Get Better Timesheet Data and Increase Profits by Empowering Your People

White Paper

Entrepreneur, author, and motivational speaker Jim Rohn once said, "Time is more valuable than money. You can get more money, but you cannot get more time." In the case of time data, your employees' time is not only more valuable than money, but will in fact result in more money for your company – *but, how?*

There's no doubt in this statement: companies need information to function. They need productivity data to make critical decisions about pricing, hiring, allocating resources, making capital expenditures, setting employee compensation, etc. Time data is a key component for running a company efficiently and effectively. Without good time data (e.g., labor/project work hours, equipment usage hours), companies are left in the dark when it comes to:

- Predicting and preventing delays
- Monitoring project status and adjusting as needed
- Identifying cost overrun sources and correcting them
- Invoicing quickly and accurately for the work that has been done
- Increasing profitability

While most organizations understand the value of time data for optimizing operations, many fail to include it in key decision-making processes because the information is difficult to capture. Making time entries with sufficient enough detail to be useful in decision-making processes isn't always easy.

Some opt to do nothing and miss out on the information that can be gleaned from time data. Some track the data at such a high level that the value of the information is limited for making management decisions. Still others try to capture the detailed information that they need, but the process is so cumbersome that people either won't get their timesheets filled out, or spend too much unproductive time getting them done.

Designing and implementing a time tracking process that yields both rich data and is easy to do is not for the faint of heart! However, understanding the variety of ways time data can be used for management decisions and following some basic best practices for time entry can help you avoid being saddled with a cumbersome process that yields poor data.

The Ways Time Data Is Used

The first thing you will need to understand is all of the ways your organization can and will use time data. There are many ways companies consume this data:

- ***Project tracking –*** Tracking actual work as it is completed is key to monitoring project status and making adjustments to meet deadlines and budget constraints.

- ***Resource capacity and allocation –*** Historical time information provides a basis for estimating future work and allows you to determine if you need to hire/contract additional resources, as well as how to allocate those resources.
- ***Estimation accuracy –*** Related to determining resource capacity, comparing actual work time to project work estimates allows you to assess the accuracy of your estimation process.
- ***Payroll processing –*** Everyone wants to get paid. Tracking time ensures your people are paid the correct amount, including overtime and other exceptions, in a timely fashion.
- ***Attendance –*** Related to the payroll process, some employees need to capture the exact times when they are at work or “on the clock” in order to ensure they are paid properly. Some companies may also need to associate the times with work locations.
- ***Invoicing –*** Billing your customers for the work you do is a key component of the profitability equation. Tracking billable time ensures no work is missed when invoicing customers.
- ***Billing verification –*** Capturing billable time does more than just provide a record for invoicing. It also supplies documentation for verifying the work with customers.
- ***Regulatory compliance –*** In some instances, time tracking is required by law. Those in government contracting or financial industries are often required to record their time in a specific way and maintain audit trails for the process.
- ***Paid time off –*** Employees with paid time off need to schedule and track the time taken against annual or accrued leave balances.

Most companies can benefit from using time data in the ways listed above, but it is not uncommon for them to kick off a new timesheet process with 2-3 of these use cases as a priority. Many time capture projects include phases where the early ones are intended to address the most critical needs for the data. Then they move on to address other uses in later stages. This pilot or phased approach allows companies to try out an initial process and adjust it based on the effectiveness of the data gathered, as well as end user acceptance.

The Importance of Timing and Accuracy

If time data is not both timely and accurate, it cannot be used effectively to manage an organization. Delayed access to data (e.g., lengthy amounts of time for corrections, approval and transfer to a data warehouse for reporting) makes it impossible for managers and project teams to adjust quickly when problems arise with deadlines, budget overruns, resource scarcity, etc. Real-time work data is critical for managing risky projects and/or new, unknown types of work. When it comes to the payroll uses for time information, late data isn’t even an option.

In addition to delayed payroll, inaccurate and/ or untimely data causes even more severe problems.

- Corrections in future pay periods may be required.
- The company may also run afoul of labor laws and regulations.
- Revenue can be lost when billable work is not invoiced.
- Paid time off may be taken when none is available.
- Auditor citations may occur due to lack of regulatory compliance.
- Wrong decisions are made when managing projects and determining viability.

Data that is both correct and current gives managers and their teams the power to spot problems early and adjust plans or take corrective action before they have a serious impact on operations and profitability. Good time data also provides companies with the tools needed to follow regulatory guidelines and comply with the law.

You know you need time data – and not just any time data. *So, how do you collect the best time data and avoid the pitfalls of a bad process design?*

The Components of a Good Time Collection Process

The only way to ensure that your time collection process yields good data is to get buy in from those who will be tracking that information. You must make capturing time data easy for those responsible – the employees doing the project work, completing the widgets and operating the equipment. You must also convince them of the value of the data they are collecting – both to themselves and to company success.

No one likes to fill out timesheets. You don't need to do an official survey to discover this fact. There are a number of reasons why people have historically disliked timesheets, such as:

- Filling them out was perceived as hard or time consuming.
- Gathering the information was pointless because it wasn't useful.
- The data was used by management to "spy" on employees or make a case for poor performance.
- They viewed their work as an "art" that couldn't be adequately measured.

Overcoming the discomfort and misconceptions surrounding time collection is necessary in order to gather good data from the people who do the work. The best way to achieve buy in from your end users is to design a good time collection process and educate them on the benefits of the results for everyone.

