VIPG – Melbourne

Part 1 Background

Business summary

VIPG a Melbourne based services company specialised in the provision of electrical and plumbing services in the commercial and domestic sector Melbourne Australia.

VIPG owned by 2 working partners Bill a licensed plumber and Mike an experienced accountant with administrative skills each owning 50% of the business.

VIPG had grown from $200k revenue in the first year to over $4m in their 4th year. The company had a strong customer focus and grew organically through referral and networking by the owners.

By the end of the 4th year the business employed over 35 service staff composed of 25 full time tradesmen, 10 sub-contractors and 4 administrative staff with a split of 60% commercial and 40% domestic.

Commercial sector clients included unit developers, builders and commercial building maintenance. Domestic clients included 6 large real estate companies with over 20,000 properties under management and various private customers

The Bill and Mike wanted to expand the domestic footprint of the business to better manage the risk associated with the volatile commercial sector.

Mike recognised that whilst the commercial sector was higher risk it was more profitable.

Mike decided to dig deeper to find the reasons behind the lower gross profit in the domestic division given it had a higher hourly charge out rate

Commercial $56.00 per hr

Domestic $78.00 per hr

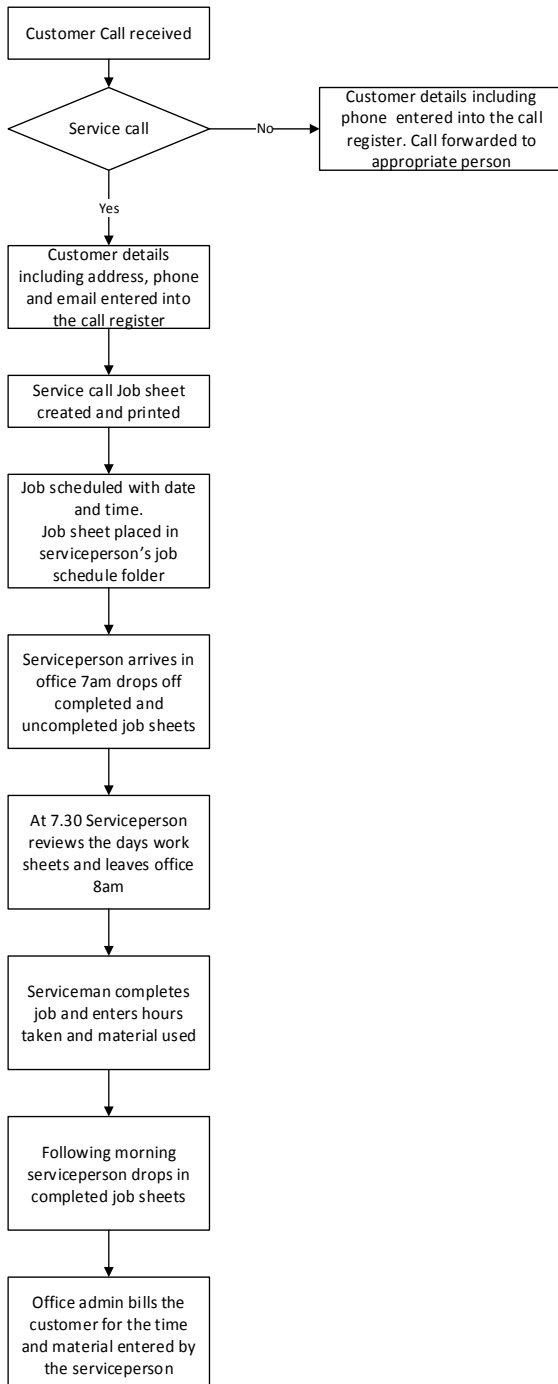Mike was hoping to find ways to increase efficiency and by doing so increase profit.

Part 2

The analysis

VIPG's client book consisted of approximately 140 clients across both sectors

Commercial project values ranged from $50,000 to $800,000 – there were 5 key customers.

Domestic service work averaged $460 per service call, the work was primarily charged material plus 30% and labour charged by the hr and consisted of domestic renovation, service calls, roof and gutter replacement and electrical service work.

Mike mapped the process from the time a customer call was registered through to completion of the job and billing.

