

Accounting Challenge for Local Professional Services Company

New Billing Processes Create New Freedom and New Profits for Professional Services Company

Client Challenge:

Pacific Crest Group (PCG) was approached by a branding/design firm to help them straighten out their bookkeeping. As we continued to consult with them, it became clear that accounting wasn't their only challenge. Billing, accounts receivable, invoicing, and payroll were all intertwined, but there was no clear process or structure to track billing and cash flow. To complicate things further, the president of the agency was intimately involved in the bookkeeping process, including maintaining his own complex invoicing system that no one else could understand. What the company needed was to overhaul its invoicing and accounting processes, and implement new time tracking systems to more closely align billing with client projects.

The PCG Solution:

The first step was to consolidate the accounting processes to provide an end-to-end view of cash flow, from invoices to payouts, including payroll. This required changing the invoicing procedures. When we started, the client was essentially doing invoices twice; the first time when the president assembled invoices and again when we entered the invoices into the accounting system. After assessing how he was invoicing clients, we were able to make some clear recommendations to streamline the process. By removing himself from the accounting process, the president was now free to devote more time to sales, client relations, and building his business.

As we continued to work with the design firm, we continued to build in new processes to streamline accounting and make financial intelligence more readily available to senior management. As the company continued to grow and staff increased, it became clear that there was no system for tracking the time and money that went into a client project, which meant there was no way to measure profits. There also was no system for billing the client, including expenses. So PCG implemented an expense and time tracking system, making it possible to track time for each project, and related expenses such as travel, out-of-pocket expenses, shipping, and other costs.

The new time tracking system became a true strategic advantage for the firm. By tracking time (total hours, billable hours, average billable rates, and related factors) the company could now track P&L to specific jobs. They also could see if they were on track with client projects, including the ability to do a check-in at any point in the project to determine if the project was on track against projections. This not only made it easier to track profits, but improved customer relations as well.

Pacific Crest Group

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Over time, we were able to transition from providing on site accounting services that required at least 25 hours per week to hiring a full-time bookkeeper to manage the accounts. The processes and procedures we were able to put in place saved our client money, freed senior management to actually focus on expanding their business, and made it possible to measure the progress of projects while simplifying invoicing.

Where PCG Created Client Value:

- Created a new, integrated invoicing system to simplify billing
- Consolidated bookkeeping to encompass invoices, receivables, payables, and payroll
- Freed senior management to focus on sales, client service, and expanding the business
- Created a new time and expense tracking system to measure profit and track projects in process
- Ultimately hired a bookkeeper to manage the process so PCG could continue to advise the client without committing 25 hours a week to on-site support.