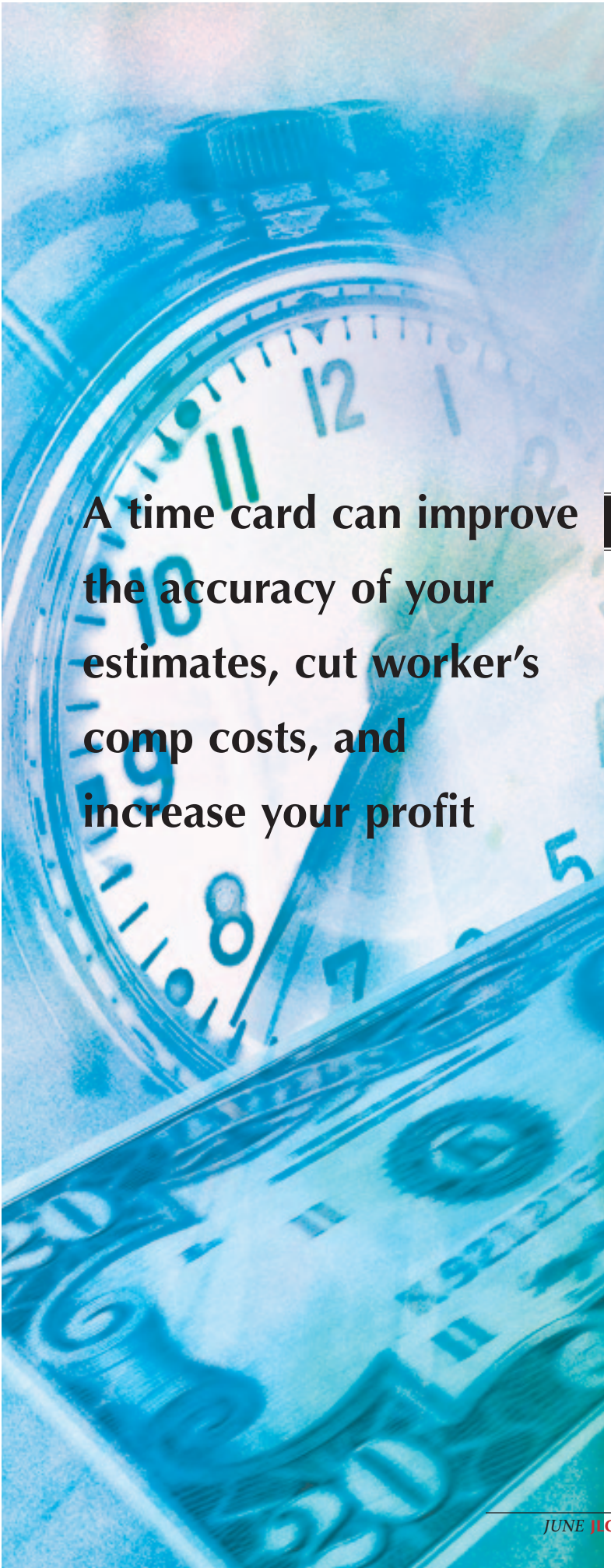


Tracking Your Time

A time card can improve the accuracy of your estimates, cut worker's comp costs, and increase your profit

by Peter Bush

When it came to the management of my company's time, I wanted a method to gather reliable information and a system for measuring performance. I started with some basic questions as to what components would be necessary:

- What was done? When was it done? By whom? And for whom?
- How does the estimated duration of the tasks compare to the reality?
- How do I verify all of my employees' time related to payroll, bonuses, taxes, and worker's compensation?
- How do I account for my nonbillable time?

Simple Format

The answers led to the creation of the time card I've used in evolving form for the past eight to nine years (see Figure 1, next page). I created our time card using Microsoft Word and print it on standard, letter-size paper. I make copies for each week on the office copier rather than having them printed, because our card changes slightly. We print on different colored paper every week. The colors help us distinguish the weeks when the cards start accumulating in our office file and help break the monotony of the same form every week. We also place stickers on particular days to note their significance, like hearts on Valentine's Day, a turkey on Thanksgiving, a pumpkin on Halloween, and so on.

Date range. The first thing I determined was a date range. Naturally, I wanted the time card to coincide with our payroll schedule. We pay our employees every week, held back one week. That is, they get their checks on Friday for the previous week. Our time card heading starts with Friday and runs through Thursday. If I ever decide to switch to a biweekly schedule, I'll simply create a two-sided time card with the same format.

