data.

During the close at the fiscal year-end, the program audits the accounting to verify that valid, balanced transactions support the account balances. When no errors are present, the program then removes transactions for the closing year and prepares the balances for the new fiscal year. Sage Master Builder can create a copy of all detail transaction data in the archive company.

Calendar Year-end (Accounting)

Calendar year-end can be combined with fiscal year-end for a complete closing of your Sage Master Builder general ledger. For calendar year-

end, you may wish to just close the payroll and reset vendor 1099 balances. You can then send W-2s and 1099s from your archive company.

Payroll details are best viewed in the Help topic, "About closing the payroll." Vendor 1099 details are best viewed in the Help topic, "About Federal 1099 forms."

Journal transaction (Accounting)

Use the journal transactions capability to review most general accounting records. You can also use journal transaction capability to enter adjusting journal entries.

You cannot, however, enter transactions or adjust journal entries for the following

- Accounts payable

- Accounts receivable

- Service receivables

- Inventory

- Payroll

These accounts are posted by their own subsystems.

Profit (Accounting)

Sage Master Builder has a multi-step income statement for developing company profit. Gross profit is developed, and then overhead and administration are deducted for earnings before income tax. Finally, after-tax items are deducted to reach net profit.

Analysis Details

Sample Reports (Analysis)

Sage Master Builder provides representative samples of most reports that are available. These samples are not generated from the sample data but are images for you to view. Viewing these provides a sense of the report content without having to learn the specific selection criteria to view valid data.

Take some time to review the reports available to you under each menu item as you start your implementation. For example, under menu item **3-Accounts Receivable**, you have **3-1 Receivable Reports**.

Over/Under billing (Analysis)

The **Over/Under Billing** report is an analysis tool of Sage Master Builder to help you keep your jobs profitable. This report combines cost, budget, contract, and billed information into one key summary that highlights jobs where your costs may be running away or where a key billing has not been done. This reporting is also referred to as a WIP report in the construction industry.

Profit (Analysis)

Sage Master Builder provides many reports for analyzing job profitability. These reports are found under menu **3-Project Management**. You can start at a high level to identify possible problem jobs by comparing budgets to costs line by line. Then you can drill down into the records to determine where the problems are in detail.

Accounts Payable Details

Invoice (Accounts Payable)

The payable invoices/credit capability of Sage Master Builder lets you quickly enter transactions that affect vendor accounts. You can create invoices or credit invoices, track and release retention, or view a history of payments for a specific invoice.

A number of other features enhance record entry. When you select the **Manufacturer Details** command, Sage Master Builder includes the manufacturer's name and part number in the description of each part. To help manage inventory, select the **Allow Freight/Variance** command to post variances in material or freight costs. When you have finished entering records, use the batch list to verify the invoice totals against the actual invoice totals.

Vendor (Accounts Payable)

Vendor records provide quick access to vendor information for payable invoices, 1099 balances, ordering materials, and subcontract management. It is a good idea to create a vendor record for each business that sends invoices to your company. In addition, you should create records for businesses to which you owe money or make regular payments to, such as vendors, suppliers, subcontractors, architects, engineers, and lenders.

Inside vendor management, you can review vendor-related information such as subcontracts, purchase orders, and invoices. You can also record any additional certificates a vendor is required to supply.

Vendor types (Accounts Payable)

You can use vendor types to group or categorize vendors. Types give you the ability to select specific vendors when printing RFPs, vendor lists, or other vendor-related documents.

The Sage Master Builder Sample Company comes with a large selection of vendor types for you to consider and use.

Although you can change vendor types at any time, it's best to set standards for vendor types before you start entering vendors. This way your

vendors will be all set up to take advantage of Sage Master Builder's effort-saving features

Retention (Accounts Payable)

Many job subcontracts include retention. When you create a payable invoice, Sage Master Builder withholds retention at the rate specified in the subcontract record. If you do not indicate a retention rate in the sub-contract record, you can withhold a flat amount on each individual invoice.

Posting a payable invoice declares the entire amount of the invoice as an expense. A percentage of the gross amount, however, is withheld as retention, so the vendor is actually paid for the net amount (gross invoice amount - retention = net amount due). Therefore, retention is already declared as an expense but is not yet due. Consequently, Sage Master Builder considers retention in the invoice aging to be current.

When you are ready to pay the subcontractor for retention, it is not nec-essary to create a new invoice. You can release retention on each invoice individually, or you can release the retention for the entire subcontract at one time.

Accounts Receivable Details

Client (Accounts Receivable)

You can store information about past, current, and future clients as well as manage the sales process and track client-related issues.

Most contractors will set up a client and then set up jobs tied to that client. Some service contractors may just set up jobs directly.

To help manage sales, you can keep track of referrals, appointments, call back dates, and even when you last mailed a brochure to the client. In addition, you can set up customized lists to provide information about the lead source, region, company size, and to which mailing list they have been assigned.

Using information from the client database, you can create a wide variety of client-related documents and reports.

Client Status (Accounts Receivable)

The **Client Status** field is completely customizable for your specific needs.

Using client status provides you with information such as sales cycles, credit limits, or other client characteristics. You can even set up the status criteria to separate the clients in to client prospects, current clients, and past clients.

Client Type (Accounts Receivable)

The **Client Type** field allows you to categorize clients. A subdivision developer, for instance, can use the client types to list the subdivisions, or the release of homes in subdivisions or to track the interests of prospective home buyers. For some companies such as service/repair contractors, the geographic area is more important because all the clients are homeowners or commercial businesses.

