

Five Steps to Creating a Time Management System

White Paper

Executive Summary

Implementing a time management system is imperative for determining true costs, competently managing projects, complying with regulations, and streamlining payroll. Follow these five steps toward creating your own time management system and learn how to improve on this critical business system.

Your company's workforce is its most important asset. How employees spend their time can actually cost your company money.

Your company's workforce is its most important asset. How employees spend their time can actually cost your company money. In order to stay profitable and competitive, companies must seek to maximize their return on assets, investments and resources—their employees and the time spent on the tasks their employees are working on. And it's easier said than done. Many companies lack the processes and infrastructure essential to create the data necessary and to accurately analyze the data in order to effectively maximize returns.

Tracking time results in a number of different functions—for example tracking project tasks, and accurately and easily billing clients. Most importantly, it ultimately results in a new function: strategic analysis. By tracking time to specific tasks, and therefore knowing the cost of these tasks, your company can formulate better strategies to lower costs and increase profit.

Understanding the Relationship between Time and Money

Being able to understand time and cost allocation is imperative when creating a time management system. It will allow your company to have a clear view into their true costs. New ways of understanding costs have come into view to help companies redefine and realign their strategies. Take activity-based costing, for example. In order to truly understand these costs you need the right data.

Project and Portfolio Management

When your company finds out a project is broken, having a time management system allows you to do something about it before you've lost your investment. With the accurate time/cost data the problems are found sooner and the necessary steps can be taken from there. The project can be cancelled, use different resources, or change its scope. Tracking time against projects will allow you to understand where you went over budget, and allow for future project planning and improved profit.

Payroll and Billing

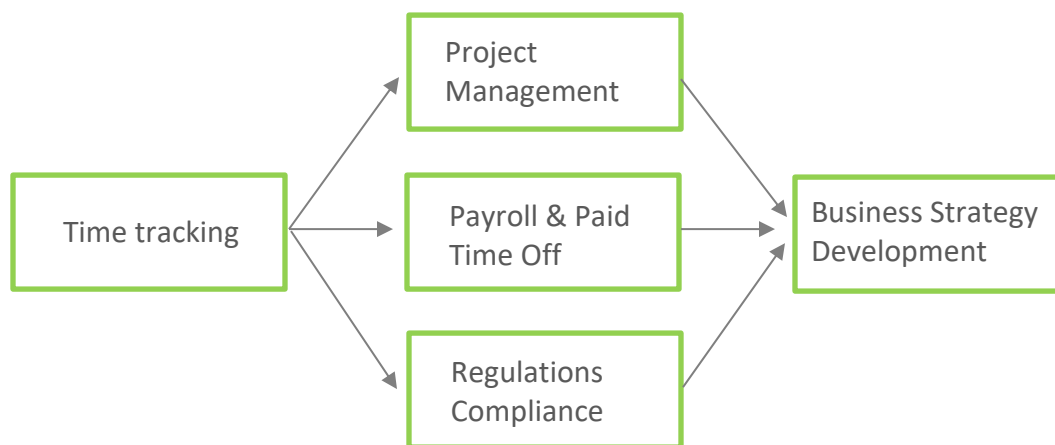
Implementing a time management system allows for a smooth integration into payroll processes. Aside from paying your salary and hourly employees, time tracking makes reverse billing easy for contracted workers. Contracted hours need to be tracked accurately so the client is being billed the accurate amount and you know how much it cost you to hire that person for the work they did. Without knowing this, project budget forecasting may be inaccurate for projects that require contract work, and the staffing firm may be upset with inaccurate bills that could potentially affect a future relationship with them.

Regulations Compliance

Any company that has won a contract with the government must be in compliance with DCAA regulations. It is required to accurately record all time spent on the project, and accounting processes and practices must be in line with DCAA standards.

Companies that are publicly traded must be in compliance with the Sarbanes-Oxley Act (SOX), which requires improved accuracy and reliability in corporate disclosures, including the financial disclosures contained within the annual reports required of publicly-traded companies.

The chart below visually displays where a time management system will benefit your company, ultimately resulting in more effective business strategy development.



Five Steps in Creating a Time Management System

There are several ways to create a basic internal time management system for basic time tracking needs. Certain steps need to be taken in order to ensure the effectiveness of the system throughout the process. On the last page you will find a task checklist that will help you along the way. The following five steps are basic guidelines to assist in a successful implementation of your time management system.