I don't use specific daily dates on the time card, just a box with the heading "Week Ending." This saves me from having to create a new time card for each work week. I only have to write in the employee's name, Thursday's

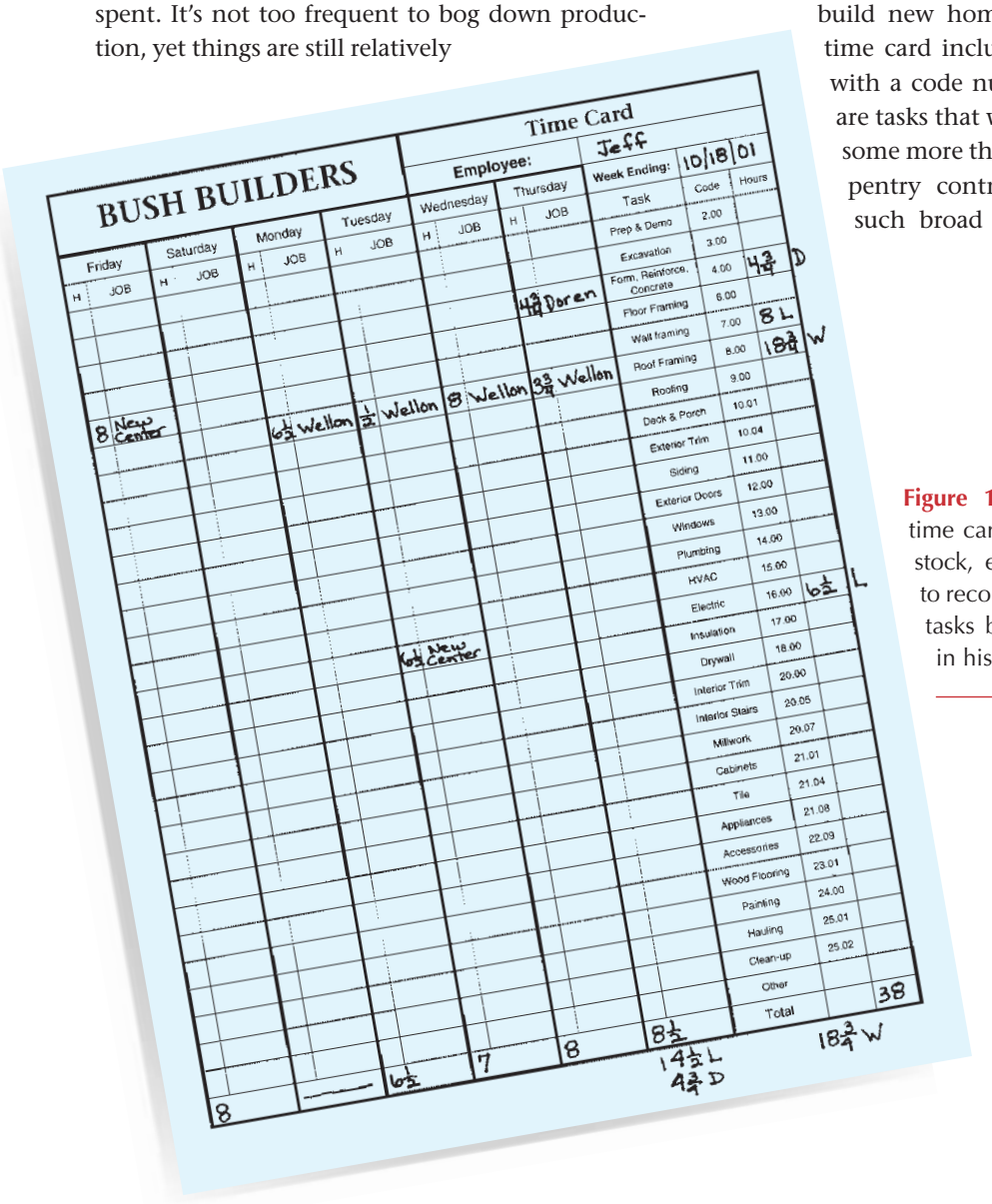
date in "Week Ending," and it's done.