Although client type is an optional field to use in identifying your clients, you should think through your needs before entering clients. It is much easier to categorize your clients as you enter them rather than going back later.

Job Number (Accounts Receivable)

Job number is a key for locating job cost records, selecting invoices for payment, and a finding a variety of reports. If your job numbering system is set up to reflect specific job groupings, you can use the numbering system for selecting jobs.

When you are setting up a job numbering system, it is important to create one that fits your company's work. Companies that only do a few jobs a year may not need job numbers with four or five digits, whereas larger companies might need more digits.

Job Type (Accounts Receivable)

You can classify jobs that your company performs in any fashion that you choose. You may identify jobs by contract, work performed, or any other means.

Once you have identified the jobs, you can create reports to see the performance of different job types. This may be an alternative to creating artificial departments to do the same thing.

Contracts (Accounts Receivable)

Contracts are an essential part of jobs and accounts receivable. Sage Master Builder can use your contract terms, dates and amounts to automate many types of billing and follow-up activities.

Contract summary data for a job can show you:

- Original contract amount
- Changes to date
- New contract amount
- Invoiced to date
- Balance on contract
- Open charges
- Balance with tax
- Retained balance
- Net due with tax

These amounts can drive invoicing and will help you analyze and control your jobs.

Contract Amount (Accounts Receivable)

The current contract amount is available on the **3-5 Jobs (Accounts Receivable)** window. You can find a further breakdown of this amount on the **Contract Summary** window. This amount is the starting point for some of your billing methods, such as progress billing.

See also "Contracts (Accounts Receivable)"

Invoice (Accounts Receivable)

Sage Master Builder helps you quickly enter receivable invoice or credit transactions that affect receivable accounts. You can create invoices or credit invoices, track retention, or view a history of payments for a specific invoice.

You can also create a simple invoice based on the percentage of work completed for the contract. This type of billing is suitable for subcontractors or small projects.

Receivable invoices also provide the ability to enter taxable and non-taxable items on an invoice at the same time.

Receivable invoices are only one example from the full range of billing capabilities in Sage Master Builder. See the following for more information:

- Progress Billing (Accounts Receivable)
- Time and Materials (T&M) Billing (Accounts Receivable)
- Unitary Billing (Accounts Receivable)

Statement (Accounts Receivable)

A statement summarizes the activity of invoices, payments, credit invoices, and retention for a job. It is a good idea to print the statements at the end of each month and send them to your clients to keep clients informed of the financial activity for their job.

Sage Master Builder supports monthly statements with finance charges and also combined and summary statements.

Retention (Accounts Receivable)

Many job contracts include retention. When you create a receivable invoice, Sage Master Builder withholds retention at the rate specified in the job file. If you do not set up a default rate in the job file, you can withhold a flat amount on each individual invoice.

Posting an invoice declares the gross amount of the invoice as income. However, a percentage of the gross amount is withheld as retention, so the client is actually billed for the net amount (gross invoice amount - retention = net invoice amount). Therefore, retention is already declared as income but is not yet due. Consequently, Sage Master Builder does not age retention in the invoice aging, and does not apply finance charges to it.

When you are ready to bill the client for retention, it is not necessary to create a new invoice. The retention has already been declared income, so you only need to release the retention that has been withheld. You can release retention on each invoice individually, or you can release the retention for the entire job at one time. Having released the retention, you can then send the client a statement reflecting the amount that is owed to your company.

Sage Master Builder retention is somewhat different from some other systems in that it is not stored in a separate general ledger account. However, it is easy to see total outstanding retention in several AR invoice-aging reports.

Progress Billing (Accounts Receivable)

Progress billing provides a system for creating billings, with each new application building on the previous application for a job. Many progress bills are printed on American Institute of Architects (AIA) certificates.

For each job, you create a series of applications with each new application building on the previously submitted application. Under each job, Sage Master Builder assigns each application its own application number.

You can select several ways to automatically update the cost information from the job cost records. When you select the **Percent from Costs** command, Sage Master Builder displays the actual job costs and calculates the percent of work completed by comparing the job costs against the

budget. You can instead select the **From Cost Amounts** or **From Billing Amounts** command to display only the amounts for each cost code.

You can also update the amount of the change work to the progress bill. You can either incorporate the additional charges to the existing cost codes or divisions, or include the total amount of the change order as a separate line item.

Progress billing calculates and prints on the AIA G702 and G703 forms as well as a number of other progress billing formats. Use progress billing to create percentage-of-completion line item billing. Progress billing supports variable rate retention, stored materials, and automatic updating from change orders and job costs.

Time and Materials (T&M) Billing (Accounts Receivable)

You can bill clients on a cost-plus basis, which is the cost for time and materials plus overhead and profit. Sage Master Builder uses the job cost records as the basis for the billing amounts on the time and materials (T&M) invoices.

When setting up a job for T&M billing, you can:

*   Assign separate overhead and profit markup rates to each cost type.

*   Assign a shown markup rate to each cost type.

*   Assign a hidden markup rate to each cost type.

*   Assign wage rate and equipment rate tables to the job.

*   In addition, you can set a minimum daily charge, which is the minimum number of hours per laborer, or you can set up minimum units per piece of equipment to charge.

Unitary Billing (Accounts Receivable)

With certain types of work, it is more difficult to estimate the amount of work necessary to complete the job. For example, with grading or excavation work it proves easier for a contractor to bill for the number of units of earth moved. Unitary billing provides a system for creating a series of unit-based applications, with each new application building on the previous application for a job.

