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AGENCY TIME MANAGEMENT

HOW TO MAKE EVERY BILLABLE MINUTE COUNT

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CONTENTS

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INTRODUCTION

WHY TIME IS THE BEATING HEART OF AGENCIES

Managed correctly, time is the difference between a profitable or unprofitable agency, a happy or unhappy workforce, and healthy or unhealthy client relationships.

If you want a productive and profitable agency, you need to understand how and where your time is being spent.

That's why we've taken a deep dive into time-management trends and insights, gleaned from the thousands of successful agencies we work with.

Our report analyzes data from over 3,600 agencies across a range of industries, including marketing, web development, and creative.

It explores:

- **Who is logging time and when**

- **Which agencies overestimate and underestimate the time tasks take**

- **How agencies measure up against the 70:30 holy grail of billable v. non-billable time**

Read on to find out what agencies are doing right with time, and where there's room for improvement. And pick up expert tips to help make every billable minute count.

EXECUTIVE SUMMARY

ARE AGENCIES SPENDING THEIR TIME WISELY?

Behind every successful and profitable agency is a clear understanding of how and where their time is being spent.

To help owners understand the latest time management trends, **we've analyzed data from over 3,600 agencies**. And we've combined this with valuable insights gained from working with thousands of successful agencies.

Our key findings include:

Overestimation: 61% of tasks are estimated to take longer than they actually take

61%

40H+
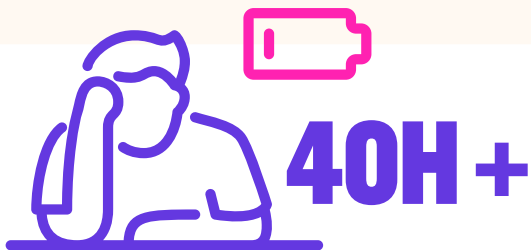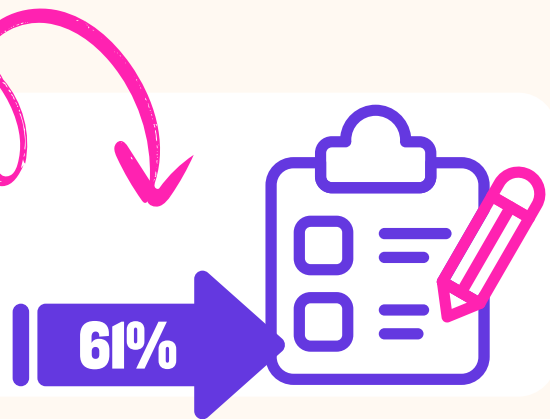
The risk of burnout is real: **15% of agency staff log over 40 hours per week**

A healthy **71% of agencies hit the ideal industry-standard 70:30 ratio** of billable to non-billable time - but creative agencies lag behind at 42:68

30%

70%

FRI 5-6PM
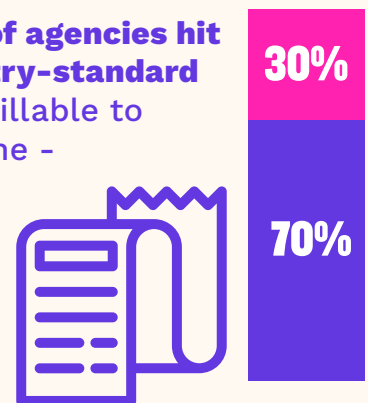
Friday is the most popular day to log time; and **5-6pm** is the most common time to log hours every day

WHERE DOES THE TIME GO?

TRACKING TIME MATTERS WHEN PROFITABILITY DEPENDS ON KNOWING HOW AND WHERE IT'S BEING SPENT.

WHO'S LOGGING TIME?

According to our analysis, just over two thirds of agencies **(67.5%)** are logging their time.

Breaking that down by agency type, we see that **68% of marketing and web development agencies log their time**, while **63% of creative agencies** clock their hours.

WHICH TYPE OF AGENCY LOGS THE MOST TIME?

