6 WAYS

TO STOP LEAVING MONEYS ON THE TABLE

A GUIDE TO PLUGGING REVENUE LEAKAGE
As project managers, we've all experienced the period at the end of the month when we sit in front of our computers and continuously refresh our email in the hope that our consultants have finally turned in their completed—and accurate—timesheets. Just like with tax returns, there are some folks who are great at maintaining records throughout the year and file their returns early—no fuss, no muss. Others wait until close to the deadline before completing forms and it's a game of hide-and-seek with receipts and records.

One of the scourges of running a services business is “revenue leakage.” Described by business experts as the “silent killer of profitability,” revenue leakage is money that your company earned but did not collect.

One of the main causes of revenue leakage is inaccurate time tracking from the people who work on the projects. This results in billing errors, incorrect statements of work, and misquotes—all of which lead to lost revenue. It's harmful and could even be fatal to your business.

**Accurate billing makes for happier companies**

There are ways to simplify the time-tracking process for your consultants so you can more easily create invoices. Employees are happy when they don’t have to spend hours or days on boring and unpaid administrative tasks. You are happy when you can provide your clients accurate, on time, and detailed invoices. Together, this provides a more reliable and transparent billing process.

In this guide, we describe six ways in which inefficient and manual time tracking can lead to revenue leakage, and reveal how leading professional services companies are solving these problems.
A GUIDE TO PLUGGING REVENUE LEAKAGE

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DECREASING TIME SPENT ON ADMINISTRATIVE TASKS
01
DON’T SPEND TOO MUCH TIME ON ADMINISTRATIVE TASKS

Are there times of the week or month when consultants fail to return your calls or respond to your emails? Curiously, it happens when completed timesheets are due.

More often than not, consultants hold off completing their timesheets until the last minute—particularly if they have to do it manually. Who can blame them? It’s time consuming and not fun trawling through multiple documents and sources to try and figure out how much time they spent on a project or task. It’s definitely no fun for you if you have to jump in and search through documents on behalf of the consultant, who quite frankly, should be focused on client deliverables and not on administrative (non-billable) tasks.

HOW ThinkQ REDUCED HOURS SPENT ON TIME TRACKING BY 90%

Employees at ThinkQ Inc., a small business that designs quality management systems for the U.S. government, used Excel spreadsheets to track time and a separate process for submitting expenses. The process for employees to input information and for managers to review and extract the data was cumbersome and time consuming. ThinkQ’s IT department was burdened with developing and maintaining separate software to create reports from Excel spreadsheets. Employees lacked a simple way to submit travel expenses.

ThinkQ solved the problem by replacing the Excel spreadsheets with a cloud-based solution, which all employees are now using to track both time and expenses. Managers can access the software to review and validate entered information and run reports anywhere, and IT no longer needs to maintain separate reporting software.

Collectively, administrative time for management has been reduced by 90%, with time spent on time-tracking down from 35 to 3.5 hours per week. In addition, the company has reduced data entry errors. When corrections do need to be made, e-mail integration makes communication between the managers and employees simple and efficient.

Read more in the ThinkQ case study: http://www.replicon.com/ThinkQ-Case-Study

96% of top performing professional services organizations use timesheet management tools vs. 71% of other companies.¹

Organizations that use professional services automation (PSA) software report 88% customer retention compared to 84% for those without PSA.²

The percentage of billable work written off by companies is 3.2%.³

Organizations with between 10 and 30 employees had the highest (4.2%) of billable work written off.⁴
INCREASING COMPLIANCE TO RECORDING HOURS ACCURATELY
02 RECORD HOURS WORKED ACCURATELY

Did you ever keep a journal as a kid? Perhaps every night you wrote about all that had happened that day. But sometimes, you got too busy and days or weeks passed without recording your adventures. Then, when you were ready to fill in the gaps, you’d forgotten many of the details.