Before using unitary billing, you will typically prepare unitary proposals.

Application (Accounts Receivable)

Applications are generally the starting point for getting approved pay-ments for a number of different processes. You will create an application for payment, get it approved and then submit an invoice.

Applications apply to:

• Progress billing

• Loan draws

• Unitary billing

Sales Tax (Accounts Receivable)

Sage Master Builder supports the complex sales tax structures your busi-ness may need. Sales tax requirements differ from region to region. In one region you might not have to report any sales tax, while in another region you might need to report taxes on everything but subcontract work. Before setting up the tax districts, consult the local tax agencies to determine the correct tax rates.

As you know, most states and many cities impose taxes on sales. The seller must add the tax to the selling price and then pay the taxes to the government. Certain types of work require contractors to collect and remit sales taxes to the appropriate government agency. Tax districts pro-vide the flexibility necessary to manage, compute, and report the individ-ual sales taxes levied by state, county, and municipal governments.

When you create an invoice, Sage Master Builder determines the sales taxes from the indicated tax district. A tax district is comprised of a group of tax entities to which you report the taxes collected within that particular region. Before you can create a tax district, you must create the tax entities. Your tax entity calculations can also compute discretionary surtaxes.

Tax District (Accounts Receivable)

Tax districts provide you with the flexibility to manage, compute, and report the individual sales taxes levied by state, county, and municipal governments.

When you create an invoice, Sage Master Builder determines the sales taxes from the indicated tax district. A tax district is comprised of a

group of tax entities to which you report the taxes collected within that particular region. Before you can create a tax district, you must create the tax entities.

Tax Entity (Accounts Receivable)

Tax entities are the building blocks of tax districts. Up to five different entities can be combined to make one district. This capability provides the flexibility to meet a wide range of sales tax needs.

Tax entities support limits for the amount of tax collected. These limits can be based on invoice, job, service contract, or service location.

Document Control Details

Daily Field Report (Document Control)

You can track the conditions and events that occur at the job site on a daily basis using the **6-11-6 Daily Field Reports**. You can keep track of the employees and subcontractors working on the job, what equipment was used, and how many units of work were completed. In addition, you can track incidents, meetings, and field orders. Relevant portions of this data will be fed into payroll, and then to job costing.

Submittal (Document Control)

You provide submittals with all material samples supplied to the general contractor, client, or architect. The submittal lists each sample you are providing for review.

Submittals provide for not only tracking the item, but identifying the action required and due date.

Equipment Management Details

Equipment Cost Recovery (Equipment)

You can remove the guesswork associated with recovering equipment costs. In the **8-Equipment Management**, you can provide the cost to own and operate the equipment for a resource consumption period as well as the estimated use for the resource consumption period. You can then compute an estimated per-unit rate to apply to jobs.

Through the cost recovery rate, you post the costs for owning and operating equipment to the job. The accounting transaction posts a debit to the job expenses account in the direct expense range, and a credit to the equipment revenue contract account in the equipment/shop expense range. The transaction increases direct expenses and reduces equipment expenses, resulting in a more realistic view of job profits. At the same time, the program creates a job cost record and an equipment revenue record.

To determine the cost recovery rate, project the use and costs that you can expect based on records from previous years. Do not include the cost of labor in the operational costs because job costs created in Sage Master Builder include the equipment operator's time. It is a good idea to review the cost recovery rate every year and make adjustments. If you discover that the equipment use is considerably higher or lower than expected, you can make the suitable adjustments.

Shop (Equipment)

Sage Master Builder handles tracking your equipment and assigning the cost of use to jobs where possible.

When you post transactions to the "equipment/shop expense" range of accounts, Sage Master Builder displays the **Journal Transaction Equipment Cost** window regarding cost distribution. In the **Equipment Cost** window, you can break apart costs to create individual line entries that reference equipment, cost codes, and cost types.

Sage Master Builder helps you move expenses from the indirect category of **Shop** to direct job-related expenses.

Estimating Details

Assembly (Estimating)

Assembly estimating is a simple, accurate way to create takeoffs quickly. It also streamlines the management of material costs, quotes, and ordering because each assembly includes all the necessary parts and labor to complete a unit of work.

An actual assembly represents a collection of parts necessary to complete a single unit of work. For instance, an interior door assembly can include the door, frame, hinges, trim, doorknob, shims, and nails. Some other examples of assemblies are kitchen cabinets, linear feet of wall, window installation, roof framing, roofing installation, bathtubs, showers, pipe runs per foot, and conduit runs per foot.

Note that assemblies are only available in the Estimating add-on module or Service Receivables/Inventory add-on module.

Parts (Estimating)

A part is a record of an item that you want to track in the parts database. You can manage costs, track part inventories, and even assign an image to individual part records. You do not have to limit part records to building materials; you can even create part records for labor costs. To set up a parts database, enter the parts manually or import an existing database.

If you subscribe to a part-pricing service, you can update the prices in the parts database as you receive the latest service updates.

Parts are used in estimating, service, and inventory. Parts can be used within assemblies for "assembly-based estimating."

Bid Item (Estimating)

Bid items are a way of breaking apart estimates into different categories. A client or lender might require you to submit a proposal based on bid items. Some contractors even use bid items internally as another way to track project data. The bid item categories can differ from job to job and are not necessarily determined by types of work performed. Once the list of bid items is set up for a job, you can use the bid items when creating the project's estimate, budget, and proposal. In addition, you can create unitary bills by bid item; however, you cannot job cost by bid item.