THE 'WINNER' OF TRACKING TIME IS ACTUALLY A TIE

67.5%
OF TOTAL AGENCIES ARE LOGGING TIME

68%
OF MARKETING AGENCIES

#1

68%
OF WEB DEVELOPMENT AGENCIES

#2 **63%** OF CREATIVE AGENCIES

"Anyone in a heavy 'doing' role — usually everyone who's not an executive — tracks every minute of their time. We track billable versus non-billable, meetings versus non-meetings, and client versus internal projects. And we segment our time into buckets — including operations, marketing, sales and client projects — so we understand what we're spending time on."

NICOLE PEREIRA. FOUNDER, CULTURISH

WATCH OUR WEBINAR: IT'S ABOUT TIME – CHANGING YOUR AGENCY'S RELATIONSHIP WITH TIME

FRIDAY IS TIMESHEET DAY

Are staff leaving it until the last minute to log their time?

Friday is the most popular day to log time — specifically from 5-6pm. And 5-6pm is the most common time of day to fill in timesheets throughout the week.

Time Logged by Hour	Monday	Tuesday	Wednesday	Thursday	Friday
7:00	2K	2K	2K	1K	2K
8:00	4K	4K	4K	3K	3K
9:00	8K	8K	8K	7K	7K
10:00	13K	13K	13K	12K	12K
11:00	12K	12K	12K	12K	12K
12:00	11K	11K	12K	12K	12K
13:00	10K	10K	10K	11K	11K
14:00	10K	10K	10K	10K	12K
15:00	10K	11K	12K	12K	13K
16:00	11K	13K	14K	13K	15K
17:00	15K	16K	16K	16K	17K
18:00	11K	12K	13K	12K	12K
19:00	5K	5K	5K	5K	5K
20:00	3K	3K	3K	2K	2K

Heatmap of number of timelogs logged, by day and hour

TIP:

HOW TO MAKE TIME WORK FOR YOU

You need to understand how and where time is being spent to keep your agency alive and thriving. So there's a lot to gain when your team logs their time using a dedicated platform.

It's the key to keeping your client work flowing, and staff happy. With visibility of how and when your time is spent, managing daily tasks, team capacity and projected profit becomes a whole lot easier.

81%
Billable

81%   19%

Billable   Total   Non-billable
3200h   4000h   800h

Billable   Non-billable   Billed

1000h
750h
500h
250h
0h

28 - 6 Mar   7 - 13   14 - 20   21 - 27   28 - 3 Apr

7- 13
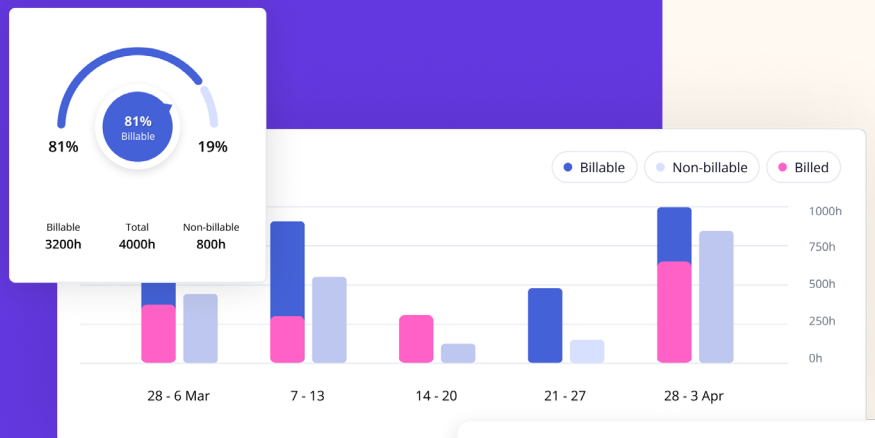
Billable	1200h	80%
Non-billable	200h	20%
Billed	1200h	100%

TIME ESTIMATION: ARE AGENCIES GETTING IT RIGHT?

