

Case Study

eCMS Job Costing &
Field Reporting

HERZOG



THE COMPANY

Upon graduating from the University of Missouri in 1947 with a Bachelor of Science in Civil Engineering, William E. "Bill" Herzog secured a position at the Missouri Department of Transportation. A few years later, Bill took this regional transportation experience with him to work at a local construction company for the next two decades. In 1969, Bill's drive and entrepreneurial spirit compelled him to start his own asphalt paving company, **Herzog Contracting Corp.**

Since then the organization has grown to become one of the largest commercial contractors in the United States, ranking 104th on the Engineering News-Record Top 400 Contractors in 2019. Although eCMS is utilized across all Herzog business units and respective companies, this case study is focused on eCMS technologies at Herzog Contracting.

OVERVIEW

Company Name: Herzog

Headquarters: St. Joseph, MO

Industry: Heavy Construction/Civil

Construction Services: National Railroad Construction, Heavy Highway/Asphalt Paving, Airport & Airstrips, Railroad Maintenance Services, Commuter Rail Operations and Environmental Services

Territory/Locations: Herzog operates six business units (Herzog Contracting Corp, Herzog Technologies Inc., Herzog Railroad Services Inc., Herzog Transit Services Inc. and Herzog Services Inc.) in 36 states of the US, as well as in Puerto Rico, Canada, and the Caribbean Islands.

Annual Revenues: \$500+ Million

of Employees: 2,300+



CHALLENGES

The leader of rail and heavy highway/rail-road construction across North America, Herzog is known for providing state-of-the-art equipment, technology, and construction and maintenance services to owners and operators of Class 1 railroads, transit agencies, state transportation authorities and prime contractors. Herzog has relied on Computer Guidance eCMS ERP solution as the backbone of its financial operations and management, including job costing, payroll, core accounting, financials and more.

The partnership between Computer Guidance and Herzog allowed the contractor to grow exponentially, building easily upon the solid foundation of its reliable, scalable ERP. However, the massive expansion was accompanied by several challenges, most notably was the reliance on disjointed third-party software solutions for critical day-to-day business processes.

The utilization of various unintegrated ancillary systems in the field as well as the core eCMS ERP platform in the office resulted in duplicate data entry, added manual data processing, deferred or delayed information and cumbersome workflows. Managing hundreds of jobs, thousands of pieces of equipment, and over 2,000 employees at the same time in multiple locations and across six business units needed automation, accuracy and real-time data exchange.



SOLUTION

Herzog decided to work hand in hand with Computer Guidance to integrate its third-party applications within the eCMS ERP as well as customize the eCMS platform to meet its unique and ever-growing business demands.

Automation and Integration of Job Cost and Field Reporting:

Herzog automated, streamlined and integrated its entire workflow of Estimating, Job Costing, Invoicing, Reporting and Forecasting. The result was the elimination of manual intervention, human errors and wasted time across the process of:

1. receiving estimate information from Heavy Bid in the field
2. making bid activity items, work breakdown structure information and job loads available in eCMS in the office
3. running Job Cost Budgets, Job Cost Calculations and Job Setup (cost and code structures) in eCMS
4. returning that to Heavy Job in the field to produce Daily Productivity Information (labor – hours worked, equipment utilization, annual and daily maintenance)
5. sending that information back to eCMS to bill out
6. calculating bill out, invoices, forecasting, job cost reports, actual vs. budget calculations, quantities and costs at completion calculations, and more.

Since the job code structure is in sync and the data exchange occurs in real time, there is no need for payroll personnel to enter crew time and field quantities, and there is no need for the accounting staff to enter equipment utilization and maintenance data.

eCMS Database Enhancements & Customizations

Computer Guidance has extended and customized database fields in the eCMS Job Cost application to allow more accurate imports and support unique business requirements. In addition, Computer Guidance increased the number of allowed characters for Equipment coding so Herzog could classify and segment its large fleet as desired.

Automation and Integration of Equipment Maintenance and Accounting

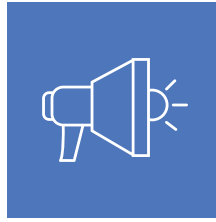
Herzog and Computer Guidance collaborated and integrated eCMS with Equipment 360, allowing daily productivity information such as equipment operating hours in Heavy Job to be directly and automatically sent to eCMS Equipment Maintenance application for further processing. The integration solution now allows the ownership structure of the asset to produce maintenance records out of Equipment 360 against the depreciation schedule in eCMS across multiple business units.

Knowing its equipment, labor and construction unit/job cost quantities and associated costs in real time not only saved tremendous man-hours, but it allowed Herzog to improve profit margins by increasing productivity and efficiency.

