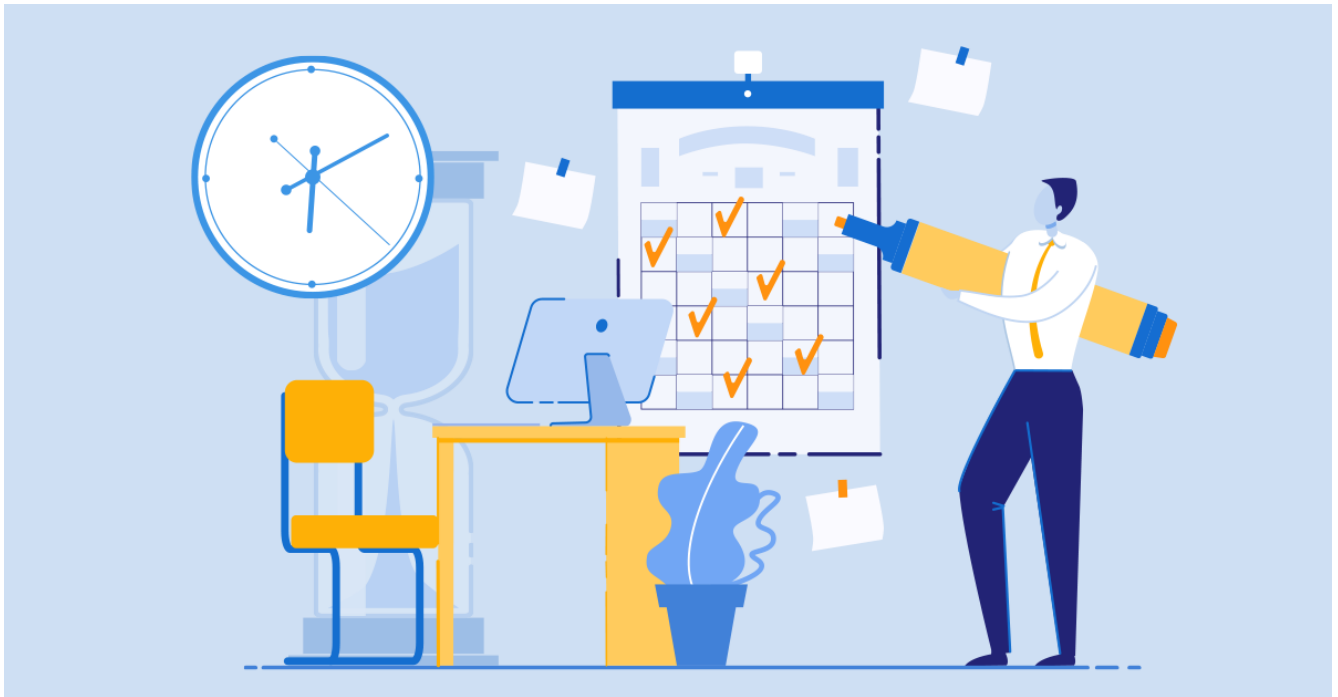


# Time tracking for Consultants: How to boost productivity



Time tracking for consultants is a catch-22. In fact, consulting is a trap that will eventually enslave unknowing organizations. This sounds horrible; to be honest, this also sounds like pure hyperbole. This is often the first impression people have, but eventually, they come to realize that it's true.

The advantages of consulting are intertwined with the disadvantages. The unfortunate part of all of this is the fact that the disadvantages of traditional consulting models outweigh the benefits.

## Time tracking for consultants is a trap

Don't misunderstand, time tracking is an absolute necessity for your consultancy. It really doesn't matter whether you bill by the hour or on a fixed basis, you still need to know how much time you're spending on your tasks, projects, meetings, and events.

I'm guessing you already know why. You need to know that your rate is fair to your clients and profitable for your business.

Here's why this is a disaster. Using the traditional model, your consultancy loses more time and money as you grow. This is the reality for any service business that uses the conventional model. Let's take a look at a common scenario to see how this impacts the business in our example.

1. Amazing news, you've just won a large client.
2. Your new client pays upfront for 50,000 hours of work.
3. You only have the manpower to deliver 1,200 hours of work.
4. This means you'll need to hire more employees.