Although primarily available through the Estimating add-on module, bid items can also be used with proposals generated in window under **6-Project Management**.

Profit (Estimating)

Sage Master Builder provides methods for you to manage the profitability of individual jobs. You can set overhead and profit rates by bid item, cost type, or individual grid cell in a takeoff.

To use this capability, you must have the Estimating add-on module.

Markup (Estimating)

Sage Master Builder can apply different markup rates to material, labor, equipment, subcontracts, and five other classes of cost types that you choose. Markups can be applied to specific items and to an overall bid. Markup is applied after overhead.

To use markups, you will need the Estimating add-on module or the Service Receivables/Inventory add-on module.

Inventory Details

FIFO (Inventory)

The first-in first-out (FIFO) method assumes that when items are removed from inventory, the inventory account is reduced by the cost of the first item acquired in inventory. This method more closely mirrors the actual physical inventory process. Assuming that the costs to acquire inventory are subject to inflation, a FIFO cost flow assumption results in lower cost of goods sold, higher net income, and thus a higher tax liability.

Only weighted average costs (WAC) are used in job costing. Sage Master Builder provides an Inventory Variance Reconciliation report to reconcile the general ledger to jobs.

To use FIFO for inventory, you will need the Service Receivables/Inventory add-on module.

Note:

We recommend that you consult with your accountant and tax advisor before selecting an inventory valuation method in Sage Master Builder.

LIFO (Inventory)

The last-in first-out (LIFO) method assumes that when items are removed from inventory, the inventory account is reduced by the cost of the most recently acquired item existing in inventory. Assuming that the costs to acquire inventory are subject to inflation, a LIFO cost flow assumption results in higher cost of goods sold, lower net income, and thus a lower tax liability.

Only Weighted Average Cost (WAC) amounts are used in job costing. Sage Master Builder provides an Inventory Variance Reconciliation report to reconcile general ledger to jobs.

To use LIFO for inventory, you will need the Service Receivables/Inventory add-on module.

Weighted Average Cost (Inventory)

The WAC method assumes that when items are removed from inventory, the inventory account on the general ledger is reduced by the average

cost of all items existing in inventory. This generates an average cost of goods sold, net income, and an average tax liability of the specific part being removed.

Only WAC amounts are used in job costing. Sage Master Builder provides an Inventory Variance Reconciliation report to reconcile general ledger to jobs.

To use WAC costs for inventory, you will need the Service Receivables/ Inventory add-on module.

Inventory Allocation (Inventory)

Inventory moves into the inventory control system through payable invoices, service receivables credits, or purchase order receipts. Once in the system, you use **12-2 Inventory Allocation** to post to job costs, to track movement among locations, and to place stock on hold. You can also post transactions to the general ledger for the consumption of stock items by your company, the loss or shrinkage of stock items, and the revaluation of stock.

To use **12-2 Inventory Allocation**, you will need the Service Receivables/Inventory add-on module.

Payroll Details

Employee (Payroll)

An employee is someone your company pays on a salaried or hourly basis. To set up employees you create an employee record for each employee who works during the calendar year. The record stores personal and work-related information, and acts as the source for each employee's hourly pay rates, salary rates, or paygroups. In addition, you can accrue sick and vacation time, provide direct deposits for employees, and automatically recover payroll advances.

Employee Position (Payroll)

Employee positions determine how you post gross payroll costs to the general ledger (and job costs). Create employee positions that represent the type of work performed by employees such as office workers, job supervisors, and laborers. The list does not need to be complex; you must create at least one employee position.

After creating the employee positions, assign them to employee records. When you post a payroll record, Sage Master Builder looks at the position in an employee's record, and the ledger accounts in the employee positions table.

You can also add a department to each position. When you post a payroll record, Sage Master Builder first looks to the job record for a department number. If Sage Master Builder does not find a department number in the job record, it next looks to the cost code. If the cost code does not contain a department number, Sage Master Builder then looks to the employee position.

Paygroup (Payroll)

Paygroups are an important component to manage wages and benefit packages for employees whether they are working in union shops or open shops working prevailing wage projects. You can include the paygroups in the employee record or in the job record to provide the correct paygroup when entering timecards. The paygroup then becomes the source for wages and benefits on the timecard lines.

For union shops, set up a paygroup for each combination of pay scales and benefits packages that you need to report. Then assign the appropri-

ate paygroup to each employee record. During timecard entry, Sage Master Builder assigns the paygroup from the employee record to each timecard line.

In open shops, the requirements between the prevailing wage project can vary, and employees can work under a variety of pay categories. For each prevailing wage project, set up the appropriate paygroups for each combination of pay scales and benefits packages that you need to report.

Each union or prevailing wage project has specific requirements as to how the benefits are calculated. To manage the different benefit packages, you can assign an independent set of payroll calculations to each paygroup. It is important to review each benefit you provide and determine if it meets the requirements set forth by the governing agency. If not, you will need to create a new payroll calculation.

Paygroup Benefit (Payroll)

Paygroup benefits provides a simple way to link a specific payroll calculation with a whole paygroup. With this feature you can easily customize the benefit rates used for specific pay groups.

Payroll Calculation (Payroll)

Payroll calculations act as the rules for computing deductions, benefits, and employer costs. You can manually set up payroll calculations or create the set of standard calculations supplied by Sage Master Builder.

