

# The Forgotten Fifteen: How Inaccurate Time Tracking Can Compromise Project Margins



Creative, financial and technical services organizations are unique in that they deal in knowledge.

Employee insight and expertise is the product. Time logged translates to money in the bank, but only when a project comes in under budget.

At the enterprise level, operations span hundreds to thousands of billable resources across a wide range of verticals, service lines, and customer segments.

Projects can last for months, years at a time. And success is determined by a combination of profit, resource utilization, process alignment, and most importantly--client experience.

The truth is, no matter how good the work or how happy your customers are, without accurate time-tracking, everything falls apart.

**Read on and we'll explain why and what you can do to get ahead of this problem. >>>**



# Enter the "Forgotten Fifteen"...

The "Forgotten Fifteen" is a term we use to describe the small day-to-day tasks that never make it onto a client invoice or even a Gantt chart. We're talking about:



The five minutes spent shooting off client emails or hopping on a quick call



Small edit requests when the Creative Director catches a missed spec



One-time fixes after a Developer remembers an issue in the codebase



The last-minute deliverables when Client Services calls in a favor

On an individual level, failing to track an email here and a few edits there doesn't seem like a big deal.

**But what if you've got thousands of employees, spread across several locations? What if you also have several portfolio companies –with thousands of employees themselves?**

When you multiply 15 minutes across thousands of employees, it's easy to see how the Forgotten Fifteen turns into a perfect storm for service firms.



# Why Track the Forgotten Fifteen?

Tracking the Forgotten Fifteen isn't about spying on your teams to make sure they're "busy." It's about gathering data you can use to increase profit margins. Time-tracking enables firms to boost profits by maximizing efficiency and boosting productivity.

- **Measure & optimize employee utilization.** Employee utilization represents the number of working hours spent on client work. Higher rates mean more profits. Lower rates suggest that workers are spending too much time on tasks that don't generate business value. The more data you have on how workers spend their time, the easier it is to find and eliminate time-wasting tasks. That way, employees can dedicate more time to client work.
- **Eliminate scope creep.** Scope creep is a major problem in the professional services space. It leads to budget overruns, missed deadlines, and increased expenses. The result? Profit margins suffer and so do employees' ability to serve other clients. According to a joint survey by [Function Point and the Agency Management Institute](#), 32% of participants said the biggest barrier to productivity was indecisive clients. Identifying scope creep early in the game allows project managers to nip this problem in the bud. It gives them an opportunity to set expectations with the client before last-minute changes snowball out of control.
- **Stop overservicing.** Overservicing means you're providing value-added services at a discounted rate or no cost at all. While workers may want to go above and beyond for their clients, giving away too much hurts profit margins and causes delays for other paying clients.
- **Improve resource management.** According to [Wellington's State of Project Management report](#), participants cited poor resource management as the biggest challenge facing their organization. [McKinsey survey data](#) revealed that 83% of executives believe resource management is the most effective way to boost growth. Again, in professional services, your people are your resources. So, understanding their availability, how they spend their time is essential.
- **Focus on the most profitable opportunities.** Some projects and clients are more trouble than they're worth. Tracking where you're spending time, energy, and resources allows you to identify projects that aren't good for the bottom line. From there, you can refine your strategy and focus on more profitable opportunities.



# Why accuracy matters

When knowledge is the product, knowing how much you're selling is the first step toward regaining control over the bottom line. When time and labor aren't recorded, every estimate is based on bad data, and those miscalculations ripple through the entire business. As an example, consider the project lifecycle:

Every project quote comes with an **invisible workload** that sales reps can't account for. This impacts team capacity projections, project deadline agreements, and whether they can offer a discount and still turn a profit.

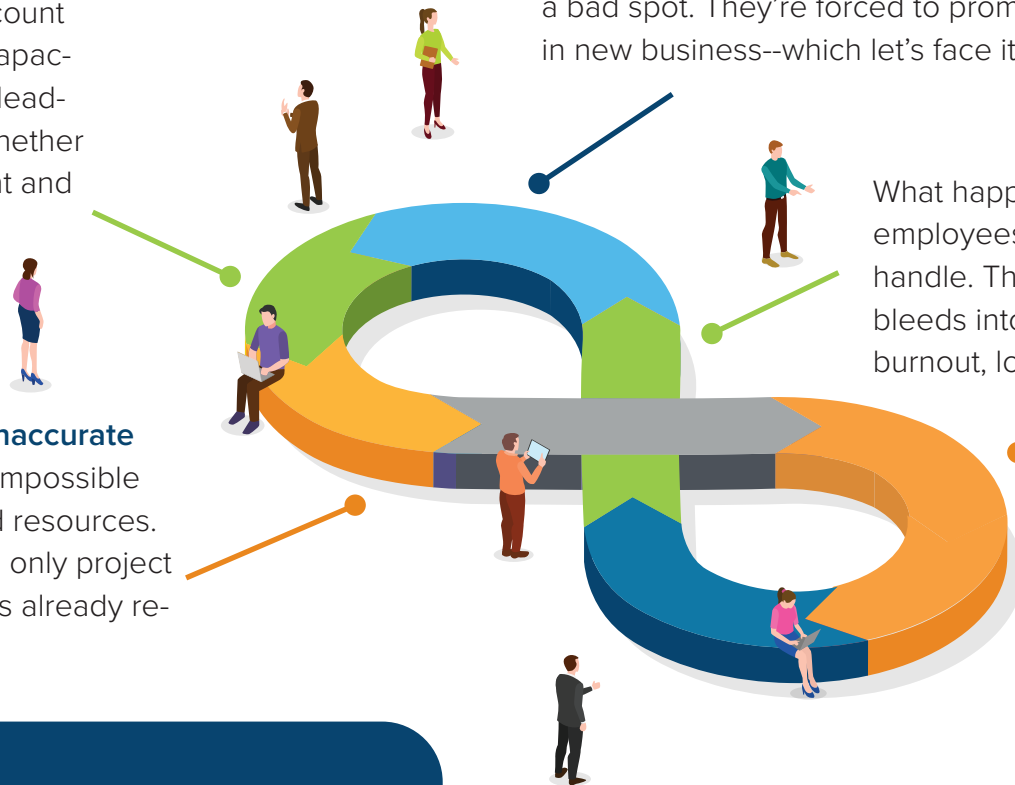
For project managers, **inaccurate time-tracking** makes it impossible to manage capacity and resources. Capacity schedules can only project based on the work that's already recorded in your system.