Column headings. Under each day there are two columns, headed "H" (hours) and "Job." We encourage employees to use fractional hours when filling out the time card. Some employees will break things down to the quarter hour, and some to the half. I don't ride them too hard on this detail. I want them to be aware of their time during the day, but I don't want to lose valuable production time to endless clocking in and out. Besides, cumulative totals give me a pretty good average. Most of my field employees glance at their watches periodically during the day, note what they're doing at the time, and then fill out the time card at the end of the day, after cleanup. They may compare recollections between themselves if there happens to be more than one worker on a particular job. The end-of-the-day routine provides a good setting for assessing time spent. It's not too frequent to bog down production, yet things are still relatively fresh in the mind. It takes a week or two for new hires to really familiarize themselves with the time card but only a minute or two to tally the day's work.

Sometimes, when I show up to collect time cards on Friday, an employee will go to his truck and fill out the entire week then and there. Though I frown on that, if his only activity that week was roof framing, I'm not going to come down too hard. If he was moving between multiple jobs or tasks, however, he'll get a reminder to stick to the end-of-day routine.

If I'm not working on the job myself, I try to at least visit every day. That way, I have a general sense of the time cards' accuracy. I enter general notes about the weather and work progress on my desk calendar for later comparison.

Tasks and codes. We're licensed for commercial and residential work, but most of the time we build new homes and remodel. The time card includes a list of 28 tasks, with a code number for each. These are tasks that we frequently perform, some more than others. A finish carpentry contractor would not use such broad categories but would


BUSH BUILDERS

Time Card

Employee: Jeff

Week Ending: 10/18/01

Friday H	Friday JOB	Saturday H	Saturday JOB	Monday H	Monday JOB	Tuesday H	Tuesday JOB	Wednesday H	Wednesday JOB	Thursday H	Thursday JOB
8	New Center			6½	Wellon	1½	Wellon	8	Wellon	3¾	Wellon
										4¾	Doreen
									New Center 6½		
8						6½		7		8	

Task	Code	Hours		
Prep & Demo	2.00			
Excavation	3.00			
Form, Reinforce, Concrete	4.00	4¾	D	
Floor Framing	6.00			
Wall framing	7.00	8	L	
Roof Framing	8.00	18¾	W	
Roofing	9.00			
Deck & Porch	10.01			
Exterior Trim	10.04			
Siding	11.00			
Exterior Doors	12.00			
Windows	13.00			
Plumbing	14.00			
HVAC	15.00			
Electric	16.00	6½	L	
Insulation	17.00			
Drywall	18.00			
Interior Trim	20.00			
Interior Stairs	20.05			
Millwork	20.07			
Cabinets	21.01			
Tile	21.04			
Appliances	21.08			
Accessories	22.09			
Wood Flooring	23.01			
Painting	24.00			
Hauling	25.01			
Clean-up	25.02			
Other				
Total		38		

8½ → 14½ L, 4¾ D

18¾ W

Figure 1. The author's weekly time card, printed on letter-size stock, enables field employees to record commonly performed tasks by code to match those in his estimating system.

opt instead for greater detail of fewer tasks. For example, interior trim might be broken down into baseboards, closets, doors, casings, and built-ins. The idea is to generate detail that relates to your specific business structure.

Next to each task is a code number. The numbers aren't in ascending order but jump around. I adapted my code numbers from Home Tech's estimating manuals, the system I currently use. I used to use MacNail Estimating and the CSI code structure, so my time cards from that period reflected the CSI structure. The point is to have the task codes mirror your estimating and accounting systems. That makes the transfer of information easier.

My time card is all tasks, but you could create a couple of line items for specialty equipment you want to track. For instance, I might enter a Bobcat on my time card with a code number of 3.01, which ties it to Excavation.

If there's a special item I want to track, such as a change order, I have the employees note it specifically on the time card. I can then invoice the change order for the proper amount.

Time is money. I deliver the paychecks every Friday. I fold the new week's time card into thirds, as if it were going into an envelope, write the employee's name on the back, and insert his or her paycheck. This creates kind of a subliminal message about the importance of the card — it's carrying the paycheck. When I hand over the new time card and paycheck, they turn in the current week's time card. You can imagine what some of these cards look like after a week on the job — crumpled, coffee stained, tattered, notes and phone numbers scratched on the back. Some are neatly filled out in pen; others are scribbled in bold carpenter's pencil. The same job may be variously identified by client name, job address, or only the section of the county worked in. As long as we have accurate numbers, and accounts to invoice, I'm not fussy about the rest. But I do stress accuracy. Once we held a company meeting to raise accuracy awareness and explained the accumulated impact of a mere 10 minutes unaccounted for per day. Ten minutes, times our billing rate, times five or six employees, times 250 days (five days a week for 50 weeks) per year, adds up to quite a chunk of money.