It’s similar with timesheets. If an employee or contractor is diligent at regularly recording the time it took to carry out tasks, it can be easy for them to complete their timesheets. However, it’s common among employees in service firms to neglect tracking their hours, thereby forgetting to complete their timesheets. If consultants don’t have an easy way to record the hours spent on projects in real-time, or if they’re asked to record project time after the fact, there’s a high risk that they could miss recording time worked or make errors.

**HOW Axis Teknologies Clarified Project Tracking**

At engineering firm Axis Teknologies, almost 40% of employees would routinely forget to submit their timesheets. This was especially problematic because its’ clients are billed on a time and materials basis. Moreover, employees couldn’t correct errors on submitted timesheets. This created delays because consultants had to call in and request changes, taking their focus away from the project at hand.

The company solved this problem by implementing an automated and integrated attendance, billing, and expenses solution. By setting up automatic reminders that prompt employees to complete their timesheets regularly, managers can now focus on reviewing and validating reports instead of constantly nudging consultants to submit their hours.

4 HABITS OF HIGHLY EFFICIENT BUSINESSES

Your engineers are top notch and your consultants are second-to-none. But if your inefficient processes are causing you to provide bad customer care, having the best talent in the world isn’t going to make customers come back for more. Here are the top four common traits shared by services organizations with high levels of quality execution, according to SPI Research.

1. **They monitor resourcing and act accordingly.**

   Executives have visibility into all parts of the business, from prospect to project so they can make sure the right skills are available when needed.

2. **They create structured or standardized service delivery processes.**

   People across the company understand their role and what is expected of them. They’re provided with tools and templates to ensure consistency.

3. **They have solid project management processes.**

   Project managers have visibility into the schedule, resources, deliverables, and risks to ensure projects are delivered on time and on budget.

4. **They have accurate and timely project accounting.**

   Time and expense capture and billing are accurate and timely to ensure revenues and costs are kept in balance.
03

PROVIDING ITEMIZATION
FOR BETTER INVOICING
Imagine going out for a fine-dining experience that was long and leisurely. The wine was sublime and the service was top-notch. Then you get the bill—but it’s not itemized. All you see is the grand total. Although the price may be in the ballpark of what you had budgeted, you’d feel more at ease if you could see what was included in the bill—it helps you understand the value of your experience. Likewise, your clients appreciate being able to see what tasks were performed, how much time each task took, and the cost associated with each task.

If you’re relying on manual tracking and letting consultants record bulk hours at project level with little or no task level details, it’s impossible for you to know how your consultant’s time was spent across the project. Not only is this knowledge important for tracking profitability and estimating resourcing on future projects, it’s a valuable record if a client disputes an invoice.

Having to redo invoices is irritating for you and bad for business. Unfortunately, this is all too common. According to SPI Research’s 2013 Professional Services Maturity Benchmark, organizations with between 301 and 700 employees had the highest percentage (3.7%) of invoice revisions due to error or client rejections. Itemized time tracking keeps the benefit of information on your side.

**HOW CornerStar INCREASED INVOICE ACCURACY**

CornerStar builds customized business intelligence systems for clients around the world. Employees used spreadsheets to track time, a method that proved cumbersome and ineffective for monitoring the true costs associated with each project. As CornerStar works on a project basis for its’ clients, it is crucial that the company be able to track time against projects, both for invoicing purposes and for understanding how its’ resources are used. Juggling with spreadsheets also made it difficult to track staff vacation time.

The company streamlined the processes into an integrated solution that eliminates the need for separate spreadsheets and reports.

“It’s easy for us to run a report, see how much time was billed and track comments. So if someone entered that it took them four hours to do a seemingly simple task, they can look at the comment to see why it took them so long.”

Bryn Dearborn, COO, CornerStar
The integrated solution enables employees to track billable hours as well as project-related expenses in a single system. Managers get a real-time view into all project costs and the ability to generate highly detailed reports in seconds.