The financial strain of **overtime, freelance, and overleveraging** your resources generates pressure from executives for sales to fill the gap with more revenue. In other words, inaccurate time-tracking forces reps into a bad spot. They're forced to promise things they can't deliver to bring in new business--which let's face it, isn't sustainable.

What happens next becomes **a regular cycle**: employees end up with more work than they can handle. This, then, creates a capacity crunch that bleeds into other projects, which in turn, leads to burnout, low morale, and quality issues.

When employees aren't **logging their work accurately**, your system makes projects based on incomplete data sets. As a result, production team schedules may appear to be wide open, even if teams are slammed.

There's no shortage of cautionary tales here. But the point is, inaccurate time-tracking is a problem that compounds itself. And if you're not careful, the Forgotten Fifteen can cost your firm its reputation, millions of dollars, or worse.



# 3 Fundamentals for Tracking the Forgotten Fifteen across your organization

In order to track the Forgotten Fifteen, a few key things must be in place. You'll need a unified data system that spans all areas of your business--including any portfolio businesses. You'll also need the right tools, along with the policies and workflows that ensure everyone does their part.

Here's a basic overview of what that entails:

## 1. Centralize your data

Professional services firms need accurate data, real-time insights and complete visibility into what's going on with every project, client, and team.

With granular insight into what's impacting your profit margins right now, you can spot at-risk projects and take action before it wreaks havoc on the bottom line.

For that, you'll need to make sure that all systems, locations, business functions align around a single source of truth.

One option is [Microsoft Dynamics 365 Project Operations](#), which unifies all operational workflows and teams--from project management to finance and sales. The platform provides the visibility and intelligent insights needed to maximize profits, manage resources, and ensure projects are delivered on-time and on-budget.



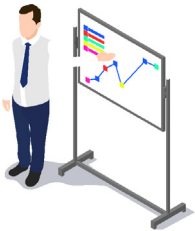
## 2. Assemble your time-tracking tech stack



Teams have all kinds of reasons for not tracking their time. One common complaint is many time-tracking solutions are more trouble than they're worth. Employees are required to log hours in an Excel sheet or an app that's completely disconnected from the tools they use on the job. What ends up happening is, employees end up writing off billable hours to fast-track client work.

Instead, make sure your time and expense entry systems integrate with the tools your team uses each day.

## 3. Rethink your workflows & processes



While good data and the right tools are essential for accurate time-tracking, they can't work their magic if your strategy is no good. Before you make any big decisions, you'll want to review your existing time-tracking, project management, and reporting methods. Ask yourself the following questions:

- How are you currently logging billable hours?
- Are teams following company billing guidelines?
- Do you even have clearly-defined billing guidelines – and are they consistent across departments/locations?
- What needs to happen to improve accuracy and compliance?
- How do you allocate resources
- How do you typically assign projects to employees?
- How is work distributed – are some employees overworked, while others struggle to fill their days?

Beyond time-tracking itself, you'll also need an integrated project management and accounting tool like Advanced Projects for Microsoft Dynamics 365 Business Central.

Advanced projects offers time tracking integrations for Outlook, Azure DevOps, and JIRA, alongside end-to-end cloud-based project management -covering everything from time-entry and approvals to capacity planning, budgeting, and project-specific analytics and insights.



# Improved productivity, predictability, and bigger profits

Accurate accounting of the total cost of services helps sales teams generate estimates they know will return real margin.

Project managers can build timelines clients can trust. And teams can record their wins in a way you can recognize and congratulate them for.

The point is, firms that know where resources are going and how they're being used have the power to make changes that change the game for their business--just fifteen minutes at a time.

Velosio understands the challenges professional services firms are up against. We offer the project management solutions, data-driven insights, and hands-on support businesses need to drive profits and sustainable growth.

Contact us today to learn more about our services and solutions.

