

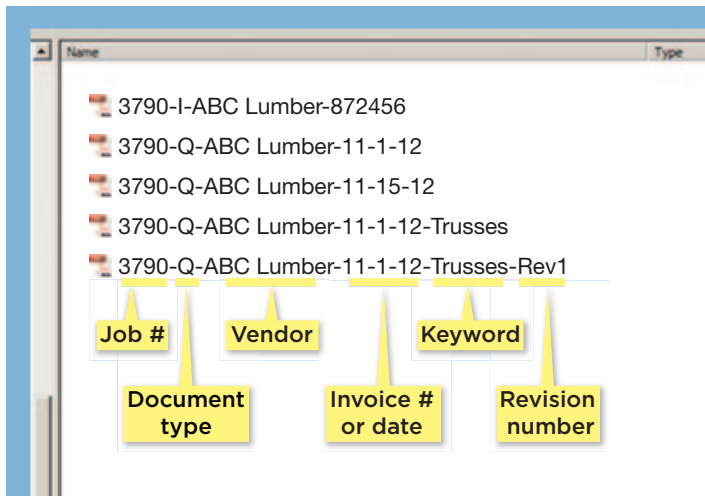
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Going Paperless

by Allan Edwards

I am a custom home builder with a small office. We build only a handful of homes each year, but the average price is \$3 million or higher, and each job generates 1,500 to 2,000 documents. I committed to the concept of a paperless office three years ago after a client asked to see all invoices for her job. After scurrying around making copies of 1,100 invoices, some which were missing or misfiled, we realized we needed a better system.

Today, we store 99.9% of our documents in digital format on our server or a cloud-based service. Stored documents include proposals, architectural drawings, contract documents, POs, invoices — almost everything affecting our jobs. We scan, label, and file all paper documents, but the fact is that more than 80% of all documents are now sent to us as PDFs, and I expect that percentage to grow.



The author's file-naming convention divides the file name into several parts. First comes the job number, which is usually the job address, followed by the document type — "I" is an invoice; "Q," a quote; "D," a draw request; "PO," a purchase order; "CO," a change order; and so on. Next comes the name of the vendor or sub, followed by an invoice number, or by a date that distinguishes between versions. In some cases, a keyword suffix is added to help narrow the search. Another suffix is added when a document is revised: Rev1, Rev2, etc.

Benefits and Savings

Having everything available digitally gives us quick access, and the time we save is by far the biggest benefit of reducing or eliminating paper. It is surprising how much human time is wasted by moving a document or invoice around an office, shuffling from one stack or one desk to another. I estimated that a clerical person or office manager spent three weeks a year just filing the documents in our office!

Now if a client wants to see a batch of invoices associated with a billing, we can easily provide that. We see dozens and dozens of instances where the ability to quickly obtain a digital invoice, photo, cut sheet, or other document saves us time — and money! Remote access is also invaluable: If a project manager is on a job and needs to review the plumbing selections, he can retrieve the document from our cloud-based service using a notebook computer or mobile device.

Storing documents in digital format is also valuable for estimating. We bid as many as 15 new homes per year, and as part of our process we often review recent invoices or quotes from similar jobs. There are countless instances where the ability to quickly obtain a digital document, invoice, photo, or cut sheet has improved the accuracy of our bid.

Another big benefit of going paperless has been that we no longer need actual file cabinets in our office. We're headquartered in a rather expensive area, and eliminating file storage has saved us \$4,800 a year in lease payments, not to mention the cost of file cabinets, file folders, and labels.

We build most custom homes using cost-plus contracts, where we are entrusted with other people's money. Cost-plus requires that we convince clients that we are diligent and trustworthy in our accounting processes, and a large part of that involves furnishing them with all invoices pertaining to their project. Many banks also require us to provide copies of invoices for each draw we submit. By showing them our digital storage methods, we are able to assure them that backup documentation for draws and billings are just a click away for them and their lender.

Another advantage to going paperless is our ability to upload various documents to our online project management platform where clients can easily access them. These include permits, engineer inspections, selections, surveys, budgets, and many other documents. This transparency builds our clients' confidence in us as their builder, and the goodwill and trust it creates is invaluable to that relationship.

File Names and Folders

Digital storage is convenient and saves time, but there's more to it than merely creating and receiving digital documents. For the system to work as designed, it's important to establish a clear-cut method of naming files. File names must be consistent so that using them becomes second nature for everyone when filing and retrieving documents. Without a logical, consistent file-naming system, searching for a digital file can be just as inefficient as digging through physical files in a storage cabinet.

Our file-naming system is simple yet effective (see example, page 47). It acknowledges that most of the documents we store are related to a particular job and come from vendors or subcontractors. It also accounts for the fact that some documents are revised, and it allows for storage of several versions. For example, we receive hundreds of quotes from subs and vendors each year, many of which are adjusted based on our review. It isn't uncommon to have several quotes from a sub or vendor for one item related to one job. In this case, we use the date of each quote to distinguish one version from another. Sometimes we add a keyword, like "trusses" or "tile," which makes it easier to find what we're looking for.

On our local server, we store documents in separate folders. For instance, office and administrative documents (such as insurance policies, tax documents, and the like) have their own folder and sub-

folder system. We upload job-related documents to Builder Trend, a cloud-based system, which makes them available to field personnel. We store quotes for every job on our local server in a folder labeled "Quotes," moving them as their sta-

tus changes between subfolders labeled "Current," "Accepted," and "Rejected."

For documents that are emailed to us — including an increasing number of invoices — we use a two-monitor setup. We can view the invoice on one screen

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while we enter the data into our accounting system on the other screen. Once it's been posted, the invoice is saved to our server.

Equipment and Services

Although we are receiving more and more digital documents via email, we still deal with a fair amount of paper, so our scanner is an important piece of equipment. We use the Fujitsu ScanSnap S510. It's easy to operate, and its scanning speed makes up for the high price (\$725). We also use eFax, a \$10-per-month digital fax service, which converts paper faxes into PDFs. But paper faxes are disappearing from our business; even subs who used to do everything via fax are somehow learning how to send invoices as PDFs.

Finally, an online backup system is an absolute requirement, and several are available at reasonable prices. We use MozyPro (\$375 per year for 100 GB) and backup daily to ensure that our files will be safe even if we were to lose our server and computers to fire or mechanical failure.

Of course, the most important factor in implementing a digital storage system is commitment from you. Digital storage has to become a routine part of your daily operating methods. Superintendents who receive documents by email must get into the habit of forwarding those messages to the office so that they can be uploaded into the storage system. And all paper documents, no matter how insignificant, must be scanned and filed.

The transition from paper to scanning was not as difficult as I expected; we set a date and changed over from that point forward. For some in-progress jobs that were not too far along, we went back and scanned prior items so we would have a complete set of digital documents. The cost was minimal: The temporary person we hired needed only three days to scan everything into the system.

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