Reports that compare billable and non-billable time have helped the company uncover revenue that would have otherwise been lost due to employees erroneously recording some billable time as non-billable.

3 WAYS TO GET YOUR CONSULTANTS TO COMPLETE THEIR TIMESHEETS ON DEADLINE!

We feel your pain. We understand the frustrations of waiting for consultants to complete their timesheets. Of course, the easiest solution would be to implement an automated time tracker that is quick for them to use and easy for you to administer. But in the interim, try these suggestions:

1. Make a game of it. If your consultants have a competitive nature, keep a scorecard or leader board each time timesheet-deadlines roll around. Consultants love to know they’re leaders of the pack.

2. Offer incentives everyone will love. Offer worthwhile prizes to consultants who are first to turn in accurate and completed timesheets. Prizes could be small donations to charities of their choice, or something priceless like a personal chef for the evening.

3. Educate them. Some consultants may not realize the ramifications of delayed timesheets. Consider creating a fun infographic or cartoon that depicts what happens when timesheets are submitted on time—and when they’re not.
04
HELPING MANAGERS TRACK PROJECTS IN REAL-TIME
When time is money, nobody likes surprises. This is especially true if projects run over time, over budget, or hit major difficulties. It’s better to warn clients of delays or cost overruns well before they happen. But you can’t see the red flags if you’re not tracking the status of projects in real-time. It is especially difficult if your company has separate systems to track employees, projects, expenses, and client billing. Inaccurate invoicing, improperly accounting for time, project overruns, and a lack of a holistic view of projects forces many service organizations to write off billable work. This causes cash flow management issues and hurts the bottom line.

According to SPI Research: “The rewards are significant for organizations who have integrated systems and management dashboards that allow them to pinpoint issues and spot trends in real-time. Executives who have real-time visibility run companies that are more profitable. These results are particularly important during the project delivery phase, as more work is completed on time with higher billable utilization rates and at much higher margins.”

HOW Fujitsu GAVE MANAGERS A CLEAR VIEW OF ALL PROJECTS
Computer hardware and system services company, Fujitsu developed an internal time and expense tracking system that proved too complex and cumbersome for some employees to use. The system pulled information from a database at the end of the month and generated an Excel file or form that was e-mailed to each affected employee. The employee had to validate the data in the form such as working days, holidays taken, sick time, and overtime for each day of the month. In addition, each user had to log project activities during the month on a separate form.

Errors often crept in either because users were not familiar with Excel or because administrators didn’t have the proper checks and balances in place.

The HR department was responsible for checking the forms but it was often backlogged by the sheer number that would come in. It was hard for managers to prepare estimates and compare to actual costs because the data was inaccurate.

Fujitsu fixed the problem by introducing an automated time and
expense tracking solution that eliminated the manual processes. Managers get a comprehensive and real-time view of the status and costs of projects. While employees are freed from manually filling out excel based forms. Managers can easily create reports on estimated completion times, total project hours, and project costs—at any time during a project. Managers can compare effort estimates to actual costs at a glance. Furthermore, Fujitsu has cut the time it takes to prepare monthly client invoices by 90%.

Read more in the Fujitsu case study: http://www.replicon.com/case-study/fujitsu
MAXIMIZING CONSULTANT BILLABLE HOURS
Management gurus say there is a fine line between micromanaging and leading or inspiring employees. Today, however, with workers’ ability to clock hours whenever and wherever they are, it’s hard just to keep track of everyone, let alone inspire them to greatness (or greater efficiency).

You’ll never be in control of projects if you don’t know where your consultants are, or if you can’t easily measure their progress. How do you know if you’re matching the right resources to the right project? How can you gauge if consultants are spending too much time on non-billable tasks, or if they’re being stretched too thin in other areas? Are you able to collect all of this data in real-time and get in front of potential problems—and learn so that you can avoid problems with future projects?