ACCURATE TIME TRACKING TAKES AWAY THE GUESSWORK. IT GIVES YOU PEACE OF MIND, AND THE ABILITY TO PLAN PROJECTS PRECISELY.
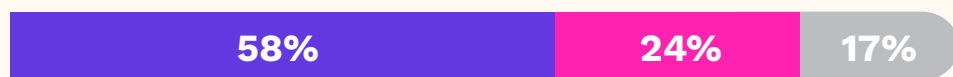
OVERESTIMATION

Some 61% of tasks are overestimated by agencies — rising to almost 75% among web development agencies. That's a whole lot less billable time being spent than expected, and so significantly less profit coming in.

ESTIMATED TIME TO COMPLETE TASKS

All agencies

-

61%

of tasks are estimated to take longer than they actually take

=

24%

of tasks take the same amount of time as what was estimated (+/- 10%)

+

15%

of tasks take more than the original estimated time

MARKETING AGENCIES

58%	24%	17%

CREATIVE AGENCIES

67%	26%	12%

WEB DEVELOPMENT AGENCIES

74%	16%	10%

OVER-ESTIMATED **SAME** **UNDERESTIMATED**

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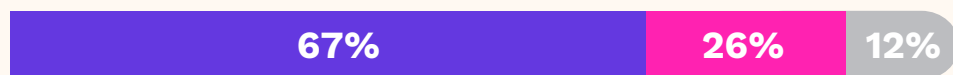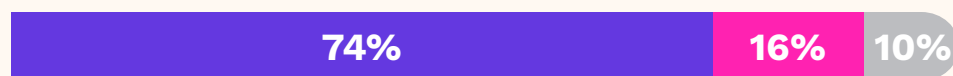
WHY ARE WEB DEVELOPMENT AGENCIES OVERESTIMATING?

It's perhaps understandable that a 'better-to-over-than-underestimate' philosophy is prevalent in the world of web developers.

When non-technical clients struggle to understand the requirements of a job, it's hard to get an upfront view of the full extent of the project.

Web agencies therefore have to make assumptions when scoping out projects, which inevitably leads to requirements changing as work progresses.

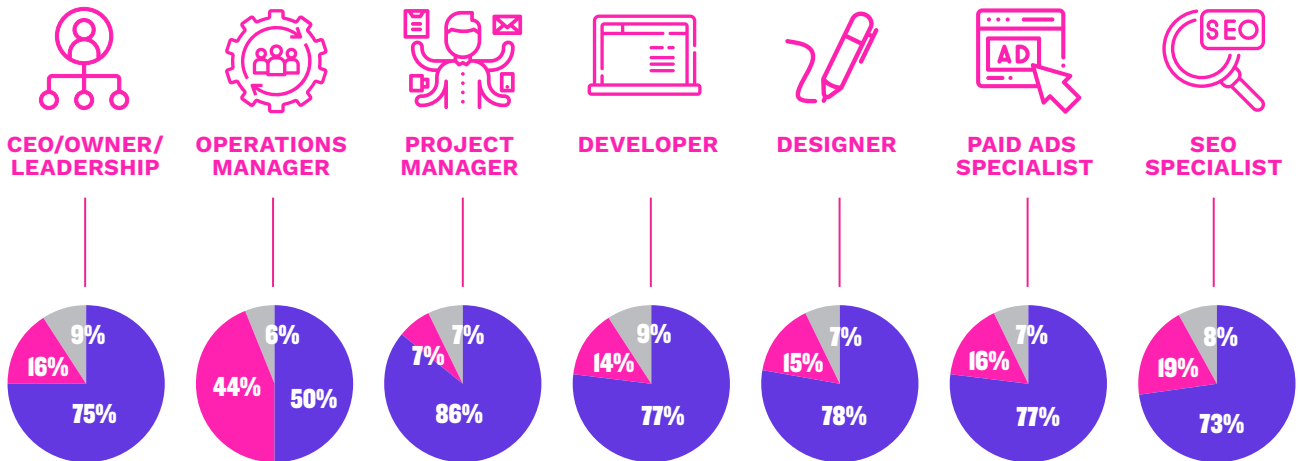"When estimating time, we take into account that some parts of the job may be more complicated than expected. But we can't predict all of the issues that might emerge. If we took the worst-case scenario, then we'd inevitably end up overestimating.