Interpreting the Data

My daughter, Amber, is my office manager. She enters the time card information into our MYOB computer accounting program. You could track the information manually, but I wouldn't want to try. The variety of reports and information you can generate from an inexpensive accounting program is priceless, but make sure the software you choose has a time billing module.

Amber starts by running totals on each card. She brings each daily total to the bottom of the page and each task total to the extreme right. She adds those both horizontally and vertically as a cross-check. Then she goes to the program's time billing function, where she's created a coded list of activities matching those on the time card. She enters totals by employee and client. She also enters each employee's total hours into the payroll function of the software and cuts the paychecks.

Reports. Once the time card information is entered into the program, I can run a variety of reports. I can tabulate the information in date ranges with totals by task, customer, employee, and hourly productivity. Those reports are invaluable for assigning worker's compensation rates, which vary by type of exposure, and for revising my estimating assumptions. I can also view cumulative payroll information such as employee earnings and tax liabilities.

In the time billing module, the employees all have a rate assigned to their billable hours (see "Calculating Labor Costs," 2/02). You can set this rate as a gross hourly wage or as a wage plus burden. You might even set an inclusive rate that amortizes your overhead and profit. It's up to you. Our bill rate includes the employees' wages and burden. This enables me to keep an eye on our overhead and profit separately when comparing revenues to hard cost.

Nonbillable time. Overhead can be tricky to calculate. Every business has tasks that aren't directly job related or billable. Soft costs such as phones, office supplies, and advertising are easy enough to figure, but how do you know if you're being compensated adequately for the nonbillable hours you invest in your company? I've created a list of nonbillable activities on a second, modified time card to track the time spent on administrative details

(Figure 2). Those hours are sometimes the most difficult to categorize. We track that time just like we track production time — it isn't invoiced, but I consult the data to adjust my overhead markup as needed. By tracking nonbillable time as well as the production hours, I can gauge how much I've invested in my business and in what capacity. First and foremost, the purpose is to make sure that I'm sufficiently compensated. And, when it comes time to replace myself in a function, I'll have some data related to the requirements of the position.

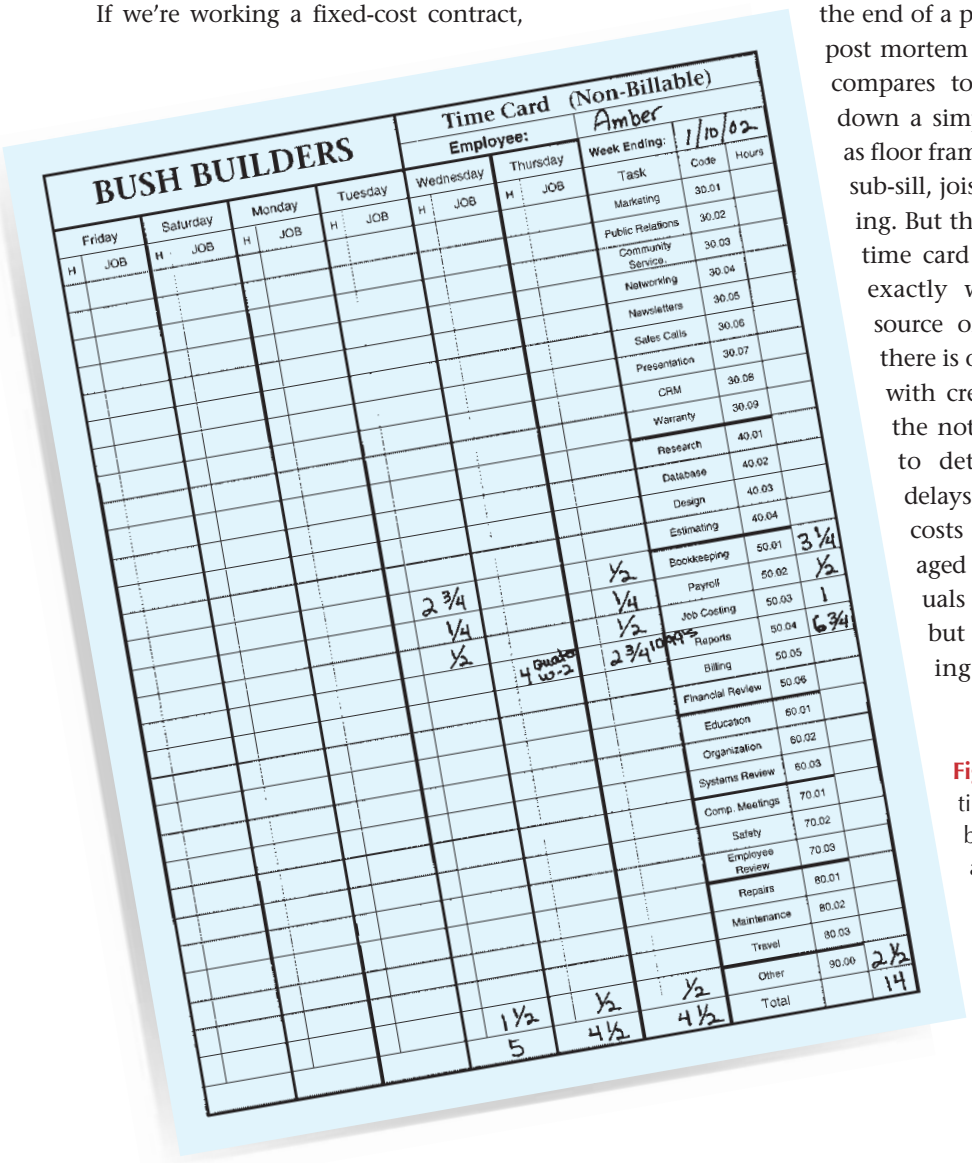
It takes Amber about 45 minutes to an hour per week to do the time accounting for six to seven employees. It's a small price to pay for the wealth of information generated and the handy reports I can produce at a moment's notice.