Payroll calculations are such a key item of your setup that you may wish to review them with a business partner.

Payroll calculations are used for much more than just calculating employee benefits and costs. They can be a key tool for allocating labor costs to individual jobs.

Daily Payroll (Payroll)

Daily payroll entry is required if you need to allocate equipment to jobs.

With Daily payroll entry you enter payroll data for all the employees for a single day as well as allocate equipment use. From the daily entries, you can generate daily reports to review the daily costs of labor and equipment use. Daily payroll entry allows you to enter times for employees who worked jobs or repaired equipment, and times for equipment

use. Use the payroll records entry to enter records for salary, bonuses, adjustments to deductions and benefit balances, startup data, advances, or third-party sick pay.

At the end of a payroll period, you can convert the daily payroll records into timecards. Each timecard contains the hours worked by an individual employee. After conversion, you can still review timecards in the **Payroll Records** window.

Whether you use daily payroll or payroll records for capturing your payroll data will depend upon how you manage your field payroll, how often you collect data, and how often you enter it.

Union Payroll (Payroll)

Sage Master Builder supports union payroll with both payroll calculations and specific union payroll reports.

After you have identified your unions, most of the details of union payroll are handled via paygroups. Please review the paygroup concept.

Specialized union reports are available which show the details of all benefit calculations on either a paygroup or employee basis.

Workers' Compensation - Split Rates (Payroll)

In a split rate system for workers' compensation, a category of work uses two different rates. Some states, such as California, use a two-tiered system of rates based on employee pay. The wages an employee earns determines the rate at which the insurance company computes Workers' Compensation.

Sage Master Builder also allows one employee to be charged at different rates at a job depending upon the task being performed. This feature offers the potential for great savings by the contractor.

About workers' compensation classification (Payroll)

Sage Master Builder provides methods for you to handle virtually any classification of workers' compensation for your employees. Taking full advantage of this capability is key to minimizing your labor burden.

You can set up workers' compensation codes, rates, and experience modifiers. Sage Master Builder uses the table in conjunction with the workers' compensation payroll calculation to compute the premium for each

code category. How you set up the workers' compensation codes depends on the requirements for each state:

- Some states use two-tiered codes, where two rates apply to a single category of work.

- Some states require the employer to pay for general liability insurance. Often the liability rates are based on the risk groups, but are not affected by the experience modification.

- Some states use a dollar per hour rate instead of a percent; some use both.

- Some states do not require subcontractors to carry workers' compensation insurance. Often the general contractors carry the liability insurance burden for the subcontractor.

As you set up your system, use the compensation codes from the insurer's policy or report whenever possible.

Direct Deposit (Payroll)

Using direct deposit, you can deposit funds in up to four different bank accounts for an employee.

Banks require electronic delivery of payroll information by companies to provide employees with direct deposit. Sage Master Builder supports the creation of a file in automated clearing house (ACH) format. You can then send this file to your bank. Your bank will extract records from the file and create files that are routed through ACH providers to the various employee banks.

Trial Compute (Payroll)

This is the initial calculation of payroll during a payroll cycle. During a compute, the program calculates the wages, deductions, benefits, and employer costs for each timecard.

After a trial-compute, you can review the individual payroll records, check the accuracy of the payroll calculations, and make any final adjustments. Before the final-compute, you can override a payroll calculation in a specific record and provide the amount you want Sage Master Builder to use.

Payroll Final Compute (Payroll)

At this point payroll expenses are posted to job costs. When a final-compute is completed, Sage Master Builder changes the status of the records to computed and creates the job costs. In the employee records, the program updates the quarterly and year-to-date totals for gross wages, Social Security, and Medicare. The program also updates the quarterly totals of the payroll calculations.

Once you have finalized payroll, you can print payroll checks and post the records. If the posting period has changed between the time of the final compute and posting to the general ledger, Sage Master Builder updates the posting period of the job cost records.

Post To General Ledger (Payroll)

This is the final step of payroll processing. When you post payroll, Sage Master Builder:

- Debits gross payroll.
- Posts job costs to the direct expense account. If you have selected the **Post Payroll to WIP** check box in the job record, payroll posts to a WIP account. If the WIP account uses subsidiary accounts, payroll posts to a subsidiary account that uses the job number as the account number.
- Posts equipment repair or maintenance costs to the equipment/shop account.
- Posts all remaining costs to the overhead or administrative account, which is determined by the employee position.
- Debits payroll expenses to the ledger accounts as indicated in the payroll calculation.
- Credits net payroll to the checking account entered in the Payroll Posting window.
- Credits the ledger accounts as indicated in the payroll calculations.

Sage Master Builder provides the capability to post payroll records to the general ledger in detail or in summary.

Timecard (Payroll)

Sage Master Builder offers a variety of ways to create timecard records for your employees. You can directly enter timecard records on an employee by employee basis or use daily payroll reports to enter the records by day for many employees. At the press of a button, you can then create detailed Timecard records that will be job costed.

After timecards have been created, however, the costs are available on committed cost, cost to complete, and cost vs. budget reports for you to manage jobs. When you run **Final Compute** in **5-3 Compute Payroll**, Sage Master Builder posts the costs for labor to the general ledger and creates the job cost records.