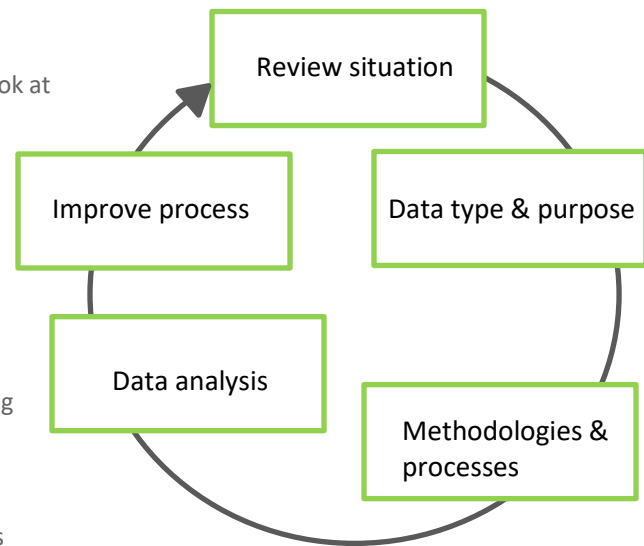
1. Review your current situation
2. Understand your purpose
3. Develop methodologies and processes
4. Analyze the data
5. Improve the process

Let's go through each of these steps in greater detail:

Step 1: Review Your Current Situation

Before creating a time management system, it is important to take a look at your company's infrastructure. Knowing the answers to the following questions allows for a customized system to be created that will best fit your company's time tracking needs.

- Do you know where you are profitable and where you are not?
- Do you know which projects are on time and which are not?
- Do you track project trends for future project estimates?
- Do you know which projects are within budget or over budget?
- Do you know where you have available resources for upcoming projects?
- Do you bill clients accurately and on time?
- What does it cost if not?
- Are you in compliance with certain payroll regulations, such as FMLA, DCAA and SOX?



Recognizing these needs is the basis for understanding your purpose for time tracking, and should be kept in mind when selecting a method and process. A time tracking system should initially meet your highest ranked needs and become more complex as the use of it progresses successfully.

Step 2: Understand Your Purpose for Tracking Time

Before you can make an educated decision on where to track time your company's needs should be further evaluated. Fully understanding your purpose for tracking time will allow you to accurately decide where time should be tracked. Time tracking processes and data lead into four fundamental business functions. These functions and the benefits of tracking time within these functions will help you understand your purpose.

- Time tracking for project and portfolio management can benefit you by improving project estimation, giving data for resource allocation for the future, controlling costs and increasing profits, staying on schedule, or leveraging project information on demand.
- Time tracking for client/contractor billing allows you to maximize revenues, shorten the cash flow cycle, improve reverse billing, improve billing accuracy, or leverage billing information on demand.
- Time tracking for payroll improves payroll systems by keeping track of hourly, salary, and vacation time, increasing productivity, maintaining regulation compliance, or improving integration requirements.
- Ultimately, time tracking will improve your strategic analysis by tracking your company's performance and sustaining a competitive advantage.

Step 3: Develop Methodologies and Processes

Your time tracking system must be managed in order for the data to be correct. When thinking through the process of how to best manage time data it may be easier to think of it from a reporting standpoint. Where does data need to be collected from: certain departments, the whole organization, or both? When should the data be entered and when should it be collected? Who collects the data and accounts for it? The process is going to be dependent on different factors, such as the type of time data that is being tracked and for what purpose.

Select the Best Application for Tracking this Data

Once the process is envisioned, the next step is to choose the best method for tracking this data. There are a few ways to go about this, each with its advantages and disadvantages. Budget and resources should be kept in mind when selecting a method.

Paper-Based Method

A paper based method of time tracking can be advantageous for your company if you currently do not have any method of time tracking. This method is best for a company with low budget and resources.

Pros	Cons
Low implementation cost	High manual labor involved
Great start for a company with no current time tracking method	Manual labor will be costly in the long run
Great for a company with scarce resources	Increases room for human error
Great for basic time tracking needs	Potentially high amount of skewed data
	Not automated

Excel-Based Method

Using Excel for time tracking is another option. Excel is a better solution for a company with some complex time tracking needs. This method makes data flow into Accounting and HR more manageable than a paper based method.

Pros	Cons
Less manual labor than paper method	Moderate amount of manual labor required
Allows for a somewhat complex system	Difficulty occurs with multiple timesheets and different versions of Excel
Allows for a central database on a computer	Moderate room for human error

Web-Based Method

A web-based time tracking solution is the most advantageous route to choose. Using this method, the data flow into Accounting and HR is efficient and most accurate. In many ways, this method is the best method, but only for those who have the proper resources and budget.

Pros	Cons
Low amount of manual labor	Higher implementation costs
Easy access to a web browser	Technology related issues require continuous tech support
Automated time tracking	Requires IT and development resources
Less human error-less skewed data	
Data flow into billing, payroll, and project management can be automated	

Gathering Accurate Data Efficiently

Gathering data accurately is crucial. Without accurate time input, your company has no way of knowing if it really is profitable in certain areas or if it's actually losing money. The best way to ensure this is to designate a time keeper, which in most cases is a manager. Having one or a few persons who manage and approve all time entries will allow for a systematic process to be maintained. The time keeper will ensure that employees are submitting time sheets accurately and on time, as well as being responsible for approving time sheet entries.