Invoicing for Time

Amber invoices each client's account for the time we spent on that project during a given pay period. If we're working a fixed-cost contract, this is merely an accounting function. The resulting invoice is deducted from the client's retainer account. (Our construction draws usually come before, not after, the construction.) When that account gets low, we're alerted to invoice for the next construction draw. On the rare occasion that we work a cost-plus contract, the time cards serve as documentation of actual expenses.

We use time billing invoices to update our clients' "Job-Cost Card," an Excel spreadsheet I use to compare my estimate to the actual job costs (Figure 3, next page). We import labor, material, and subcontractor expenses weekly, in order to catch possible overruns early in the process. If there's action I can take to change the outcome, I've got a chance to implement it in time. Otherwise, I can kick myself in the butt for the balance of the job and correct for the shortfall on future estimates.

Post mortem. At the close of a job, or the end of a project phase, I perform a post mortem to see how my estimate compares to reality. I might break down a simple assembly item, such as floor framing, by unit costs for the sub-sill, joists, bridging, and sheathing. But the broad categories of the time card aren't going to tell me exactly where to look for the source of a variance, only that there is one. I'll review a variance with crew members and review the notes on my desk calendar to determine the nature of delays, then update my unit costs accordingly. The averaged costs in estimating manuals and software are great, but there's nothing like having your own personal


BUSH BUILDERS

Time Card (Non-Billable)

Employee: Amber

Week Ending: 1/10/02

Task	Code	Hours
Marketing	30.01	
Public Relations	30.02	
Community Service	30.03	
Networking	30.04	
Newsletters	30.05	
Sales Calls	30.06	
Presentation	30.07	
CRM	30.08	
Warranty	30.09	
Research	40.01	
Database	40.02	
Design	40.03	
Estimating	40.04	
Bookkeeping	50.01	3 1/4
Payroll	50.02	1/2
Job Costing	50.03	1
Reports	50.04	6 3/4
Billing	50.05	
Financial Review	50.06	
Education	60.01	
Organization	60.02	
Systems Review	60.03	
Comp. Meetings	70.01	
Safety	70.02	
Employee Review	70.03	
Repairs	80.01	
Maintenance	80.02	
Travel	80.03	
Other	90.00	2 1/2
Total		14

Friday H	JOB	Saturday H	JOB	Monday H	JOB	Tuesday H	JOB	Wednesday H	JOB	Thursday H	JOB
								2 3/4			
								1/4			
								1/2			
										4 Quarter 40-2	
										1 1/2	1/2
										5	4 1/2

1/2
1/4
1/2
2 3/4 10 Rolls
1/2
4 1/2

Figure 2. Identical to the job time card, the author's nonbillable time card tracks administrative time by code numbers related to overhead expenses.