Several third-party vendors provide applications for timecard entry via the Web and PDA devices. Please review this page: http://www.sagecre.com/partners/development_partners/ complementary_products

Federal and State Filing (Payroll)

Aatrix is a leading provider of tax-form filing and compliance services. It is in business to help you complete state and federal payroll reports directly from your software. Now that Aatrix has been integrated into Sage Master Builder, you have the ability to fill out report forms, print the forms, and then send them to federal and state entities.

In addition, if you enroll with Aatrix and set up an account, you can file reports electronically through Aatrix while working within Sage Master Builder. Filing electronically through Aatrix is fee-based.

Certified Payroll (Payroll)

To verify the payment of prevailing wages to employees working a Davis-Bacon or prevailing wage project, many government agencies require contractors to submit certified payroll reports. The governing agency determines the frequency with which you must submit the reports.

Sage Master Builder allows you to select payroll data for inclusion in these reports either at the detailed payroll record level or at the job/ employee level.

Production and Project Management Details

Project Work Center (Project Management)

This feature enables you to view important data and manage all your jobs from one location. The **Project Work Center** is highly customizable for each user's needs.

Job information is available directly from the Sage Master Builder desktop by creating the desktop shortcut icon from the **6-Project Management** menu.

Project Work Center displays the following information for a selected job:

*   A customizable menu tree displaying accessible menu items.

*   Contact and current financial information about the selected job.

*   Items selected for the Hot List, including:

    *   Invoices

    *   Change orders

    *   Purchase orders

    *   Subcontracts

    *   Proposals

    *   Progress bills

    *   Loan draws

    *   Unitary bills

    *   Recurring payables

    *   Recurring receivables

Using document control, you can display more items in your **Project Work Center**, such as:

    *   Requests for information

    *   Requests for proposals

    *   Transmittals

    *   Submittals

- Plan records

- Daily field reports

- Punch lists

- Correspondence

Hot List (Project Management)

The hot list is a record of items that require immediate attention. You can display a hot list by job or by supervisor. You can then drill down to review a specific record.

Hot list items are selectable on an item-by-item basis. You may set the hot list to be selected for all items of a given type by using the field default capability of Sage Master Builder. You can include the following standard information on the hot list.

- Invoices

- Change orders

- Purchase orders

- Subcontracts

- Proposals

- Progress bills

- Loan draws

- Unitary bills

- Recurring payables

- Recurring receivables

- Requests for information

- Requests for proposals

- Transmittals

- Submittals

- Plan records

- Daily field reports

- Punch lists

- Correspondence

Grid Files (Project Management)

Grid files provide a quick way to build:

- Budgets

- Takeoffs

- Proposals

- Schedules

Essentially, the grid files are parts of full grids that can be imported into the four named documents. This provides a handy way to duplicate complex work from job to job.

Change orders (Project Management)

The **6-4-1 Change Orders** window provides functionality for managing changes to a prime contract or subcontract. Change orders allow you to track changes independent of a project's budget, providing a clear audit trail for pending, approved, and refused changes.

Depending on the type of change work you need to perform, you can enter change orders that alter the job's budget, proposal, or subcontracts, or any combination of the three. On the **Prime Change Details** tab, you can enter changes to costs that affect the bid amount. In the **Budget and Sub Change Details** tab, you can enter cost changes that affect your budgeted costs such as subcontract changes, or work for which you do not want to charge the client.

Change orders are now more closely integrated with subcontracts. When you create a change order using the **6-4-1 Change Orders** window for a subcontract, the program displays information on the **6-7-1 Subcontracts** window in columns named **Changes**, **New Contract**, and **Remaining**. This tight integration provides more control over your contracts and your invoicing by providing accessible information.

Direct Expense (Project Management)

When you post a transaction to the **Direct Expense** or **WIP** range of accounts, Sage Master Builder prompts you to create a job cost record in

the **Job Cost Distribution** window. Job-cost records do not impact the general ledger.

Committed Costs (Project Management)

This reporting capability summarizes "paid" information and "committed but yet not paid" information on a job-by-job basis. This report includes unposted payroll and open purchase orders.

It calculates the remaining budget based on the "budget plus changes" minus "costs to date and committed costs."

This powerful capability shows your job profitability while the job is in progress, and you can take corrective action if needed.

Cost to Complete (Project Management)

This is a key facility for you to manage your business and make sure projects are not getting out of control.

With the cost-to-complete function, you can generate a report estimating the costs necessary to complete a project currently under construction. When you select the job and phase and update the data, the program retrieves the current budget, job costs, and the gross wages for uncomputed payroll records. Over the course of the project, you can update the current budget and job costs in the **Cost to Complete** window to create a new report.

Enter the estimated percent of work completed or costs to complete the project, and then calculate the report. If you provide the percent of work completed, the program computes an estimate of the remaining costs to complete the project and the amount by which you are over or under budget. If you provide the estimated costs to complete the project, the program computes the percent of work completed and the amount over or under budget.

While the computed payroll records include the labor burden, the gross wages for uncomputed payroll records does not. To increase the accuracy of the report, you can provide a labor burden rate, which the program uses to calculate and add in the estimated labor burden for uncomputed payroll record

The Cost to Complete report relies on accurate and up-to-date job costs. Be sure to post all job costs and enter any recent change orders before updating the report.

Reporting Details

Form Design (Reporting)

Every report, document, or letter that you generate uses a form design. A form design is a template for the layout of a page or pages. Using **13-5 Form/ Report Page Design**, you can edit any of the form designs supplied with Sage Master Builder, or create new forms. You can change the graphic elements and layout of the form, as well as change the boilerplate text.