"But we try to estimate realistically. Of course, it doesn't always work, due to factors like vague expectations, lack of technical knowledge and requirements, and rounds of amendments and feedback."

JAREK NALEWAJK, HEAD OF PROJECTS, NIU (WEB DEVELOPMENT AGENCY)

ESTIMATED TIME TO COMPLETE TASKS BY USER ROLE
Web development agencies

CEO/OWNER/ LEADERSHIP	OPERATIONS MANAGER	PROJECT MANAGER	DEVELOPER	DESIGNER	PAID ADS SPECIALIST	SEO SPECIALIST
9% / 16% / 75%	6% / 44% / 50%	7% / 7% / 86%	9% / 14% / 77%	7% / 15% / 78%	7% / 16% / 77%	8% / 19% / 73%

OVER-ESTIMATED SAME UNDERESTIMATED

Project managers in web development agencies are most likely to overestimate: **86% of their tasks take less time** than planned. Developers in creative agencies are the least likely, with **only 47% of their tasks being overestimated**.
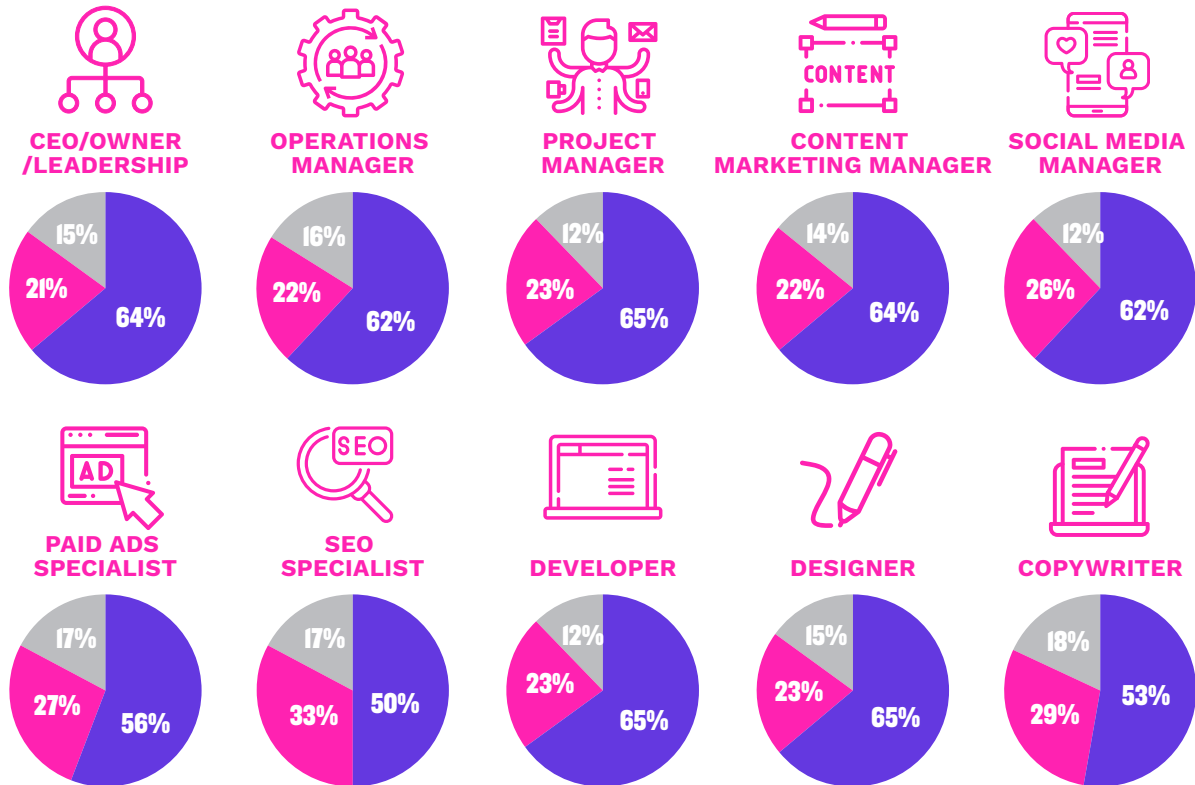
UNDERESTIMATION

Marketing agencies are most likely to go over their planned time: **16.6%** of their tasks are underestimated, compared to **15%** within agencies as a whole.

