CASE STUDY
Woodruff Construction

Woodruff Construction Snatches Runaway Tool Costs from Overhead Black Hole

Iowa construction company's new ToolWatch system locates unused equipment and curtails needless replacement costs.

**Situation** — Woodruff Construction, a general contractor that provides award-winning design-build, construction management, and project development services to clients across Iowa, needed to get a better handle on overhead costs so they could be allocated to job costing and billing. Their system could locate some of the inventory, but its efficiency lagged so far behind reality that their annual tool catalogs were out of date by the time they were published. As a result, field crew were wasting money buying replacement tools because they couldn’t find what they needed in the warehouse. Woodruff found they were spending significant amounts of money replacing tools and equipment that weren’t actually lost or worn out — they were just invisible to the low-power telescope that was their tool tracking software.

**Solution** — After using that tracking system for several years with zero return on investment, Woodruff management knew it was time for a big change. ToolWatch came to the rescue, and dramatic improvement was evident from early in its implementation.

“We selected ToolWatch because we wanted to capture as much overhead cost as possible for accurate job costing and billing,” said Tony Herring, Woodruff field operations manager. “We needed to understand where all costs were coming from, and ToolWatch has given us more visibility into the field. Now we can see what we actually own.” Herring added that Woodruff was already using Sage as its accounting software, so moving overhead costs into job costs was seamless.
Result — Just over a year into implementing ToolWatch, the transitioning stage has been better than expected. Herring had high praise for ToolWatch’s customer service and implementation process. “They came into the office and walked us through everything. Their training is excellent. Their people are helpful and responsive, and they usually respond within a day. ToolWatch is a complete 180 from other platforms I’ve worked with.”

By the end of summer 2019, Herring noted, they could determine the correct rates and costs for everything. Since then, the system has yielded excellent, real-time visibility into how field workers and supervisors find and request tools. Not only that, superintendents and managers have become a lot more aware of what tools are on their job sites and are more diligent about assuring people are actually using them, not replacing them. ToolWatch’s real-time tracking and accounting capability gives project managers tool use data that they can build into their billing. And ToolWatch gives users in the office and the field the flexibility to use the platform as a mobile or desktop application depending on their needs.

“One of the biggest benefits I’ve seen is, instead of just adding a percentage to our labor, we can provide accurate billing rates to customers,” Herring said. Project managers use the billing rate to generate a tool rate sheet so customers can see exactly how much it costs to do their work and provides more transparency. By building costs into estimates when bidding on jobs, they can account for those costs ahead of time instead of charging them to overhead.

Over the long term, tool costs will be slashed, says Woodruff’s controller Eric Monahan. “We’re anticipating $750,000 to $800,000 worth of tool utilization this year. Not all of that is added profit, of course, but we are tracking our tools better and not spending money on tools we don’t need. Now we are job-costing these items instead of sweeping them into a black hole of overhead.”