Form design is used for customizing items such as checks and reports. It will most probably be needed with AP, Payroll, Equipment, and GL checks. Consult with a business partner when working on payroll checks.

Using **13-5 Form/Report Page Design**, you create the page layout for a single page form or a multi-page form that includes text, fields, and calculated fields.

Form design allows you to change the look of any document to fit your needs. You can create an endless variety of new forms and documents for your business without having to learn other complex software. Form design can be used to create business letters, mailing labels, complex contract documents, custom check forms, special report page formats, change orders, invoices, and many other documents that you use every day. This eliminates the need for expensive pre-printed forms since everything can be printed on your standard printer paper.

Report Writer (Reporting)

13-3 Report Writer provides tools that allow you to create custom reports to access information stored in the Sage Master Builder databases. With the **13-3 Report Writer**, you can modify existing reports or create entirely new reports for your company's needs.

Before creating a report, it is important to understand how the Report Writer and Form Design work together. In **13-5 Form/Report Page Design**, you create the page layout for a single page form or a multi-page form that includes text, fields, and calculated fields. Most form designs also have a detail box, which indicates to Sage Master Builder where the details of the report will be placed.

In the **13-3 Report Writer**, you create the body of the report that appears in the detail box of the form design. In the design of the report details, you can include text, fields, and calculated fields. In addition, you can control when the report prints on a new page or an entirely new form.

13-3 Report Writer provides functionality so that you can associate a specific form design with a report. When you select the report for printing, Sage Master Builder automatically selects the associated form design. In addition, you can determine the location of the report in Sage Master Builder menu system.

You can create new reports from scratch, or you can use existing reports as the basis for new reports. The **Report Writer Wizard** can also guide you through the process of designing a custom report.

Scheduling Details

Task (Scheduling)

A task is an event that has a defined beginning and ending. Not only can you create tasks for work to perform, but you can also create tasks for other important events such as inspections, sending billings, or ordering materials.

Tasks can be created as result of exporting from the Takeoff or can be created directly in the Scheduling module of Sage Master Builder.

In addition to simply managing the job, Tasks can help you project cash flow needs and select needed Purchase Orders to issue.

Service Receivables Details

NOTE:

To use service receivables functionality, you will need the Service Receivables/Inventory add-on module.

Service Work (Service Receivables)

The **Service Receivables** add-on module handles service contracts, service routes, service dispatch, on-call work orders, quotes, and point-of-sale and billing-of-service work materials. Because **Service Receivables** fully integrates with the **Inventory** add-on module, you can keep inventory up-to-date based on service work completed.

Using **Service Receivables**, you can review information about equipment installed at multiple client sites and track how the equipment is used. You can use service truck inventory to assign parts to trucks or warehouses. In addition, you can turn your estimates into service work orders.

Work Orders (Service Receivables)

A work order is one step of the complete service receivables process. The general flow is from "quote" to "work order" to "invoice." The service work process is quite flexible, however, and your business may use these capabilities in an abbreviated fashion.

Work orders can be set up and reviewed in a one-by-one fashion but can also be seen and manipulated in the dispatch board. The drag and drop capabilities of the dispatch board update times and assignments for work orders.

Service Routes (Service Receivables)

Regularly scheduled work, determined in the terms of the contract, is referred to a service route. A route might entail routine inspection, maintenance, or performance of work.

For instance, a street sweeping company sweeps the parking lots for local shopping centers every week. On Mondays and Tuesdays, the company sweeps lots on the north side of town. On Wednesdays and Thursdays, the company sweeps lots on the west side of town. And on Fridays,

the company sweeps lots on the south side of town. The lots swept on each day represent a different route.

Service Locations (Service Receivables)

For service work, you can set up a table of the different locations that you must service for each client. You can use the phone number of the location for quick lookup of clients.

Contract (Service Receivables)

Service receivables support a contract feature for recurring work using the contract data for recurring billing. Contracts can create invoices directly without creating a work order. Use the contract in situations where the same amount is billed each time. For each client, you may have multiple contracts.

Dispatch Board (Service Receivables)

Use **11-3 View Dispatch Board** to manage work orders and technician assignments. You can assign technicians to work orders, move work orders to different days, even delete work orders altogether. The Dispatch Board also displays travel time and appointments from the calendar. In fact, when you add time off to the Dispatch Board, it is added to the calendar.

Chapter 4

Customer Resources

This chapter provides information about the following:

Sage Master Builder Printed and Printable Documentation

Customer Support Resources

Training Resources

Business Partners

Business Forms

Sage Master Builder Printed and Printable Documentation

Sage Master Builder Product Overview

Sage Master Builder Product Overview provides background information to help you understand the core functionality of Sage Master Builder and how to use it to manage your business. If you are new to Sage Master Builder, then we highly recommend that you read the specific background information about the tasks that you will perform. If you are a company owner or administrator, we recommend that you read all the information in this guide.

NOTE:

To open this and other documents, on the main Sage Master Builder window, click **Help** > **Printable Documentation** > file name.

Sage Master Builder Installation and License Administration Guide

The *Sage Master Builder Installation and License Administration Guide* provides explicit information about how to install Sage Master Builder and set up the software in your specific environment. It also provides information on how to set up and administer licensing and manage license reservations. This guide is a "must read" for all systems administrators and business owners.

Sage Master Builder User Guide

The *Sage Master Builder User Guide* is a printable PDF version of the Sage Master Builder Help. It provides extensive explanation of Sage Master Builder functions and tools as well as hundreds of procedures for completing tasks.