ESTIMATED TIME TO COMPLETE TASKS BY USER ROLE
Marketing agencies

CEO/OWNER /LEADERSHIP
- 15%
- 21%
- 64%

OPERATIONS MANAGER
- 16%
- 22%
- 62%

PROJECT MANAGER
- 12%
- 23%
- 65%

CONTENT MARKETING MANAGER
- 14%
- 22%
- 64%

SOCIAL MEDIA MANAGER
- 12%
- 26%
- 62%

PAID ADS SPECIALIST
- 17%
- 27%
- 56%

SEO SPECIALIST
- 17%
- 33%
- 50%

DEVELOPER
- 12%
- 23%
- 65%

DESIGNER
- 15%
- 23%
- 65%

COPYWRITER
- 18%
- 29%
- 53%

OVER-ESTIMATED SAME UNDERESTIMATED

It's copywriters in marketing agencies who are most likely to underestimate how long a job will take (18% of tasks). At the other end of the scale, only 6% of tasks done by operations managers in web development agencies run over time.

GETTING IT RIGHT

Only 24% of tasks are accurately estimated by agencies as a whole. Marketing agencies are marginally the best at getting it right — estimating the right time for 26% of their tasks. Web development agencies only get it right only 16% of the time.

TIP: HOW TO GET ON TOP OF TIME — AND PROFITS

The key to avoiding the cycle of over and underestimation is to have accurate data at your fingertips. You need to be able to constantly review your estimated v. actual times, and make refinements based on your findings.

If you can commit to the process, you'll quickly see your estimates become more accurate. That will put you in the perfect place to improve your project and capacity planning, and generate more revenue.

THE RISK OF BURNOUT

WITH 15% OF STAFF LOGGING MORE THAN 40 HOURS A WEEK, SHOULD AGENCIES BE CONCERNED ABOUT THE RISK OF BURNOUT?

We think so — and so do the agencies we work with.

We recently surveyed **40 agency owners** from around the globe to get their perspective on the issue. Our findings showed that almost 9 in 10 agency owners believe burnout will get worse in the current economic climate.

"Burnout is real, and it's the main risk in this job," says **Andy Crestodina, Co-Founder & Chief Marketing Officer at Orbit Media Studios**. "Marketers have no risk of industrial accidents, but as you read this, a lot of agency folks are slowly losing their minds."

Every agency owner had their own story to tell: from working 18-hour days to quitting jobs altogether. But all of them acknowledged that burnout is preventable.

READ MORE ABOUT AGENCY OWNERS' EXPERIENCES OF BURNOUT - AND GET TIPS ON HOW TO PREVENT IT

TIPS FROM AGENCY OWNERS: HOW TO STOP BURNOUT

"It's important to realize that you're always going to have busy weeks and slow weeks. That's why it's vital that you organize your time, energy and projects in a way that works for you and your clients."

JOHN LINCOLN, CO-FOUNDER & CEO, IGNITE VISIBILITY

"Many people think they have to outwork everyone to be successful. But I know people who work 80-90 hour weeks, have no life, and yet are nowhere near as successful as people working 30-40 hours.

It's not about how hard you work, it's about knowing what your highest leverage tasks are, and only working on those while delegating everything else. Focus on the high-value tasks for an extended period of time and huge shifts can happen."

