



TenStep Supplemental Paper

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Time Reporting for Internal Development

Every company that has a consulting or professional services organization is familiar with time reporting. It only makes sense that if you provide services to customers on a time and materials basis, you need to accurately allocate your time to them. Some organizations also require time reporting for their internal development staff. It makes sense for some of the exact same reasons it does for external customers.

First of all, IT development and support tends to be focused on specific business units. For instance, implementing an Accounts Receivable application is usually done on behalf of the Finance Department. An application to track ad campaigns is usually done for the Marketing Department. Contrast this with an IT infrastructure project to upgrade the communication lines. Solutions like that usually help the entire company, not just one business division, and are not nearly as easy to allocate back to specific business units.

Benefits of Time Reporting

Given that business units can normally be aligned with IT development and support, there are a number of benefits that are associated with time reporting.

1. It allows your company to determine exactly where your money is being spent, and allows you to determine if this allocation is appropriate. For instance, you may find that too many of your IT development dollars are being spent supporting the internal departments of the business (Finance, Human Resources, Payroll, etc.) and not enough is being spent on the revenue-generating business units.
2. Time reporting allows you to gather more factual information on what developers are working on. For instance, on a support team, you can define time reporting categories for fixing abends, correcting bugs, answering user questions, working on enhancements, etc. On a development team, you may report time by phases, such as planning, analysis, design, etc. Knowledge is power. If you know how your people are spending their time, you have an ability to make changes if necessary.
3. Time reporting allows you to enter into a fact-based discussion with your business units on the development effort hours (and labor costs) that are being applied to each of them. No longer will the business units have only a fuzzy perception of the labor being utilized on their behalf. Now you can tell them you spent 1500 hours supporting their applications, 2500 hours working on their requested enhancements, 500 hours on project#1, etc. If the budgets are reduced, you will have information on exactly what the consequences will be, and what they can expect for their budgeted dollars.

Expect Cultural Resistance from the Developers

The biggest drawback is a cultural one, but it should not be ignored. Developers hate to do time reporting, especially if they are not used to doing it today. The change must be introduced with proper communication and explanations as to the value provided versus



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the additional administrative burden. The process should not require heavy administration. There should be some level of accuracy but it doesn't have to be exact for an internal allocation. If you receive 90% accurate information, you should be ecstatic.

I have seen time reporting work at a couple extremes. In one company the internal business units were actually charged back based on the work performed for them. Time reporting was at a detailed level, entered into a tool, and interfaced with the financial applications to support an internal chargeback. In another organization, each developer was asked to report their time on a monthly basis at a high level for each business unit. This was less burdensome on the developers (maybe 15 minutes per month), while still providing a means to allocate and measure the resources being applied to each business unit.

Summary

- IT development and support can be aligned to internal business units, because the internal organization receiving the benefit can be easily identified.
- Time reporting gives you the facts you need to get a handle on exactly where your IT development labor hours are being allocated.
- The problems associated with time reporting are cultural – developers don't like to do it. The CIO or the head of development should sponsor the change.
- Don't overdo it. Tremendous value can be gained by high-level time reporting. If you require everyone to account for their time on 15-minute increments, you will have only marginally better information than if you ask for it in one-hour increments. Also, the more accuracy and detail required, the more resistance you will encounter from the development organization.