Establishing a Universal HR System and Employee/Labor/Job Cost Mapping

Herzog has six business units that operate several companies within various countries, states and locations, offering different construction services and products. The ability to manage the labor side of the business with over 2,300 employees has been a tremendous task. In order to create a universal human resources entity, Herzog once again reached out to Computer Guidance to integrate eCMS with SmartBen.

Today, all employee information is collected in SmartBen by the employee upon the onboarding process. Employees enter information, including benefits, deductions, contact data and more, as well as pre-employment documents such as safety information. Once received, eCMS runs payroll in accordance with all of the required regulatory and compliance that exists across its locations. eCMS never fails to pay Herzog's employees on time and accurately while keeping track of hundreds of different moving pieces, including how to optimize their workforce where they live and work, managing cash flow across multiple projects and sites, and keeping up with compliance and reporting.



"It's hard to believe we could find synergy across the chaos of thousands of employees, hundreds of locations and countless client projects, but eCMS ERP software has unified the mission and momentum of Herzog to function at optimal levels across our organization. We are more profitably delivering greater client satisfaction than ever before, and there's no signs of the growth slowing or our ability to keep pace with demand."

Ryan Van Meter
Vice President of Risk Management and Finance
Herzog



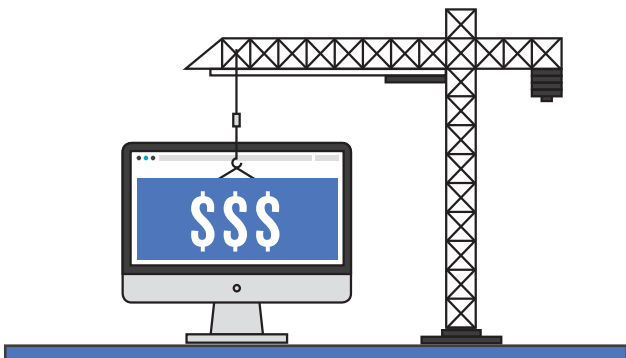
eCMS APPLICATIONS

Accounts Payable, Accounts Receivable, General Ledger, Job Cost, Human Resources, HRSS, Payroll, Canadian Payroll, Equipment Accounting, Equipment Maintenance, Purchasing, Bill of Materials, Order Processing, Time & Material Billing, Plant Sales, Content Management & Workflow, Business Intelligence & Analytics, eCMS Connect, and Integration Suite

Technology Environment:
On-Premise/Private Cloud

RESULTS

- ❑ Significant time and cost savings by eliminating duplicate data entry and manual processes
- ❑ Substantial gains in productivity and efficiency
- ❑ Reallocation of accounting, payroll and resources focused on their construction business
- ❑ Reorganization and repurposing of the entire back office operations and team

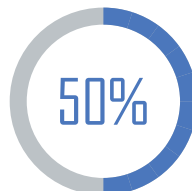
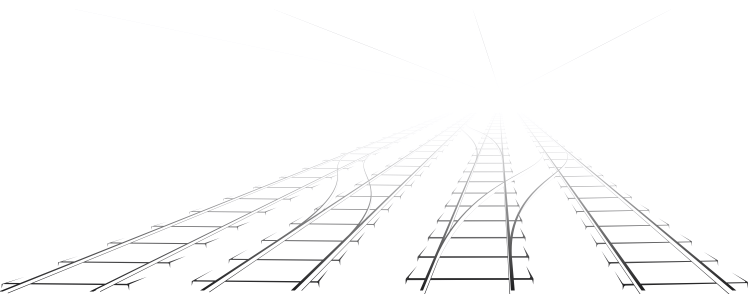




SAVINGS

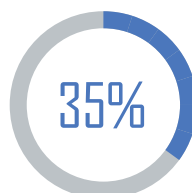
- Initial annual savings of more than \$174,000
- Hard dollar savings of \$1.50 for every \$1 spent to achieve business process improvements and automation in just the first year

\$174,000+ /year



PRODUCTIVITY GAINS

productivity gains by automating, standardizing and integrating business-critical processes.



TIME SAVINGS

time savings by reallocating accounting and payroll personnel as well as removing manual and duplicate data entry.



“With eCMS and its integrations, every team member from the job site to the executive suite has access to real-time data about our people, equipment and projects, and that’s the true power of Herzog. We’ve partnered with Computer Guidance to streamline processes and re-write the book on how large contractors function, both day-to-day and over long-term growth.”

Ryan Van Meter
Vice President of Risk Management and Finance
Herzog