NATHAN HARDING, FOUNDER AND MANAGING DIRECTOR, YO MEDIA

"We offer a "Healthy" day at Megaphone, which is a day once a quarter to take off, no questions asked, to reset. Offering services that people can speak to outside of your HR department is important. We offer coaching and counseling services."
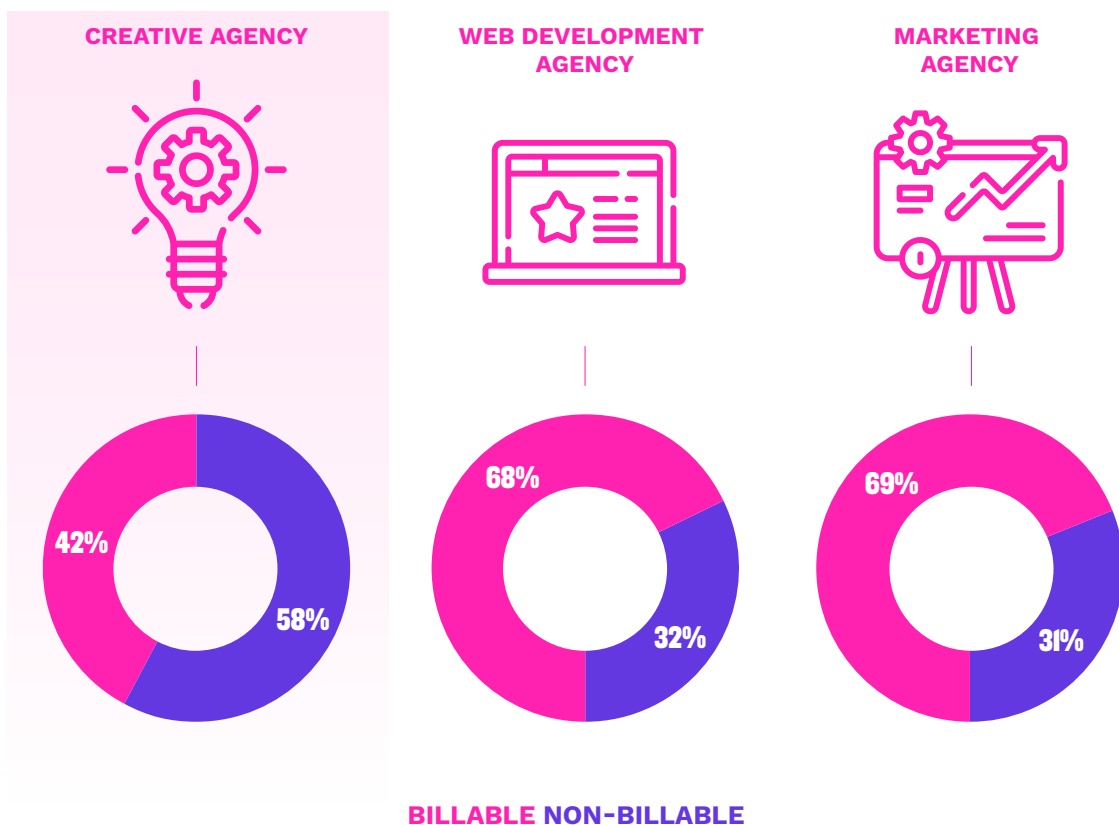
LAUREN OAKES, CEO, MEGAPHONE

BILLABLE AND NON-BILLABLE TIME

AGENCY OWNERS TELL US THAT 70:30 BILLABLE TO NON-BILLABLE TIME IS THEIR 'HOLY GRAIL'. HOW DO THEY MEASURE UP?

UP TO STANDARD?

Overall, **71% of agencies are hitting the ideal industry-standard ratio of 70:30** billable to non-billable time.

Creative agencies are the furthest away from striking the ideal balance. Just **42%** of the time they log is billable: the lowest proportion among the agency types we studied.

BILLABLE V. NON-BILLABLE TIME BY AGENCY TYPE

| CREATIVE AGENCY	WEB DEVELOPMENT AGENCY	MARKETING AGENCY
42% / 58%	68% / 32%	69% / 31%

BILLABLE NON-BILLABLE

"When it goes smoothly, pure creative work is some of the most profitable in our business. But if enough goes wrong, then the opposite can be true.

