Project Management: Saving Time and Saving Money
By Curt Finch, CEO, Journyx

The phrase 'time is fleeting' has never been more relevant than today as project managers and their staff confront overwhelming demands on their time. Time is as critical as money, and often more so. Yet, many companies are not accustomed to allocating and investing it with the same level of care as they would with more traditional assets.

Most project managers that 'get it' know that time must be managed, accounted for and invested in ways that maximize return. But this is often easier said than done as companies seldom possess the right processes and infrastructure to make the most of time resources.

They often confuse the core business process of time-resource allocation with simple timesheets or “time management calendars.” This is as dangerous as confusing a simple check register with a company's capital investment strategy.

To allocate and manage any resource, it must first be seen clearly and then tracked carefully. Time tracking should be a fundamental part of any business. Almost every business tracks time at some level, even if only for payroll. At the most basic level, some companies employ a simplistic, homegrown system that is based on spreadsheets.

Even companies that have fully automated time-tracking systems may fail to leverage those systems to drive profits up and costs down. Leveraging such systems is neither as easy nor as obvious as it seems. Some companies may understand the potential gains associated with managing time as an asset, but lack the right knowledge or tools. Others succumb to a misinformed distrust of time tracking. Still others mistakenly believe that time tracking systems are simple and develop or buy inadequate systems that fail to deliver real value to the entire enterprise.

An expertly developed and finely-tuned time management system can become a window into the real-time costs of any organization, especially if it provides:

- Access to and a thorough understanding of costs at every level of the business - at a team level, a task level, a project level, a business unit level and a company level.
- Complete visibility into these costs for everyone in the organization who can impact them.
- Power to redeploy and shift time resource investments to optimize processes, reduce risk, thwart competition, drive revenue, and increase profits.

The benefits of such a system will make the relationship of time and money crystal clear. While identifying costs is nothing new for most companies, many experts agree that traditional cost accounting methods may not yield the right information for some of the most vital initiatives that companies undertake, such as competitive strategy formulation and execution or project portfolio management.

New ways of understanding costs, such as activity-based costing, have emerged to help companies redefine and realign their strategies. Yet these new methods are only as good as the data that feeds them—and time data is a critical input.

<u>Identify Core Processes</u>

To understand time tracking as a core business process, first consider that time data feeds four fundamental business functions:

- Payroll
- Billing
- Project management

- Business strategy development

Unfortunately, solution providers have addressed each of these functions independently.

For example, the gorilla in the payroll automation space is Kronos, a company that focuses on managing manufacturing and healthcare workers' hourly time with the aim at lowering the cost of payroll by punch rounding, security lockouts, and other techniques. The audience for that software is the HR department. These packages are so well-suited for managing payroll, that they are unsuitable for project management or billing automation.

Billing software companies, like Timeslips, are great at automating billing for certain small companies, like law firms. But they don't do payroll or project management.

And project management companies, like Primavera, are great at tracking time for project management, but can't do payroll or billing automation.

Part of the reason for the inflexibility is that all of these companies are twenty-years old or more, (i.e., pre-Internet). The ideal solution offers the ability to automate time tracking for project management, billing, professional (i.e., salary) payroll, and increasingly, for hourly payroll.

That solution, which might be found among companies like Journyx or Unanet, for example, enables a qualitatively new function: time tracking for strategic analysis.

Realizing the last function will help companies better understand which of their projects generate profits. An important first step is to know whether projects are on schedule and within budget. However, this step alone is not enough. Despite project managers' keen abilities to remain within schedule and budget constraints, all too often they find themselves out of a job when their projects, product lines or research portfolios are deemed unprofitable or excessively risky. Budgets and schedules alone won't make a company successful. Only projects that create profits will drive success. All projects, whether internal or external, must somehow drive the company to greater profitability. If they do not, they are at risk of cancellation.

It's critical to constantly monitor projects throughout their lifecycle in order to continue or terminate them. Two questions to ask: "How much of my project's budgeted time has been spent?" and "How close are we to completion?"

These questions offer valuable information to make a decision. For example, if you have used thirty percent of the allotted time and you are only ten percent done, that is a red flag. However, it's better to have that red flag raised when you have spent 30 percent of your money rather than 120 percent.

The companies that manage their portfolios of internal and external projects skillfully - ensuring that all projects help the company make money - will be the ones that survive and succeed in both good times and bad. The hard truth is that no company can afford to mismanage its project portfolio. Whether that portfolio contains two or 200 projects, the goal remains the same: profit.

To reach this goal, companies need to be smarter about how they collect and use critical time data to evaluate project cost and performance; allocate labor and other resources; and estimate future project schedules and costs. They can reduce risk of failure by understanding the true costs of their project in real time, and by taking necessary action sooner when the chances of success are greater.

The right time data, accessible in real-time, is critical to solving project management problems.

About the Author

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