**Time Tracking to Improve Productivity**

Many times nonprofits do not spend enough time maintaining accurate financial systems. This paper will focus on the importance of time tracking as a part of your financial systems. For more information on general financials read our Topic of the Month, "Staying Competitive with Accurate, Timely Financials." As financials monitor the health and success of an organization, time tracking monitors the efficiency and achievements of your employees.

Many managers and employees cringe at the idea of time tracking.  The added time and stress of using a time tracking software is usually enough to turn people off to the idea. However, time tracking is one of the easiest ways to monitor your organization and identify distractions before they become large problems. Once implemented, time tracking can be the difference between a disorganized team or a well-run organization.

**Financial Software Basics**
Most time trackers are online and allow each employee to enter their time into an interface that links to the administrative portal. The administrator can print or monitor each employee's time and print reports when needed. Most financial software programs have an additional add-on that accounts for tracking employee time. For QuickBooks, this program is called Ebility. Ebillity is an easy to use service that organizes employees' time into segmented areas.

Other popular time tracking software include:
  Separate Time Tracking Tools:
  - *eTapestry* - an online tool that helps nonprofits track donations, online fundraising efforts and volunteer time.
  - *Harvest*– a cloud-based time tracking tool that you can access anywhere internet is available. Harvest also can send automatic reminders and link with Gmail.
  - *Time Tracker* – a time tracker where employees' input time and time is reviewed. Employees can print individual reports based on client work, projects or time period.
  Integrated Time Tracking Tools:
  - *Tenrox* – web-based time tracking software that works with many popular applications such as QuickBooks, Sage, and Paychex.
  - *BillQuick* – software with a timer that can work simultaneously on several projects at once. BillQuick works best with Quickbooks and Peachtree.

Each time tracking software has different levels of flexibility and complexity. It is important to research the one that will work best for your organization. Most free versions are simple and have the same features as the costlier time trackers. Although each time tracker is different, they usually have some form of reporting so you can print or email reports specific to projects, tasks, and employees.

**The Value/Purposes of Time Tracking**
One way to understand the benefit of time tracking is to compare staff time to inventory. Inventory is the property of the company that is sold for a profit. In service firms and nonprofits, employees' time is the intangible asset that an organization owns.  In the same way that a company monitors and forecasts inventory levels to make sure the business is healthy and profitable, a nonprofit should monitor their employees' time to ensure organizational efficiency.

1. *Increases accountability*
   Time tracking is a necessary part of managing a team. Most importantly, time tracking holds each employee accountable for contributing to the organization.  This does not mean that employees are being watched. It does mean that time tracking can ensure that each employee has enough work to do and is completing it effectively. For example, if an employee is spending a longer than average amount of time on a project, management can talk to the employee to see if they need assistance to complete the project.

2. *Forecasts*
   Time tracking also allows you to use past data to predict future workflows. Nonprofits can sometimes be temped to under-estimate the amount of time a project will take because they want to demonstrate their efficiency to their donors. However, this practice can lead to an overwhelming amount of unaccounted time spent on a project. For example, if an employee typically takes ten hours to do a project, you can estimate or forecast that a similar project would also take ten hours. As discussed above, if the forecast is far off, management can check up on the project and employee to make sure there are no issues.

3. *Monitors Quality*
   It is important to keep employees accountable for the amount of time they spend on a project. On the other hand, if an employee is not taking a lot of time on a project, the quality of work may be poor. Time tracking can be an early warning system that employees are not dedicating enough time to a project or task. Therefore, under-staffing is also easily identified through time tracking. Time tracking is meant to quantify the work and progress employees are making in an organization. As a measurement tool, it can help management make better decisions about projects and make sure their employees are efficient but not over-worked.

4. *Increases Efficiency*
   Monitoring employees' time is one of the best ways to increase efficiency in your organization. Many employees do not realize how their time is spent, and personal productivity often rises when they are held accountable. If employees are aware of how they are spending their time and understand that time tracking and management is important to the organization, they will be motivated to work harder. Just as tracking calories eaten is the first step toward weight loss, become aware of the time spent on different tasks is the first step toward becoming more efficient in time management.

5. *Measures your performance*
   Time tracking is also a way to monitor the success of a program. For example, a homeless shelter might provide job training to its residents. Tracking the time an employee spends on each resident can make sure resources are allocated correctly. If a large number of residents are attending a specific program, then the employees will need additional help. The success of the program will also be reflected by an increase in costs as more employees are needed to provide the service.

## Time Tracking and Grant Writing

Nonprofits are faced with a challenge that many businesses don't have. Since nonprofits are public charities that are funded through grants and donations, they need to demonstrate that funds received are efficiently invested in the organization. By having access to detailed time tracking data, your organization can provide in-depth reports to donors on exactly how and why time is spent within the organization. For example, in your letter of inquiry to a potential donor, you can state "80% of all employees' time is spent working with the children of XYZ."  As we all know, finding funding is competitive, and being able to provide more detailed information on how employees' time is invested in programming can help differentiate your organization from others that have a similar mission.

Donors are also increasingly reviewing an organization's annual tax filing (Form 990) before making a donation. On the 990, all organizations need to divide their total expenses into three functional categories: Program, Administrative, and Fundraising. While many organizations make estimated guesses at the allocation of expenses for each of these areas, time tracking can actually help you efficiently determine these amounts. For example, an Executive Director's salary might be considered an Administrative Expense. However, if the Executive Director spends 30% time working with the program staff and with volunteers  30% of their salary should be allocated to program expense. You can also use this data when you write grants to provide information on *where* money is being spent and *how* it is being allocated, which will again differentiate you from others seeking funding from the same sources.

## Making Time Tracking a Positive

Time tracking can be seen as a time-consuming hassle by both managers and employees. However, proper implementation of time tracking can mitigate many of these negative feelings. Rather than employees feeling like the manager is keeping constant tabs on everyone, they can use the time tracker to show off all their hard work and accomplishments. Similarly, employees can use the time tracker to express concern over having a full work load. Having real numbers allows an organization to see whether or not hiring additional staff may be beneficial. Time tracking helps a manager balance its staff from being over worked or not having enough work.

## Articles for Further Reading

1. Colao, J.J. "Keep Employees Away From Cat Videos With Time Tracking Software." http://www.forbes.com/sites/jjcolao/2013/01/24/worried-about-your-employees-productivity-try-time-tracking-software/ January 2013.
2. Ghazali, Shahrukh. "Nonprofit Efficiency: 4 Benefits of Time Tracking You Never Realized." http://trust.guidestar.org/2013/07/29/nonprofit-efficiency-4-benefits-of-time-tracking-you-never-realized/ July 2013.
3. Totten, Kelly. "Time Tracking: Necessary and Not So Evil." http://biznik.com/articles/time-tracking-necessary-and-not-so-evil February 2010.

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