As much as 90% of professional service costs are people-related, according to SPI Research. If you’re asking your employees to spend valuable time recording hours and expenses using spreadsheets or other manual methods, you’re keeping them from using that time on billable tasks. In other words, you’re losing money for the company. But in our experience, businesses that use automated management software like Replicon Professional Services Management on average see a 10% increase in resource utilization and recapture at least 30% of lost revenue.

**HOW AGS Consulting INCREASED RESOURCE UTILIZATION UP TO 10%**

AON U.K.’s GRIP Solutions (AGS) Consulting provides risk management consulting to the insurance industry. It is committed to delivering output based on projections agreed upon by the client prior to starting a project. This means it has to measure how close to budget it manages to deliver. This information enables AGS Consulting to know the exact number of hours worked, propose accurate fee estimates, bill correctly, and stem project scope creep. By using a cloud-based time-tracking solution, AGS has increased average consultant utilization rates by 10%.

Read more in the AGS Consulting case study: [http://www.replicon.com/aon-case-study](http://www.replicon.com/aon-case-study)
REDUCING BILLING DELAYS
Delays in submitting timesheets cuts into the time you have to validate them, which in turn delays when you can invoice the client—and ultimately be paid.

Even if most of your consultants submit their timesheets by the deadline, you may have different consultants—or the same consultants—billing out at different rates, making the burden of collecting and calculating all this information cumbersome (and that job is very likely on you). Add to this the risk of human errors and the time spent correcting and revising, it’s no wonder that companies experience frequent billing delays.

According to Aberdeen Group, long cycle times processing invoices can cause revenue leakages of up to 5% of the transaction value.

HOW Blais & Associates SPED UP CLIENT INVOICING

The CEO of grant management firm Blais & Associates (B&A) used to spend up to 50 hours each month manually recording employees’ time. Neil Blais would transfer the time and details recorded in each employee’s spreadsheets into QuickBooks, the company’s accounting platform.

The specialist work of grant management requires Blais to provide clients with details of every action, activity, and discussion that Blais employees make on their behalf. To help with this, employees record activities broken down into 15-minute increments. The sheer work required of Neil Blais to transfer all this data into QuickBooks often extended the period between employees recording time to payment from the clients to 90 days. To recapture the time spent on manual data transfers, and increase their cash flow, Blais implemented an automated system that captures billable time and project costs, saving the company $30,000 annually. The period between recording time and client billing has been reduced from 90 days to 60. Instead of transferring data by hand, Blais now has an additional 50 hours each month to write at least one additional request for proposal (RFP).

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WHAT’S NEXT
HOW REPLICON CAN HELP
From small businesses to enterprises, more than 5,000 customers trust Replicon for their workforce management needs. We’ve helped more than 1.5 million people track, understand, and optimize all aspects of their internal processes related to time and attendance, billable hours, project and resource management, and expense management.

Have a chat with us and see how our solutions can meet your unique needs: http://www.replicon.com/request-demo

WHAT’S NEXT
1 “Managing the customer in professional services: Enabling communication through PSA.” Aberdeen Group, May 2014
2 “Managing the customer in professional services: Enabling communication through PSA.” Aberdeen Group, May 2014
TRUST REPLICON TO HELP YOU NAVIGATE CHANGE

Replicon is the leading provider of cloud-based time tracking software. We help customers to better manage workforce attendance, expenses, projects, professional services teams, and shared services resources. Our solutions are used by more than 1.5 million people in over 5,000 organizations across 70 countries.

Whether you’re a large enterprise, a small business or a project-based organization, Replicon has the right-sized solution to help you control costs, improve efficiencies or maintain the accuracy you need to stay compliant.

PROJECT & CLIENT BILLING
Reduce revenue leakage and grow profitably with streamlined client billing.

PROJECT COSTING
Boost profitability with efficient internal project tracking and costing.

TIME & ATTENDANCE
Complete labor tracking with one powerful application suite.