

Mike Merrill:

Hello and welcome to the Mobile Workforce Podcast. I'm your host, Mike Merrill, and today I'm excited to sit down with today's guest, Josh Stearns. Josh is the CEO of Accumuld and Constructionpayroll.com. Josh is an expert on um, payroll and also is here to talk to us today about the signs that your construction business needs to review for your payroll process. We'll go through the first three on this episode and then next week we're going to dig a little bit further into the last half of things. So thank you again for joining us today on the podcast. Josh. Looking forward to the conversation.

Josh Stearns:

Yeah. Thanks, Mike. Uh, really happy to be here and to talk about payroll with you. Uh, it's exciting and uh, appreciate you having me.

Mike Merrill:

You bet, our pleasure. And uh, I will say also we had recently at, ah, WorkMax, we had a regional conference, um, where we had a roundtable with customers and then we also had a construction technology forum that we put together and Josh was one of the presenters there. And it was just, uh, awesome information, very well received. People really love what they heard. So we thought it'd be fun to have you back here on the podcast and talk more about it.

Josh Stearns:

Yeah, um, it was great to be there and to speak, but I'll tell you, I got a lot out of that, uh, conference. There were so many good speakers there, so much good content. Um, just all the folks that talked, from the pro core guys to uh, the construction specialists there in Arizona. Um, you guys really put together a good conference. So for any of your listeners, I definitely recommend to look out for those in the future.

Mike Merrill:

That's awesome. Yeah, we're going to do a few of them regionally around the country and then, uh, try and get a little bit larger one annually. So uh, stay tuned for those things. But in any case, let's get to the topic that you and I are wanting to discuss today. Um, what do you think causes the typical slowdown for construction companies when they're having challenges with payroll?

Josh Stearns:

Yeah, so, um, the signs that I've been talking about recently, um, with construction companies, really, I think the first one is if they're spending more than a couple of hours per week, I mean like two to 3 hours per week, uh, processing payroll. Um, I think that's probably one of the biggest signs that it might be time, uh, to upgrade their payroll solution or kind of look at their payroll process and revamp it. But I would say time is probably the largest sign. So the amount of time, obviously time is going to change depending on the size of the company. If you're, uh, 1000 person company versus a 50 person company, you're spending a different amount of time on payroll. But you know, really looking at how much time are we spending on payroll and is that days every, every week, or is it, is it down to hours?

Mike Merrill:

Yeah, that's a great point. And I think, uh, we hear continually from customers when we get feedback or do case studies or ask them or interview them what they enjoy about the things that we do, and other solutions that are integrated and automated. They often give that similar feedback where there are only even 1000 employee companies or maybe a couple of hours or more per week. But what are the areas where most of that time you feel like gets wasted?

Josh Stearns:

Yeah, so I would say, first and foremost, it's got to be in the time collection. Um, when you look at construction, traditionally has happened disconnected from the office. Right. And so, unlike manufacturing and other industries, uh, historically has not been connected. And so the collection of time, for the most part for the last few decades, um, has been transitioning to more of electronic time cards. But, uh, has been a lot of times manual people doing it on paper time, uh, doing it in spreadsheets and disconnected systems. And, uh, so I'd say the biggest, probably time waster in a construction company is if they're doing their time cards manually.

Mike Merrill:

Okay, yeah, that's a great point. Obviously, that's why we came into the market. We saw that same challenge. And I will say, and I don't know if you've heard this or not in your experience over the course of time, and especially when the market is hot and people are busy and everybody's making money and being successful, we hear them say, well, right now we're so profitable, and we have so much good stuff going on, we really don't want to rock the boat. So we're going to wait on some of these things until we have a big slowdown. What do you say or what crosses your mind when you hear something like that?

Josh Stearns:

Yeah, I definitely understand the, um, temptation to not work on the business and the good times, because everything's going good. Right. But really, I think if, uh, you look back, successful business will tell you that you've always got to be doing some sort of continuous improvement and you should be dedicating a certain amount of your productivity time to working on the business and not just working in the business. Right. Uh, I understand why people say it. I get it. I could see myself saying it too, and probably have in the past. But the reality is that it's probably the best time to do it. Because, listen, when times are good, nobody's looking at leaning things out and squeezing margins and doing things, um, you have the extra bandwidth to do it, then you have the extra people to implement the system. Because implementing and getting a system going is a lot different than running a system. And so I would say the good times to do it would be, um, when you have

extra capacity, um, and you have extra margin. Um, and then you're going to reap the benefits in the bad times. Because if you have to slim down, if you have to do more with less people, you're going to have those efficiencies built in. Um, that would be my advice, to spend time all the time working on the business. But usually you have more margin to do that in the good times. Yeah. I love that.

