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From the November 2007 Issue

For many accounting firms, time is often one of the most valuable assets. This is primarily because of its scarce nature. Even during tax season, there really is no way to squeeze more than 24 hours out of a day (although, for billing purposes and with rounding, you can actually get 25 or 26). But nobody works 24-hour days.

Of course, time is not a traditionally depreciable asset; not for tax purposes, anyway. Try that and see how long it takes for the IRS to pay you a not-so-cordial visit. But time, both your's and the cumulative work time available among the professionals in your firm, is an ever dwindling substance. In one sense, it appreciates as it elapses, since it seems to be worth more when there is less of it. But it continues to dwindle, nonetheless, until there is no more to be spent. So you need to make the most out of it by actually treating your billable time as an asset. Manage it, track it, plan it and, most importantly, get paid for it.

Most

professional tax and accounting firms do not bill by the hour for all tasks. Certain routine services, many tax return types and other tasks are often charged at a flat rate, while more complex processes like business consulting, planning, audits and extended write-up are time-based. Obviously, keeping track of the time and expenses incurred for these latter tasks is important when you eventually submit your invoice to the client. But assessing the time your firm spends on flat-rate services is important, since it can help you justify the rates, adjust them as necessary, analyze profitability, and determine the productivity of the firm and individual staff.

These analytical functions are really more of a practice management function,

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and see what your margins on these services look like. You can also break down the profitability of other services and see which employees or departments are most efficient.

Time and billing systems also include invoicing systems that convert the tasks you've completed into itemized bills for your clients, allowing for multiple billing rates based on the client, the staff member, the project or specific task. The AR functions built into the programs manage aging receivables and often enable the assessment of interest and sales tax. Since a key component of these programs is reporting and invoicing, most also include client communication tools, such as templates for collections, cover letters and instructions. In general, time and billing systems serve to streamline the invoicing and processes, and provide quick access to key business indicators that show how productive a firm is across its entire range of client services.

Executive Summary — Time & Billing Systems	
Key Time & Billing Features	Advanced Time & Billing Features
<ul style="list-style-type: none">• Time management• Multiple rates for staff, tasks, clients• Pass-through expense tracking• Invoicing & client communications• Integration with accounting and	<ul style="list-style-type: none">• Enhanced client/contact management• Project management• Customizable graphical business dashboards• Drilldown detailed invoices

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information,

can output to Excel and Word for customization, and provide syncing with mobile devices for remote entry of time and expense data.

But just as important as “user-friendliness” is to client-side accounting programs, so too is it crucial to a time and billing application. Although they can all be used after-the-fact, with time, job and expense data entered at a later date, that process is about as effective as a client trying to post transactions one or two days later. To get the most from a time and billing system, all professionals should enter their time as soon as possible, certainly the same day, if not immediately after a client engagement, phone call or specific task. Some firms have an administrative person who manages this process and, while not quite as precise as direct, live entry by professional staff, it is still better than waiting until the end of the week and guesstimating the information. Remember, even time spent tracking time and preparing client invoices is billable to that client as an administrative cost.

Time and billing programs generally offer a “lite” version of what full-fledged practice management systems offer, and often at a much more attractive price point that can start at less than \$300 for a single user. For this investment, a firm gets insight into its productivity, streamlined billing processes, better tracking of pass-through expenses, and more appropriate compensation for client services.

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Time & Billing

The ImagineTime Time & Billing system offers a combined time management, invoicing, AR, due-date tracking, tax tickler and scheduling system initially developed by professional accountants for their peers' firms, but now also available for law offices and other consulting-oriented professions.

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Sage Software — Timeslips by Sage 2008

Timeslips by Sage 2008 is a proven time and billing product for both accountants and law firms, and it meets the needs of the traveling professional through handheld and remote processing add-ons. It is an excellent option for small service-based businesses that need a workflow-based system or the ability to handle complex contractual billing arrangements.

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Office Tools Pro — Office Tools Pro 2007

Office Tools Pro provides accountants and other time-centric service professionals with time and expense tracking and invoicing tools, along with other features designed to enhance practice efficiency. In addition to the time, expense and invoicing functions, the program includes integrated AR...

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TPS Software — TPS Time & Billing

TPS Time & Billing offers comprehensive time and expense tracking functions along with invoicing capabilities. The program, designed primarily for accounting professionals in small and midsize offices, also offers contact management, calendaring, AR, due-date management, client correspondence templates, managerial reporting and web-based remote entry capabilities.

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