A good time collection process that empowers your end users includes the following components:

- ***Enter time once, and only once–*** While there are many uses for time data, there should not be many places where it is collected. One of the quickest ways to kill participation and buy in is to require your people to enter time in more than one system or in more than one way. Some of the worst processes even require end users to duplicate the SAME time in more than one system. Your people need a single timesheet where they can provide all of their time information quickly.
- ***Group all time reporting activities together–*** In order to enter data one time and in one place, you need to group all of your time-related activities together. This means your people can see and update their project assignments, log time for administrative work, manage overtime, see leave time balances, request time off and track leave time taken. It may also make sense to include submission of reimbursable expenses, widget completion and/or equipment usage tracking as components of the time collection process.
- ***Sell the benefits of daily time entry, but make it easy to catch up –*** The more frequently you enter your work data, the more likely it is to be accurate. According to a 2014 study by AffinityLive, workers who filled out their time sheets at least once a day were more likely to be accurate than those who filled it out once a week or less. That said, it's not always easy to stop and enter time at the end of each task – especially if you are moving back and forth between tasks rapidly. However, establishing a routine for updating your time at the end of each day shouldn't be too difficult, and it comes with some benefits.
    - For one thing, it helps end users to review what they've done today, how much work they have left and plan for tomorrow. In many organizations, this is the type of information they have to provide in weekly status reports and project updates. Their daily time entries provide them with what they need to put together a status report quickly. In fact, their timesheet data might eliminate the need to prepare status reports entirely by replacing them with canned reports from the timesheet system.
    - Another benefit of daily, and thus more accurate, time entry is the ability to plan work more effectively. Knowing how much time it takes to complete certain types of tasks based on historical data allows your organization to create better work estimates and allocate work evenly. For the

end users, this decreases the likelihood of being overloaded with too much work with unrealistic deadlines.

While daily time entry is something to aim for (or may even be required by auditors for government contractors), not everyone will manage to establish this habit right away. It's important to design a process that is flexible enough to handle scenarios where people need to catch up on their time entry. If timesheets are due weekly on Friday afternoons, it should be easy to access the system and get your timesheet filled out quickly with tools like entry suggestions, to ensure you get the data you need without making entry a chore.

- ***Use time data to work smarter, not longer –*** One of the major concerns about filling out timesheets is that they will be used in some way to rate performance (negatively) or micromanage the way people work. While some less-than-progressive management teams might try to use time data to do these things, timesheet data is not a good source for employee evaluation. It doesn't measure the quality of work and deliverables. It also doesn't capture qualitative data about the work being done (e.g., an employee with more years of experience may be assigned to more complicated tasks that take longer to complete than someone more junior).

It's important to emphasize that your time collection process will not be used for performance evaluation. The data is not a good fit for this use. You can compare it to the process of analyzing meta data. It is not about the individual, but about patterns and general ways to improve how you work together as a group.

- ***Minimize the need for corrections by getting it right the first time –*** The most time consuming part of the average time collection effort is the timesheet corrections process. When you add more detail to the time data you are collecting, it often increases the difficulty of entering time correctly. If nothing is done to verify and manage accuracy until the timesheet is completed and submitted to a supervisor for approval, the back and forth between employee and supervisor can be lengthy and confusing.

Ideally, an end user's timesheet should be set up in a way that makes it almost impossible to make a mistake in the first place. Filters based on project and other work selections should show them only the options that are valid for the selected work type. In addition to the options they can see when entering time, automatic rule enforcement based on custom rules your company can build should be enforced each time the information is updated. With these various tools for data validation in place, the final submitted timesheet should be accurate (in most cases) by the time a supervisor reviews it for approval.

- ***Automate data capture where the end user doesn't need to be involved –*** In some cases, there is data that can be derived from time entries without explicitly selecting that data as part of the entry process. Overtime is a great example. There is generally a pattern of work (e.g., more than 40 hours of work in a week of regular time) that determines whether or not a block of time is classified as overtime. In this example, you don't need the end user to indicate the work is overtime. It is something a rules engine can determine automatically based on the rules you define. Any data that can be derived automatically based on a rule is data the end user should not have to enter themselves.
- ***Make time entry available anywhere –*** The importance of daily time entry was mentioned above, but what happens when you don't start or end your work day in the office? What if you work in the field and are never in an office? The process for entering time cannot be tied to a single location or device if you want to make daily time entry a reality. As a result, you need to make sure your process includes options to enter time via multiple devices (laptop, table, phone) and with or without a network connection.
- ***Share data with key systems and decision-makers to ensure end users know their data is valuable –*** Collecting timely and accurate data is an important part of the time collection process, but it is pointless if you don't go on to really use that data to run your business. Your people need to understand that by spending time and effort to fill out their timesheets, they are helping to drive results and success within the organization. Thus, you need a collection system that provides widespread access, rich reporting capabilities and automatic data sharing with other key business systems.

If managers and their teams don't have access to reports that allow them to analyze the data they are collecting, it cannot be used to run the business. While accounting and ERP systems are not widely available, and data in data warehouses is often delayed by approval and transfer processes, the time collection effort must deliver real-time information and analysis to maximize value. "Spot" reporting in the time collection system is one way to deliver up-to-date reporting and analysis.

While spot reporting can provide a real-time analysis tool, other systems also require the information in order to carry out additional actions and provide analysis of the information as it relates to other critical corporate data. Thus, your time collection system should be able to pull in data from existing systems for use in timesheets and pass the completed time data back to these systems without a lot of human intervention or fuss.

When good data is easily captured and shared widely, you will have all the components needed to make your time data a true driver of business productivity, profits, and success.

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