Mike Merrill:

I hear a phrase, people say, we're running so fast, or we're running around so fast that we feel like our hair is on fire. And I'm thinking, do you realize that you just said your hair is on fire and you're so busy that you're not willing to do anything about it?

Josh Stearns:

Right. So then they'll take on a new project. Right. And what I'm saying is, if you look at any of the manufacturing methods or any of those that have proven over time how to become more efficient in a business, take 10% of your capacity and dedicate it to a continuous improvement project instead of adding another construction project. Right.

Mike Merrill:

Love that. Ah, that's a great rule of thumb.

Josh Stearns:

Yeah. So that can be a way to get something like this off the ground. You're just really increasing capacity, because now, after making that investment, you should be able to expand beyond what you were doing prior, which is great.

Mike Merrill:

Love that now, so that you're saving on every future project instead of trying to cram an extra project or two in with that time.

Josh Stearns:

Absolutely. Yeah.

Mike Merrill:

I love that. So what's the second area that you'd like to talk about, where increased efficiency could be realized?

Josh Stearns:

So you'll see companies kind of on their journey of evolution, right. They'll get to where they're doing timekeeping electronically, but one of the things that will increase efficiency, specifically for processing payroll, and what I mean is getting the time from the field approved, ready, and then into the payroll system to pay the employees. The second thing that I see is really having systems disconnected. So maybe they have a timekeeping system. They're doing that, and they have a payroll system, but there's a lot of work to get the information from one of those to the other one. It's either a person or some sort of process to get the data out of the timekeeping into the payroll solution. And if that's not automated or integrated essentially you're going to have your back office staff reentering all the payroll that you've collected electronically, which is not really leveraging that technology very well. And so that's one of the things that I see is when the payroll is not connecting the field back to the office.

Mike Merrill:

Yeah, that makes sense. And obviously, when it is connected, you have better, more live, uh, visibility and reporting, right?

Josh Stearns:

Oh, yeah. Now you can start to, um, see the business, and especially as a construction, uh, business grows. When I talk to my clients, they'll say, when I was smaller, it was so much easier to manage my jobs. And the reality is, because they could touch every project, right? I mean, they could physically go to every project and they could keep their thumb on it. But as they get disconnected, they've got to have systems that allow them to see into what's going on. They got to start to rely on the data and not physically being able to make every decision and be there on each project.

Mike Merrill:

Yeah, that makes great sense. And that's before you really get into other complexities, like certified payroll or union stuff. What can you tell us and, uh, share about that?

Josh Stearns:

Yeah, um, that's great. So, kind of the second sign that we say it may be time to upgrade your payroll solution is if your payroll system doesn't compile the construction specific reports that are required. Mike, there's a lot of payroll solutions out there, as you know, and they're all fine payroll solutions for a lot of different industries. But running an accounting practice or a software business is a lot different than running a construction company, right? And so, there's just a lot of nuance in construction, particularly around the types of reporting that you need to really run a construction business efficiently. So just a couple of those workers comp, workers comp is a huge deal in construction. How we track it is different than any other industry. There's financial benefits to tracking your workers comp by the type of work that an individual is doing and then reporting that out in a way that makes sure you're not overpaying for overtime and double time and those types of things, is very specific to the industry. The other one that's huge, though, is certified payroll. We could probably do a whole podcast just on certified payroll, but having a system that's going to produce those certified pay reports. And for those of you who may or may not know if you do any government funded work or anything that has any federal funds in it, or state funds, a lot of times you're required to pay a prevailing wage. And there's a whole reporting process around that that's really going to-is required in order to get paid on a project. And so, if you don't have a system that does that, and you're doing those types of projects, you're talking a lot of extra work to produce those reports.