Process Flowchart

- Customer Call received
- Service call? → **No** → Customer details including phone entered into the call register. Call forwarded to appropriate person
- **Yes** ↓
- Customer details including address, phone and email entered into the call register
- Service call Job sheet created and printed
- Job scheduled with date and time. Job sheet placed in serviceperson's job schedule folder
- Serviceperson arrives in office 7am drops off completed and uncompleted job sheets
- At 7.30 Serviceperson reviews the days work sheets and leaves office 8am
- Serviceman completes job and enters hours taken and material used
- Following morning serviceperson drops in completed job sheets
- Office admin bills the customer for the time and material entered by the serviceperson

Findings

Mike found the following loss of productivity and efficiency.

Each morning employees spent up to 60 minutes in the office picking up job sheets, filling out the previous day's job sheets and discussing the weekly sports. (Loss 60 min)

Employees then drive to their first service. (Loss 30min)

Mike then compared hours charged to jobs over the period of a calendar month against the hr the employees entered into their weekly time sheets

Employees were being paid an average of 8 hours each working day, taking into account 21 working days per month this averaged 168 hrs per month paid to each staff member and contractor.

Mike then analysed all job sheet hrs charged to clients and was horrified to find that we were charging out only 126 hours per month per serviceperson, which was a difference of 42 hrs per month per serviceman.

Bill and Mike then did the sums over a period of the past 12 months.

We had 35 staff being paid for 168 hrs each month totalling 5880 hrs

We were only billing 35 staff by 126 hours each month totalling 4410 hrs

This was a discrepancy of 1470 hrs per month

Multiplying this by their standard charge out rate of $78 per hr meant Bill and Mike were forgoing a staggering amount of $114,660.00 per month or $1,375,920.00 in earnings.

Remember the $1,375,920.00 is pure profit they had already paid their staff for these hrs.

Gaining control of revenue

Bill and Mike needed a system or process to link staff hrs claimed to customer hrs bills.

After looking at a variety of solutions they settled on a cloud based job management system called TaskitPro developed for job, task and time management.

Features included

A secure cloud based job management interface with a mobile application downloaded from Apple and Google Play.

The cloud based job management interface allowed VIPG to list their service calls with job details including dates and staff member that the job was to be allocated to.

Staff downloaded the app to their mobile device and were alerted to the tasks sent in a calendar style date sorted agenda.

The TaskitPro application has a stop watch feature called Time-Punch that records start and stop time and location when activated.

Part 4

Efficiency

Staff were informed they needed to download and use the app to record travel, start and finish time with each job along with images and location.

The reason we use this feature in the app is to ensure we can collate job sheet time with staff time sheets to ensure staff were entering correct hrs to jobs and have evidence for customers who questioned the time staff spent on site

Customers were informed that due to rising costs VIPG now charged a service call which was designed to recover time previously lost traveling to the job.

Staff were informed that their time sheets needed to display job names and total hours on site.

With TaskitPro these were easily checked. Staff receive an alert each time a new job was allocated to them and a bubble on the app icon displayed how many jobs they have received between last checking.

VIPG office staff could now invoice clients through the day as tasks were completed and knew which jobs needed to be carried over to the following day.

Staff only attend the office for the end of week meeting which takes place every week and includes cleaning up any paperwork including time sheets for weekly pays which were verified against the TaskitPro job management records.

Outcomes and Financial results

	Detail	Hours	Expense	Revenue	
Pre TaskitPro	Available chargeable hours per month	5880	$223,440.00		
	Hours billed to clients per month	4410	$223,440.00	$343,980.00	
	Unbilled hours due to inefficient processes	1470			
Post TaskitPro	Available chargeable hours per month	5880	$223,440.00		
	Hours billed to clients per month	5600	$223,440.00	$436,800.00	
	Unbilled hours due to administrative activity	280			
	increase in revenue		**$0.00**	**$92,820.00**	
	Multiplied by 12 months			**$1,113,840.00**	recovered profit

Explanation

Better management of staff hours charged and billed netted Bill and Mike an additional $1,113,840 in profit by recovering hours lost between job sheets and staff time sheets

By using TaskitPro as a job management and audit tool mapping staff hours and locations to jobs also stopped customer queries relating to hours charged.

Staff now spend less time in the office and more time on the job having their jobs allocated minimising back office activities

Administrative also saved time in processing and managing staff and job scheduling

Staff are more diligent with booking hours to Job sheets and customer time related queries are satisfied quickly

Bill and Mike grow their domestic division, reducing commercial sector risk and increased productivity and profit substantially.

More details and the TaskitPro job management application can be found at www.taskitpro.com

For further information contact TaskitPro on support@taskitpro.com