Business Resilience Toolkit

Billable and non-billable time

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Transcript:

More and more services are charged by the hour and are no longer block funded. Achieving financial sustainability can be challenging if your service is paid on a fee for service model.

Your organisation can only charge for customer facing service delivery time. These billable hours are critical for generating revenue as they need to cover the costs of your frontline workers but also of the rest of the business.

Hi, I'm Dr Ellen Schuler and I'm a business consultant at Community Business Bureau.

In this video we are going to look at how monitoring the billable and non-billable time of your service delivery staff can help you understand and plan how you utilise your workforce. Maximizing the billable hours in your organisation without impacting on client service or staff welfare will build your financial resilience.

What is billable time?

Billable time is your staff's time that can be charged to your customer or your customer's support funding, for example, a customer with an NDIS plan or a home care package.

Generally, billable time is the time in which your staff engages in direct service provision. This is the time most service providers track, record, and invoice. Added up this generates the revenue of your service.

In many cases, service providers also charge for time that is not spent directly with the customer but is for the customer.

This may be the time the staff member is travelling to the client. Or the time staff spends on writing a report for or on behalf of the client.

This could also be the time the staff member spends in meetings, phone calls or discussions concerning the customer's support needs.

In the NDIS this is called 'non face to face time'. For most supports NDIS providers can charge for this time. However, the tasks performed during this time must be directly related to the service provision.

For any provider it is critically important to determine what are billable tasks and to understand any funding rules that apply. It is equally important to discuss with your customers beforehand what and how your service will be charged.

NDIS funding rules have been undergoing constant changes and it is challenging for providers to stay on top of funding rules. From our experience, NDIS providers often miss out on critical funding. If you do not know and understand the funding rules there is a good chance that you work for customers without charging for all the work that you are doing and that you can charge for.

What is non-billable time?

Non-billable time is the time that you cannot charge for. It is the time that your service delivery staff is available and paid for but performs activities that cannot be invoiced. It is the time in which they do not generate any revenue for the organisation.

Some typical non-billable tasks are

- attendance in training or professional development
- administration such as recording travel claims or leave requests
- internal meetings, staff functions and interaction with colleagues
- answering emails and phone calls,
- or taking part in audits

And, there are many more hours in every organisation that cannot be invoiced including sick leave and annual leave.

Most non-billable time has a purpose and without these activities your service would not run smoothly. However, non-billable time comes a cost.

Why should you keep track of non-billable time?

The answer is simple: If your service takes more non billable than billable time to deliver there is a good chance that your service is not viable. While your organisation is 'not for profit' you need to make a profit to be sustainable, so you can deliver on your purpose - unless you can subsidise your income with donations or surpluses from other services.

The income from your billable hours needs to generate enough revenue to pay for your staff's salaries plus all other overheads and expenses that your organisation incurs in the service provision.

Monitoring both billable and non-billable time is important and valuable.

First, it gives you an insight if your service is profitable and viable in the long term. If the price of your service is significantly higher than the cost per hour, you can probably cope with more non-billable hours, but if the price is only marginally higher than the cost per hour, you'll really need to maximise billable time.

Secondly, monitoring non-billable time helps to identify time wasting activities and will highlight tasks and areas that could be improved and streamlined. If these tasks are repetitive such as administration tasks you may be able to do them electronically or allocate them to your administration team.

Monitoring time will also help to understand productivity. If someone has low billable hours try to find out what changes or supports are needed to increase billable hours.

This could be a simple measure of aligning working hours with service hours and establishing smarter schedules. At times, it could mean that a staff member must deal with too many disruptions or is spread among too many customers or programs or has to attend too many meetings.

Analysing your non billable time can also assist your organisation with policy setting. You can form a view on what activities you want your service delivery staff to undertake and how much time they should spend on these activities without compromising service quality or staff motivation.

Monitoring non billable time can also help to review how the quality of non-billable time can be improved. Communication and meetings are important however maybe these could be shortened, or unnecessary travel time avoided. Informal training could be converted into formal training. This can improve the quality of training and ensure more staff members can grow their knowledge and competence.

And lastly, monitoring non billable time can reveal associated service time that in fact could be charged in line with funding rules and become a billable task in the future.

What should be avoided when tracking time?

It is important to recognise that many factors can influence how much billable time an individual worker can achieve. The number of billable hours depends on the type of service, the staff member's role and responsibilities and your service schedules. The level of experience and personal circumstances such as return from illness can also play a role.

Your organisation needs to plan and utilise staff to minimise non billable time yet monitoring time should under no circumstances become an exercise to control your staff or to set unreachable targets.

Staff that always feels rushed could put client safety and their own safety at risk, impact on service quality and does not find time to support less experienced co-workers and your organisation.

Also, tracking and recording time should not become a timewasting activity in itself. There are simple time apps such as Harvest or Tsheets, that can make time tracking easy. As a start it might help if your service delivery staff write down for a set number of days how they spend their non-billable time.

By monitoring all working hours of your front-line staff, billable and non-billable hours you will be able to understand if your service is viable. You can find ways to eliminate inefficiencies, reduce non billable time, set expectations, and make your non-billable time more meaningful.

If you found this video interesting, you may also like to watch our presentation on external drivers and factors that impact on costs.

Related video to watch next: External drivers and forces impacting on costs.