Mike Merrill:

Yeah, that's, uh, very valuable information and something we hear about all the time when we're at a trade show or we're at a conference. These are questions that come up commonly. Do you work with certified payroll? Can you help us with our union wages? How can you help us better track over time or prevailing wage? And we always have great answers

for that. But ultimately our job and what we try to do is collect that data and feed it into a capable system. And to your point, a lot of even construction accounting systems don't do a great job with some of these things. And I've got to imagine that some of the main reason why your business branched off and also added a separate payroll module instead of just ERP or accounting.

Josh Stearns:

Yeah, that's definitely a huge part of it at constructionpayroll.com. Our goal is to do the full service payroll. So we kind of saw that there were two worlds out there. There was these payroll services, and then there was these accounting software. And if you had an accounting software, it probably did a lot of what you needed, but you had to have an in house payroll professional to run it. Um, and if you had a payroll service, you, uh, were probably doing a lot of extra work just to keep those two things in sync. And so with constructionpayroll.com, our goal is really to provide the best of both worlds. But we need to work with not only, um, we have to work with a construction specific time collection system. Because a lot of times, timekeeping out there doesn't understand that a guy who's in construction may have four different pay rates and work in two different states on ten different jobs, uh, with 15 different cost types, or costco, all within the same pay period. Right. And so to be able to get that information from a system that's going to appropriately then calculate pays, the right pay rates, job, um, costing, and everything, and be able to come up with an accurate check, um, it's really the two working together. It's the payroll service and the time keeping software working together, which is really going to help drive the efficiency in that area.

Mike Merrill:

Yeah, uh, that's a great analogy. Um, and when I think of those two, I know you've got your third point, really talks more about this and maybe the communication between those systems. What's that third area that you like to focus on?

Josh Stearns:

So the third one is that your payroll system doesn't integrate with other systems. Maybe it's a closed

system, right. Um, and so it's not able to bring time in from, um, construction, uh, specific timekeeping system, um, or it doesn't write information back to your accounting software. Right. And so a lot of times when you use, um, a generic type of payroll service, they're not ingesting the data in a way with the appropriate jobs and costco and things that is really needed, um, to run a construction business. Because you have to be able to track labor by job, by costco. You need to be able to track your estimates to your actuals. And so not only do we need to bring that data in, but we need to calculate the payroll. And then it needs to go back to your financial system. So that your financial system can give your operations the reports they need to run the jobs more effectively. Yeah.

Mike Merrill:

And some listeners may be surprised to hear, but it's every event, every time. Most of the calls we get every single day are companies that are not only double entering, but, to your point, likely triple entering data from one system to another to another. And paper, um, and spreadsheets are usually in the middle of those processes. And so, Josh, what you're talking about is those systems communicating. So you collect it once and then it flows everywhere it needs to within the process. Is that right?

Josh Stearns:

Yes. And it's really important to have the right, uh, systems, first of all, because it's like talking the same language, right. You don't want to have one system that's speaking English, the other one's speaking German, the other one is speaking Spanish. They all got to speak construction. So they got to understand jobs and costco and, uh, prevailing wage and pay types and all that stuff. And so if you get that, then you can integrate those to where there's not people translating in and doing all this manual work and spreadsheets to get the information from one to the other.

Mike Merrill:

Yeah, so those are all great points. So what about other systems like HR or maybe CRM or Estimating, like you mentioned, service management? What have you seen companies do to solve those gaps between other third party systems?

Josh Stearns:

Yeah, um, they're kind of the third party systems that are operational, which definitely good to integrate your payroll with HR solutions, um, with accounting software, project management, all that kind of stuff. But even, like, your state agencies. So if you think about, like, if you're in the state of California, you've got the Department of Industrial Relations, the Dir is what they call it, and they require you to send your labor reports to them on any prevailing wage projects. You got to have a system that will format the data to send it to them in an appropriate way. Or if you're working with, let's say you're a subcontractor, which I think a lot of your clients are subcontractors, Mike. Right.

Mike Merrill:

Yeah, it's, uh, a mix, but yeah, a lot of GCs, too, and some of those self perform, but yeah, subcontractors are definitely the majority.

Josh Stearns:

Yeah. So a lot of times when they get on a project, they get, um, told at the beginning of the project you have to use a compliance tracking software. Um, like LCP tracker is one of them. Right. The most popular one that's out there. And, um, what you need to be able to do is get a system that's going to produce, um, a file that will be uploaded to that system so that you don't have to reenter your payroll every time you're um, uploading to that general contractor. Um, like with [constructionpayroll.com](https://www.constructionpayroll.com). And other systems do this, too, but we produce a file that can be uploaded directly to LCP tracker.