Job-Cost Card

	ESTIMATE			ACTUAL				VARIANCE	
	Materials	Labor	Total	Materials	Labor	Sub	Total	Variance	% Comp.
Prep, Tear-out, Demo	$ –	$ –	$ –	$ 1,009.72	$ 840.00	$ 407.00	$ 2,256.72	$ (2,256.72)	–
Excavation & Grading	$ 4,658.99	$ 16,651.96	$ 21,310.95	$ 1,896.09	$ 595.00	$ 13,835.00	$ 16,326.09	$ 4,984.86	77%
Concrete	$ 8,078.31	$ 5,629.00	$ 13,707.31	$ 6,560.03	$ 3,771.25	$ 1,394.00	$ 11,725.28	$ 1,982.03	86%
Masonry	$ 8,974.49	$ 13,294.52	$ 22,269.01	$ 5,126.32		$ 2,204.75	$ 7,331.07	$ 14,937.94	33%
Floor Framing	$ 8,293.04	$ 4,699.64	$ 12,992.68	$ 6,813.81	$ 4,103.75		$ 10,917.56	$ 2,075.12	84%
Wall Framing	$ 3,585.42	$ 8,527.69	$ 12,113.11	$ 919.91	$ 2,563.75		$ 3,483.66	$ 8,629.45	29%
Roof Framing	$ 716.10	$ 14,606.06	$ 15,322.16		$ –		$ –	$ 15,322.16	0%
Roofing & Flashing	$ 3,068.36	$ 4,063.94	$ 7,132.30		$ –		$ –	$ 7,132.30	0%
Ext. Trim & Decks	$ –	$ 10,872.82	$ 10,872.82		$ –		$ –	$ 10,872.82	0%
Siding	$ –	$ 4,577.28	$ 4,577.28		$ –		$ –	$ 4,577.28	0%
Doors	$ 425.54	$ 1,068.48	$ 1,494.02		$ –		$ –	$ 1,494.02	0%
Windows	$ –	$ 825.00	$ 825.00		$ –		$ –	$ 825.00	0%
Plumbing	$ 7,093.29	$ 3,577.50	$ 10,670.79	$ 652.69	$ 350.00		$ 1,002.69	$ 9,668.10	9%
HVAC		$ 20,978.00	$ 20,978.00		$ –		$ –	$ 20,978.00	0%
Electrical	$ 2,205.64	$ 9,000.00	$ 11,205.64	$ 606.79	$ 175.00		$ 781.79	$ 10,423.85	7%
Insulation	$ 4,991.25	$ 4,018.02	$ 9,009.27	$ 298.28	$ 105.00		$ 403.28	$ 8,605.99	4%
Int. Walls	$ 3,824.95	$ 7,050.60	$ 10,875.55		$ –		$ –	$ 10,875.55	0%
Ceiling Covering	$ –	$	$						

Figure 3. Weekly imports of time card information to a Job-Cost Card help catch potential labor overruns while a job's still in progress.

database of numbers. I use the post mortem to generate, refine, and confirm our pricing.

The post mortem also allows me to see, in an impartial way, which employees are better suited to which tasks. If I know which employees are faster at which activities, I can allocate my employee resources more efficiently. The history is also valuable when it's time for performance reviews and bonuses.

Bonus time. In December, we give our employees a bonus that's commensurate with the hours they worked during the year. This encourages them to report for work every day and stick out the year. The hours are banked every week and recapped on their pay slip. The bonus is calculated at hours times 15¢. This typically results in a couple of hundred dollars just for good attendance.

Worker's comp. Every year, we're audited for our worker's compensation exposure. If we simply lumped all our time into our highest governing class, of Carpentry – 1&2 Family Dwellings, Code 5645, our rate here in Tennessee would be 16.36%. By documenting our actual exposure, we're able to reduce our yearly premium — all of our time isn't spent doing general carpentry. We also have significant hours in Concrete Work (rate 6.74%), Trim Carpentry (rate 8.76%), and Painting (rate 9.46%), among other tasks. The lower percentage premiums in those classes save us thousands of dollars on our yearly premium against a flat accounting of hours.

By far the most useful benefit of tracking your time is in determining the rates that your business charges for its services. Tracking our time keeps me from making the same mistakes over again.

Systems don't have to be complex; the easiest solutions are often the best. Our time card was simple to create, and it's easy to maintain. It provides us with information essential to the well-being of our business. Estimating is risky enough; we've amassed a history to help chart our way.

Peter Bush *is owner of Bush Builders in Sevierville, Tenn. For a copy of his time card template in either PC or Mac format, e-mail him at pbush1@bellsouth.net, or call 865/453-8376.*