"The beauty and pain of creative work is that it's subjective. Of all the services we provide, it's the one where clients have the strongest opinions. That typically leads to more amendments, and more versions, than on a digital project."

ANDREW MCCAUL, MANAGING DIRECTOR, THE BIGGER BOAT (CREATIVE AGENCY)

VIEW FROM A CREATIVE AGENCY: WHY ESTIMATES GO WRONG

"If you start off with an estimate that isn't accurate and specific, you can quickly start to go off piste. The client has assumed you're doing XYZ, but you've only estimated X and Y.

If you don't allow for project management time, you'll easily have 10-20% non-billable time tracked. And if the brief isn't great, and so the initial creative isn't approved, you've got a project that's doomed from the early stages. That's before you get into client amends, project creep and yet more non-billable time."

ANDREW MCCAUL, MANAGING DIRECTOR, THE BIGGER BOAT

81%
Billable
81%   19%
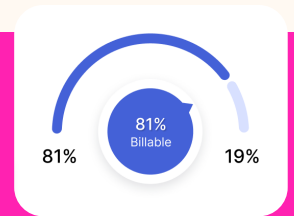
TIP: HOW TO AVOID INCREASING AMOUNTS OF NON-BILLABLE TIME

By default, plan for an extra 10-20% non-billable time off the bat so you're prepared when inevitable scope or direction change creep up. Review previous projects that are similar to learn from your mistakes and line up stronger future time estimates for your work.
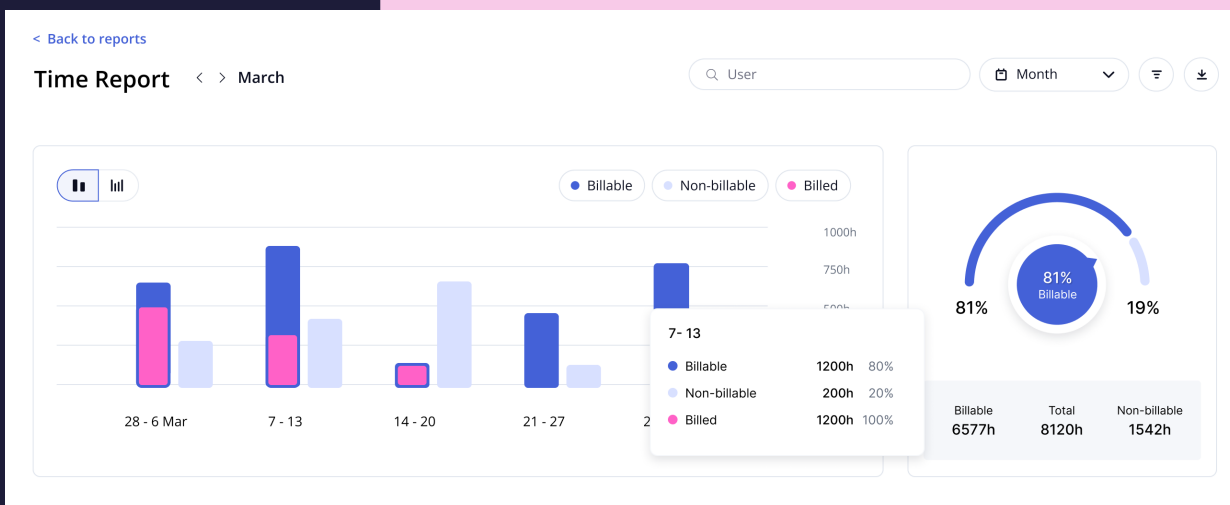
ABOUT TEAMWORK.COM

Growing an agency is tough — and getting tougher.

It involves juggling multiple projects at once, managing clients, keeping teams productive, streamlining processes and continually improving profit margins.

Teamwork.com is a project management software built to help agencies manage the entire lifecycle of their client work in one place. The platform provides all of the features you'd expect, plus integrated time tracking and financial management to ensure your projects are delivered on time and on budget, including budgets, retainers, and invoicing.

