

Five Common-Sense Time Management Mistakes In Project Accounting (and Tips to Avoid Them!)

by Curt Finch, Journyx

Chances are you're quite familiar with project accounting, and you understand how financial reports that track the financial progress of projects can be used by managers to aid project management. Project accounting gives businesses insight into the comparative value of current and past projects, as well as the projected value for future endeavors. However, if project accounting is approached primarily from the top down, these estimates may be flawed. Project knowledge must be granular, and individual team members should contribute and review that information on a per-person level to determine its accuracy.

Unfortunately, it is often the case that businesses implementing a project accounting system, even if done with the goal of tracking individual time and resources to projects, might run into a snag: team members just do not have the time, desire, or know-how to accurately account for activities and expenditures. This doesn't mean they're lazy. In fact, the most productive team members may be the worst at documenting their activities since they might view any time not spent actively completing the project as wasted time.

Following are the top five most common mistakes made in project accounting, and the best ways to make sure you avoid them and stay on track.

1. "Tracking time is a waste of time!"

Unlike many decades ago when traditional manufacturing and farming were the predominant industries and employers, most of us today are knowledge workers, dealing in numbers and information. Whereas in the past, profitability could be measured by comparing the cost of individual components to the profit of that completed product, now the product that knowledge workers provide is their knowledge and expertise. Therefore, time itself became a critical piece of data to measure. It is necessary to know the relative worth of your people's time, as well as their expenditure of that resource, to get a clear insight into costs relative to budget.

Further, it is important to know where exactly a project stands in relation to the approved schedule. If, for instance, it is determined that a project has used 80% of its resources but is only 50% complete, a reevaluation of resource distribution is in order. To enable this level of control, project team members should track time and resources individually to a project. This will highlight larger trends, and allow you to make micro-corrections as necessary.

2. "Any System Will Do The Trick!"

One of the biggest benefits of tracking time to projects is the backlog of specific data that it provides. Project managers can review previous information on both successful projects and those that ended in failure to make accurate forecasts for future projects. A poorly configured system can cause significant problems if data is lost or misapplied.

If it is difficult to enter data, the system will not be successful. Employees may submit simplistic, incomplete information to just be done with it. Time data has to be easy to enter, retrieve, and view. When selecting a system, look for ones that allow anytime, anywhere entry screens so employees can always access information.

Also, check the reporting capabilities of potential software. These reports should be easily understandable and available to any authorized individual in an organization so information can be shared.

3. “That Doesn’t Count.”

The old Boy Scout motto of “Be Prepared” applies perfectly to project accounting. It is necessary to have insight into both what is happening and *what will not be happening*. There will be times when unpredictable expenses arise. A time management system can help mitigate these surprises.

If a system allows employees to schedule vacations in advance, then it will be no surprise when a key resource takes two weeks off in the middle of a project to go out of town. If no one realized the vacation was coming up, it could jeopardize the completion of a project. You need to see all expenses relative to the budget, even if they are not directly related to the project itself. These can include travel expenses, facilities maintenance, and even meals provided to a hard-working team that has to stay late!

4. “I’m Sure They’ll Figure It Out.”

There is a fine line with any software between complexity and sufficiency. Too simple, and the data won’t be of much use. Too complex, and users will have difficulty inputting or interpreting it. That’s why it is important to make the system simple on the front-end, yet robust internally.

An automated system that accounts for the human element will greatly enhance the availability and value of time data. Issuing daily or weekly reminders for entry data safeguards against common entry errors and will reduce the time necessary to “clean” project data. It will also provide insight into ongoing projects. Determine who should approve the data and then make sure that the timesheet gets filled out every time by using built-in system reminders. By automating these tasks, you will save time and ensure the quality and consistency of time data.

5. “We’re All Set For The Next Decade!”

Employees should be able to see the benefit of spending extra time entering analytic data. There is nothing more frustrating to knowledge workers than feeling like their time is wasted on unnecessary bureaucratic actions that are initially extolled by higher-ups but later abandoned, simply becoming a pointless recurring action. Failure to review and act on data totally undermines the rationale behind implementing a time-tracking system in the first place.

Without consistent application of time data to business operations, a company will leak money and resources unnecessarily. Keep your system up to date and well-monitored so actionable metrics are only a click away. When possible, discuss relevant data used to make decisions with employees so that they will understand the rationale behind any “game-changing” decisions from above.

Time, money, and resources need to be precisely applied in order to achieve the best results in any project setting. Fortunately, the tools exist to make the determination of that amount relatively simple. This common-sense approach can make the entry and application of project data seamless and simple.

About Curt Finch

Curt Finch is the CEO of Journyx. Founded in 1996, Journyx automates payroll, billing and cost accounting while easing management of employee time and expenses, and provides confidence that all resources are utilized correctly and completely. Curt earned a Bachelor of Science degree in Computer Science from Virginia Tech.

As a software programmer fixing bugs for IBM in the early '90's, Curt found that tracking the time it took to fix each bug revealed the per-bug profitability. Curt knew that this concept of using time-tracking data to determine project profitability was a winning idea and something that companies were not doing – yet... Curt created the world's first web-based timesheet application and the foundation for the current Journyx product offerings in 1997. Learn more about Curt at

<http://journyx.com/company/curtfinch>.

