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Mary Girsch-Bock • Mar. 15, 2019



Accurate time management plays an important role in the success of any professional services firm, including accounting and CPA firms. While time management includes solid time and billing capability, time management is much more than simply recording and billing staff time. True time management also includes a method to determine both client and firm profitability, along with staff productivity.

Then there's time tracking. Service firms know that accurate time tracking is the life

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firm undertakes. This is particularly important for firms that have multiple staff members working on a single project.

2. **The ability to offer accurate estimates.** Tracking staff time over a period of time will give you a much better idea of just how long it takes to complete a specific project. That way, when you do offer an estimate to a client, it's much more likely to be accurate.
3. **Better team and firm management capability.** The ability to determine not only the profitability of a project, but of a particular staff member, or even your firm as a whole is only possible with a solid time management application in place.

Unfortunately, many firms are still using spreadsheets to track time, leading to millions in lost revenue as billable time is under-recorded, or not recorded at all. Bill4Time, (reviewed in this issue) has estimated that firms lose 10 percent of billable time if time is recorded once a day, with 25 percent lost if you wait 24 hours to record time. The fact is that employees do not finish working on a client project and click on their timesheet to record the time. They just don't.

So how do you encourage your employees to track time?

By making it easy!

That's what many time management applications are striving for in today's market. You may have the most intuitive, comprehensive time tracking application, but it will do no good at all if it's not utilized by employees. This is particularly important in today's workplace, where staff can often be spread out among multiple offices, home offices, or even a hotel room. Individual timers have made it easier to track time, but once again, are of no use if not enabled.

Individual timers can be particularly helpful once employees get into the habit of turning them on. Ideally, your time management application will offer multiple

timers, making it easy to continue time spent on client A, but also allow you to record

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What type of billing your firm does also plays a role in the determining the best application for your firm. Today, most professional services firms use a variety of billing methods, which include:

- Hourly Billing – Clients are billed a set hourly rate for any services rendered.
- Fixed Price Billing – Clients are charged a fixed price for a specific service, regardless of the time it takes to complete the service.
- Value Billing – Clients are billed on perceived cost after the work has been completed.
- Value Pricing – Clients are billed on perceived cost, with pricing set prior to work being completed.

Many professional services firms today use a combination of these billing types, with hourly billing remaining the most common type of billing used today, though some firms are beginning to introduce alternative billing methods to some of their clients.

Regardless of the method of billing your firm uses, accurate time management remains a necessity. Along with accurate client billing, time management applications can provide you with invaluable insight into your business operation and profitability levels while also increasing employee productivity. So put those spreadsheets away once and for all, and let your staff start managing their time the easy way.

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