Mike Merrill:

Okay. An LCP tracker just for those that may not know. What does it do specifically?

Josh Stearns:

Yeah, so it's around certified payroll. It helps with certified payroll reporting and certified payroll compliance. A lot of times, the general contractors will use it. I'm not an expert on their product, but, um, we'll use it, uh, to help make, um, sure that all of their subs certified payrolls are turned in before they get paid. Right. Because it's one of the requirements before they

get paid on a project is that they've, uh, certified their payrolls, being paid at the right rates and all that stuff. Um, that's what it does.

Mike Merrill:

Yeah. And I want to also point out, you've kind of grown up in this industry, specifically.

Josh Stearns:

Right.

Mike Merrill:

So this is your world solving challenges like these. Uh, what do you see that surprises you today? And what also, um, is something that you think we're doing a good job of in the industry in this area.

Josh Stearns:

Yeah, I think what I'm seeing is I'm seeing more, um, integration across the industry as a whole. Whereas we kind of went from these all in one solutions, where everything was like, everything's accounting, and it does timekeeping, and it does payroll, and it does project management, and it does everything. And it was trying to be kind of everything to everybody. Um, which is there's definitely a need for that in some places. But what I'm seeing more of now is what we've seen in other industries is where, um, a lot of the best of breed applications are starting to work with each other and integrate with each other. So that we're bringing solutions, uh, that are integrated, but are best of breed to the construction market. And so, um, I think that we'll see more and more of that, especially, um, like with WorkMax, what you guys did was you built a multi tenant SaaS platform. And so the same thing we did with [constructionpayroll.com](https://www.constructionpayroll.com) that really, um, allows for those types of integrations. It kind of sets the stage for them to take place. And so I'm really excited about what we're going to see going forward in construction, as a lot of the systems are going towards that.

Mike Merrill:

Yeah, that's awesome. And one thing, too, we're also adding here in the near future, some single tenant options for larger organizations or companies that

require or would like that just to manage, uh, their own database, unique cloud.

Josh Stearns:

More like enterprise customers.

Mike Merrill:

That's correct.

Josh Stearns:

Yeah. That's awesome.

Mike Merrill:

That's all part of scaling and back to back to kind of what you're saying. You can make a one size fits all shoe, but it's also nice when you can custom fit and tailor something that's a little more specific when you're a little bit dynamic. And that's what these types of systems and solutions that Josh is talking about can help you do.

Josh Stearns:

Yeah, absolutely.

Mike Merrill:

So, Josh, it's been a great conversation so far. I've uh, covered about half of what you presented in our mini conference that we had. Is there any, uh, takeaways or anything specifically that you'd really like to remind and hope the listeners walk away from this conversation with?

Josh Stearns:

Yeah, I think it kind of goes back to what we talked about in the beginning, um, about when is the right time to implement new solutions. And I just love to encourage, um, your listeners to kind of be evaluating technology, uh, platforms, um, as a continuous process in your business. Look at it annually. Where are we at from a perspective of timekeeping? Payroll, accounting, project management, estimating, all those solutions.

There's just so many, uh, great things coming out in the marketplace that can really help give your business that edge, um, that I think we're all looking for in business. Right?

Mike Merrill:

Yeah, I love that. And the edge also an edge that you're talking about, really. Um, there's a lot of payroll options, as you mentioned, uh, many M of the largest ones that exist. Uh, and I won't mention any names, uh, but they're really not built for construction, so there's a lot of gaps and challenges. So it's uh, awesome that constructionpayroll.com is doing something about that and helping our contractors with something more specifically tailored for them.

Josh Stearns:

Yeah, uh, we're excited about it and um, love, uh, working with folks over at WorkMax and solving problems with them. It's great.

Mike Merrill:

That's awesome. Well, this has been a fun conversation and uh, looking forward to talking again next week, covering the second half of what you shared with our attendees, uh, recently, and look forward to the next conversation. Conversation.

Josh Stearns:

All right. Thanks, Mike.

Mike Merrill:

All right, we'll talk to you again soon.