This is the problem. When your income goes up, your expenses shoot up exponentially. Win a large contract, and you'll need to:

- Spend money to find candidates to hire
- Hire new employees
- Cover health insurance, incentives, and bonuses
- You'll need to pay for insurance in several areas
- Pay for training, supplies, and materials so your employees can work
- Managers to monitor your flock of employees

All this expense for the chance to spend more time on your client's project. This is the trap you face as a consultant. While some consultancies can make this work, most struggle in the long-term, eventually falling apart as work dries up or continues to grow.

This often leads to burnout. What if there was a way to use timekeeping to 2x your productivity, 3x your revenues, and work 50 percent less?

## **How to 2x your productivity, 3x your revenues**

First, you'll need to track your time carefully. You'll need a [timekeeping software](#) that provides you with automatic, real-time updates. You need a precise measurement — you're looking for answers to a few specific questions.

1. How much does it cost to provide your service?
2. How much value does the client receive (in real dollars) from your work?
3. What are you currently billing for your service(s)?

Contemporaneous (as-it-happens) timekeeping is important because it enables you to answer question #1. It also provides deeper insights into questions #2 and #3.

What's next? Your consultancy uses timekeeping to boost productivity and pricing to increase revenues. With timekeeping, you focus your time and attention on the projects and tasks that lead to profitable results. Use the list of [strategies and tactics](#) in our comprehensive guide to boost productivity.

Then comes pricing.

## Pricing is a struggle for many consultants and attorneys

But it doesn't need to be. You just need the right structure for your firm. What do you get from the proper structure?

You get breathing room. You get the freedom and confidence you need to experiment, to figure out what's best for your business. Let's take a look at the inner workings of this structure. It may not seem like it, but this structure is just as important as your pricing. You'll see why in a moment.

There are a few ways you can approach this:

- **À la carte.** You pick and choose what you want from this. Keep the meat, leave the bones.
- **Take it all.** You keep and test everything. You throw everything against the wall and see what sticks.
- **Customize.** You use this to create your own idea or plan.

### Here's the structure.

1. Choose projects you can do with your existing workforce.
2. Identify your breakeven point. This is the *absolute bare minimum* you need to cover your expenses without hiring employees.
3. Set a reasonable price you're comfortable with.
4. Close the clients you need to meet your breakeven point.
5. *Keep your existing clients then double your client roster.*
6. **Double your price** for your newest clients.
7. *Keep your clients. Double your client roster.*
8. **Double your price again** at the end of your contract term for your newest clients.
9. Repeat steps 4 – 6.
10. *Replace or re-up* existing clients at your new rates.

Now, let's role play with some numbers.

- **Your breakeven point:** \$3,000 per mo.
- **Introductory price:** \$1,500 per mo.
- **Clients needed:** 2

What if you doubled your price per client *three* times? That's **\$12,000 per mo., per client.**

If you keep **six clients**, that's **\$72,000 per mo.** or **\$864,000 per year.** It's doable, but it's also *comfortable*. With the right tools, resources, and leverage, you can easily manage six clients on your own or with a small team.

See what I mean? Some consultants prefer to keep wonderful clients and their current rates. They value relationships highly and desire to work with the right client instead of every client. Others prefer to grow their revenues exponentially.

Do what works for you. It's tough for most people to increase their pricing systematically. It takes a certain degree of mental toughness.

## How consultants can work 50 percent less

As your revenue and productivity grow, you'll find you need fewer employees to do the work, especially if you've been disciplined and focused on keeping expenses low. If you follow this model carefully, you'll find you're able to make more money doing less work.

This is how you work 50 percent less, but it gets better. Productize your service for clients who are unwilling to spend a large amount of money, and you're able to make even more money from those with smaller budgets. They get the training they need, and you receive the cash flow you need to grow.

Create (at least) two streams of revenue, and you'll find you're able to grow your income on demand.

## Consulting doesn't have to be a catch-22

It doesn't have to enslave your business. You can build a consulting firm that's intertwined with [advantages](#)—a firm where the benefits outweigh the downsides. With an innovative model, your consultancy gains more time and more money. As you master timekeeping and pricing, you'll find you're able to grow your income

on demand.

This is the reality for any service business that uses an innovative model. Focus on the right strategies and tactics, and you'll find you're able to double productivity and triple revenue growth in half the time.