

“Calculating the true cost of your projects”

White paper by Jeremy Kay

One of the biggest cost areas associated with running an organisation is **employing staff**. It is not only the direct expense of salaries and related NI/Pension contributions that must be taken into account, but also other overheads associated with employment including for example, rent, rates, heating, lighting and other consumables. Further costs such as reception services, training and professional development may also need to be included. In total, these costs are likely to be significant – perhaps even comparable to the payroll itself.



It makes sound business and financial sense to be aware of how staff time is utilized. By tracking it and analysing the data, it is possible to ensure that time is being used as efficiently as possible.

This is precisely what **JEK TimeCost 1.01** (from JEK Software Support) is designed to do for you.

A business supplying professional services will often allocate an internal overhead to each employee, by calculating the average annual direct costs (salary and NI) associated with employing staff with a particular grade - then adding a figure to account for their share of the general overhead costs. This figure might be arrived at by dividing central costs by the number of staff in the company, or more accurately by weighting staff on the basis of the resources they use.

Whichever method is used, it will give a rough guide to the true annual cost of employing that member of staff. To arrive at a daily rate, the cost needs to be further divided by the number of days/hours the member of staff is contracted to work in a year – making sure to take into account an allowance for holidays, sickness and training.

Drilling down even further, to estimate the cost of a project undertaken by an individual, a team or a department, it is possible to multiply the internal cost of each staff member by the number of hours spent on the project - then to add in all other non-centralised, project-related costs such as equipment purchases and specialised training, to arrive at a total cost for the project.

JEK TimeCost makes easy work of monitoring all the costs associated with projects by providing:

- A **timesheet entry system** that allows personnel to log their time against specific projects - and tasks within projects.
- A facility to store **staff grade** data. A member of staff can have more than one grade associated with them to allow for promotion.
- A facility to associate internal **costing rates** with grades. A grade can have more than one costing rate to account for changing costs.
- A **general ledger** for capturing non-staff costs such as capital expenditure and expenses.
- A function to generate **full reporting** by required criteria.

A further enhancement is an **income ledger** which allows users to enter revenue associated with an activity. Using this information JEK TimeCost can calculate the profitability of an activity and generate a detailed profit and loss report. This information gives management the ability to review the cost-effectiveness of projects and take any action required to maximise productivity.

Data captured and processed by JEK TimeCost can be manipulated for a wide range of business applications – not simply to monitor the profitability of a project. For example, it can be used as a highly accurate billing application.

To maximise its flexibility and extend its usefulness the following features are standard with JEK TimeCost:

- **Grade Rate billing:** Users input time-sensitive billing rates against grades (in similar way to internal costing rates) and a report is produced for on-billing.
- **Task Rate billing:** Users input time-sensitive billing rates against tasks and a report is produced for onward-billing.
- **User defined fields:** Gives flexibility to facilitate more custom reporting.
- **Report Wizard:** For creation of custom reports using User Defined Fields.
- **Flexi-Time Tracking:** For tracking accrued flexi-time where applicable.
- **Expense Tracking:** Allows staff to enter and track expense claims.
- A facility for copying paid expenses to the non-staff costs table.

Because JEK TimeCost is run as an online service, there is no need for users to invest in additional hardware or software – it also means that enhancements and improvements to the product are made instantly available.

JEK TimeCost will evolve in line with user demand and feedback. At the time of writing, anticipated enhancements include:

- Extended user customisation
- Additional user defined fields
- Extended range of standard reports
- Enhanced compatibility

Where the level of customisation required by an organisation is impractical to introduce to all users, JEK Software Support can make available (by negotiation) a copy of the source code in order that the software can be exclusively tailored by the purchasing company.

By selecting this option, it is possible to create a solution that is completely bespoke - for significantly less than commissioning from 'scratch'.

In such a situation, the purchaser will be responsible for all hosting and maintenance.