Sage Master Builder Release Notes

The *Release Notes* document provides information about enhancements and previously reported issues in the software that have been resolved for the current release.

It also provides, where applicable, information and comments about recently discovered issues that have not yet been resolved before the latest software release.

Printing Sage Master Builder Documentation

Printing Sage Master Builder printable documentation

Links to the printable documentation are located under **Help > Printable Documentation** menu on the Sage Master Builder main window.

IMPORTANT:

You must have the Adobe®Reader® installed on your computer to view and print Sage Master Builder guides. To download this free software for viewing and printing documents in PDF format, visit
http://www.adobe.com/products/acrobat/readstep2.html

To print a Sage Master Builder printable document:

1. On the main window, click **Help > Printable Documentation**.

2. From the menu list, select the printable document you want to open.

   Adobe Reader opens and loads the guide.

3. From the **File** menu, click **Print**.

4. To print a section of pages, from the Adobe Reader **Print** window, select **Print Range** > **Pages from**, and type a range of pages.

Customer Support Resources

About customer support resources

Sage Master Builder offers a variety of customer support resources.

Sage Knowledgebase

You can access the Technical Support Knowledgebase 24 hours a day, seven days a week for solutions to frequently asked questions. You can also find software alerts and notices, release guides, and year-end close information there too.

TIP:

This is the same online tool our support staff uses when responding to calls from service plan customers.

To access the Technical Support Knowledgebase:

1. Click https://customers.sagenorthamerica.com/irj/portal/anonymous/login.

2. On the Welcome page, in the left column, click **Knowledgebase Search** to open a list of products.

3. Complete **Step 1** by selecting Sage Master Builder from the list of products.

4. Complete **Step 2** by entering a search term in the box.

5. Click **Search**.

The search results appear below the box.

Release Updates

To get the latest information about this release, log on to the Customer Portal,
https://customers.sagenorthamerica.com/irj/portal/anonymous/login.
 Then click **Support** > **Documents** > **For Customers** > **Sage Master Builder** > **Release Materials**.

Online Support

If you would like assistance with a solution and your service plan provides online technical support:

1. Log on to:
   https://customers.sagenorthamerica.com/irj/portal/anonymous/login.

2. Then click **Self Service** > **My Requests** > **Customer Support Ticket**.
   This sends your request directly to Customer Support.

Phone Support

If you need help and your Service Plan provides support assistance, call Customer Support at 800-866-8049. Support hours are Monday through Friday from 6 a.m. to 5 p.m. PT (Pacific Time).

Upgrade your Service Plan

If your service plan does not provide online technical support and you would like to add or upgrade a service plan:

1. Call 800-585-7098, or log on to
   https://customers.sagenorthamerica.com/irj/portal/anonymous/login.

2. Click **Self Service** > **My Requests** > **Customer Service Request**.

Remote Assist Tool

The Remote Assist Tool allows Sage Customer Support representatives to access your systems and data remotely through your computer to provide support services to you and your company. You can access the Remote Assist Tool from a Help menu link on the Sage Master Builder main page. Point to **Help > Customer Resources > Technical Support > Remote Assist Tool**.

Customer Forums

Exchange information with other Sage Master Builder customers. Log on to:
https://customers.sagenorthamerica.com/irj/portal/anonymous/login.
On the Web page **Home** tab, find and click **Forums**.

Upgrade Your Service Plan

If your service plan does not provide online technical support, you may add or upgrade a service plan by calling 800-858-7098 or by logging on to:
https://customers.sagenorthamerica.com/irj/portal/anonymous/login.
Then click **Self Service** > **My Requests** > **Customer Service Request**.

Training Resources

About training options

Learning to use Sage Master Builder software has never been easier! Whether you choose to take online classes from Sage, participate in classroom training, or work directly with your business partner, you will learn how to use Sage Master Builder to support your business. Contact your business partner to find out about training options or visit www.sageu.com/masterbuilder.

Overview of customer classes

Online classes help make learning Sage Master Builder convenient. Each instructor has years of experience using Sage Master Builder and will lead you step-by-step through the class material.

Online classes allow you to view the instructor's computer screen as he or she demonstrates Sage Master Builder software. Once you register for your class via Sage University, you will receive email communications that tell you how to access the training. Because the classes are live, you can ask questions and benefit from hearing other students' questions. Classes cover all aspects of Sage Master Builder, including project management, estimating, scheduling, and payroll. For more information, visit www.sageu.com/masterbuilder.

Getting started with training

All customers should begin with our New Customer Training (NCT) series which is included in our Essentials Training Package in recorded format for 24/7 access. These classes include an overview of the Sage Master Builder system and its features. Customers that prefer live online training can register for the Realtime Learning version of these NCT courses. For more information, visit www.sageu.com/masterbuilder.

Business Partners

About Business Partners

To serve you better, Sage Master Builder products and services are available to you through an authorized network of business partners.

Your business partner is available to serve you, from simple how-to questions and hands-on demonstrations, to installation, implementation, and training. They're fully equipped to help you get where you want to be. For more information please contact your Sage Master Builder business partner.

Business Forms

Sage Construction and Real Estate Forms

Sage Master Builder is designed to work with generic checks and forms that are available from many sources. There is no single vendor that customers must use; however, you can get a complete portfolio of forms, tax forms, and checks through *Sage Construction and Real Estate Forms* by calling 800-760-7929 or by visiting http://www.sagecreforms.biz/.

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