If your company is a large company, chances are you will want a time keeper for each department. These time keepers will approve their employee's time and then pass it to a master time keeper who manages all time data. If your company is smaller, one or two time keepers would be appropriate to keep the process simple and easy to manage. It is also best for a company to re-evaluate its time management work flow periodically to ensure its efficiency and effectiveness.

Step 4: Analyze the Data

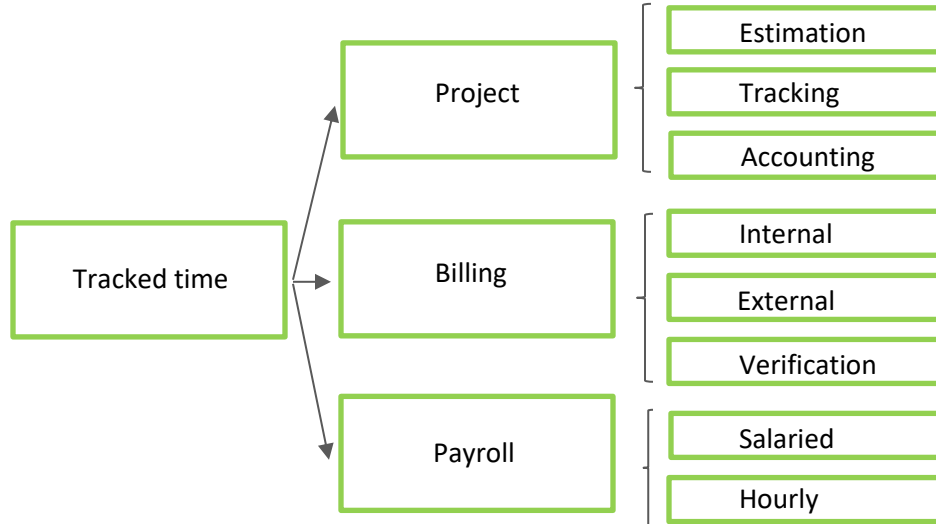
Payroll executives who implement time and attendance often miss the opportunity to facilitate greater profitability throughout the company. When time data is properly collected using a method that allows it, it can be used to automate project management, project costing, project tracking and project estimation improvement, as well as for internal, external and reverse billing automation. Your time management system should be used to its fullest capacity in order to maximize your company's business strategy development.

Step 5: Improve the Process

With a basic time management system in place, your company can now make revisions necessary to further improve its capabilities. As with any process of creating a product, it must be evaluated and reworked. With both data input and output the system can be measured for its success.

The first step in evaluation is to reanalyze the current situation with the time management system in effect. Results regarding profitability may already begin to be seen, and the data will continue to grow with use of the time

management system. As you proceed with the analysis, each step of the creation process should be revisited and reassessed. Check to make sure the work flow process is running smoothly, and that employees are doing their part. It may be beneficial to get feedback from employees regarding the process. Check to make sure the method selected is appropriate. Make changes as seen necessary and reevaluate. Once the system is effective and accurate, more complex additions can be made to get the most out of tracking time.



Time Management System Creation Checklist

Step 1: Analysis	Notes
Do you know where you are profitable and where you are not?	
Do you know which projects are on time and which are not?	
Do you track project trends for future project estimates?	
Do you know which projects are within budget or over budget?	
Do you know where you have available resources for upcoming projects?	
Do you bill clients accurately and on time?	
What does it cost if not?	
Are you in compliance with certain payroll regulations, such as FMLA, DCAA and SOX?	
Step 2: Data Types and Purposes	
Determine need/purpose for tracking time	
Determine what time to track	

Step 3: Methodologies and Processes	
Select best application method for tracking time data	
Determine a work flow process to manage time accurately and efficiently	
Determine if time data will flow into other departments, such as HR and Accounting	
Step 4: Data Analysis	
Determine how the data will be reported on and analyzed	
Step 5: Improve the Process	
Reanalyze the situation with the time management system in place	
Reassess time data types and purposes	
Reassess methodologies and processes	
Reassess data analysis strategy and effectiveness	

These additional resources will help you determine next steps for employee time tracking in your organization, as well as evaluate solutions for creating a time management system:



Checklist: What to Look for in a Time and Expense Tracking Solution



Get Better Timesheet Data & Increase Profits by Empowering Your People

About Journyx, Inc.

Founded in 1996, Journyx offers customers two solutions to reach the highest levels of profitability: Journyx – project, time and expense tracking software – and Journyx PX – resource management software that provides work and financial forecasting for a complete picture of project and budget status, employee time and availability. Journyx has thousands of customers worldwide, including Boehringer Ingelheim, Schlumberger, BP, Honeywell and many others. For more information, visit www.journyx.com.