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Time Report ‹ › March

User | 📅 Month ⌄

● Billable   ● Non-billable   ● Billed

1000h
750h
500h

28 - 6 Mar   7 - 13   14 - 20   21 - 27   2

7- 13
● Billable   1200h   80%
● Non-billable   200h   20%
● Billed   1200h   100%

81%   19%

81%
Billable

Billable   Total   Non-billable
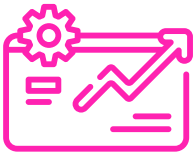6577h   8120h   1542h

DEMOGRAPHICS

The data in this report is taken from 3,661 agencies. These comprise of marketing, web development, and creative agencies, based in the **US, UK, and across Europe**. The agencies studied represent a wide range of company sizes, from 5 employees or less to 500 staff members.
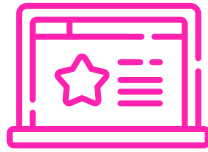
NUMBER OF AGENCIES

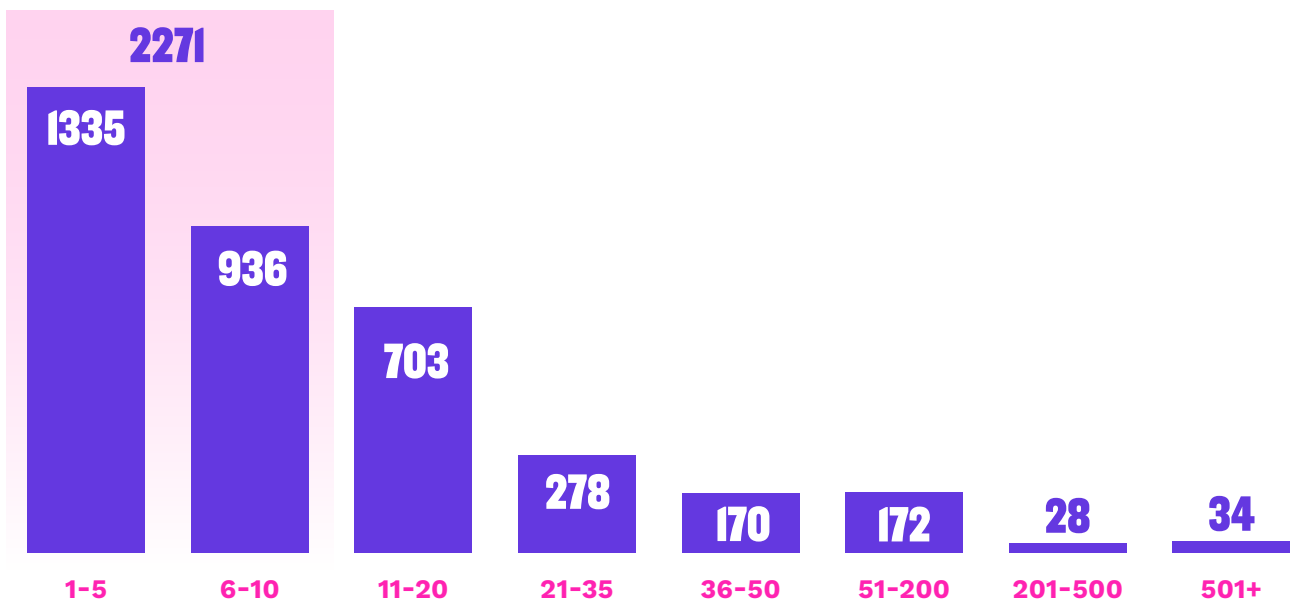### MARKETING AGENCIES
2103

WEB DEVELOPMENT AGENCIES
1165

CREATIVE AGENCIES
393

BREAKDOWN OF AGENCIES BY EMPLOYEE SIZE

1-5	6-10	11-20	21-35	36-50	51-200	201-500	501+
1335	936	703	278	170	172	28	34

2271

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