GROWTHFORCE

Case Study

Techcess Group

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A Case Study by Stephen King
President & CEO of GrowthForce.

Situation

T echcess Group, a start-up technology services business based in Houston, experienced rapid growth from its first day of operation. The company generated over $4 million in revenue in less than five years and became a top ten Fast Tech 50 award winner. Techcess Group's CPA set up a basic QuickBooks system, but the company quickly found that it needed more from QuickBooks than just invoicing and bill paying to monitor its success.

For starters, Techcess Group needed better labor controls. As a service company labor is its biggest expense, but the field staff technicians did not have a simple system to accurately track their time on each job. In addition, without an integrated time and billing system, it was difficult for the business to allocate labor costs to jobs and determine job profitability. Techcess Group was creating estimates in Microsoft Word and manually converting them to invoices in QuickBooks. As a result, the company's process of turning proposals into revenues was slow and cumbersome, impeding cash flow.

Techcess Group's QuickBooks system was also not set up to readily access the company's Key Performance Indicators (KPI). As former executives of one of the top technology businesses in the world, Techcess Group's management was used to a more sophisticated financial reporting system. They wanted KPI figures at their finger tips to make managerial decisions. Techcess Group was ready to unleash the power of QuickBooks and take their bookkeeping function to a higher level.

Solution

Techcess Group decided to outsource its bookkeeping department to GrowthForce – just like they outsourced their human resources to PEO Administaff. GrowthForce set up a new QuickBooks system design which better suited Techcess Group's needs as a service business.

GrowthForce automated all financial reporting from downloading banking and credit card transactions to invoicing and labor tracking. They then created a series of management reports to monitor the KPIs which were most important to Techcess' success. Along the way, GrowthForce trained Techcess Group's non-financial office manager on QuickBooks usage and basic bookkeeping and financial functions. Techcess Group also got access to GrowthForce's on-call Help Desk so that "they never have to guess" when it comes to making entries into QuickBooks.

Result

Techcess Group's management can now see where they are making money and where they are not – by customer and by job. They can whittle out the unprofitable customers and concentrate on pursuing the ones that bring the most to the bottom line. They can also determine which employees are the most productive and which ones may need a little more training.

The company's P & Ls are now stated by customer and by job. Like most service businesses, expenses are often incurred before income is earned. Previously, this would distort monthly P&L's. GrowthForce developed a process to quickly identify unbilled costs and move them off the income statement to the balance sheet as Work In Progress. That procedure matches expenses to the period in which the revenue is recorded.

Since monthly billing is memorized - and estimates, purchase orders and time sheets are all integrated - the billing cycle is shorter, boosting cash flow. One of the best outcomes of working with GrowthForce has been that Techcess Group always has timely and accurate financial statements to provide to their CPA. This way, their CPA can provide pro-active tax planning and quickly and efficiently prepare their tax returns.

Profile

After two years in business, Techcess Group, which manages the IT structure for small to medium size businesses, had outgrown its original system. Techcess Group CEO Hugh Sazegar realized that his company "needed a new bookkeeping solution to carry us in our growth." When Sazegar met GrowthForce CEO Stephen King through a networking group of the Greater Houston Partnership, he knew that he had found his solution.

Sazegar dismissed the idea of hiring an in-house abookkeeper and allowed GrowthForce to set-up shop as Techcess Group's virtual bookkeeping department. GrowthForce's first step was to upgrade Techcess Group to QuickBooks Enterprise Division software – the most sophisticated QuickBooks system on the market.

GrowthForce then went to work to automate Techcess Group's financial procedures.

Proposals can now be converted to invoices with just a few keystrokes. As a result, invoices get out faster and payments come in quicker. Bank and credit card transactions are automatically downloaded weekly. GrowthForce established a procedure called the Open Items List – allowing Techcess Group to quickly spot any questionable line items including unauthorized credit card purchases. All balance sheets are automatically reconciled at the end of each month.

To address Techcess Group's labor reporting problems, GrowthForce implemented a Web-based labor tracking system. Field staff technicians can now enter their hours worked by job on a Ticket Tracking System connected to an Intuit Web portal which automatically feeds into Techcess Group's QuickBooks program. GrowthForce updates the system every

workday at 7:45 a.m. by importing new customers and new jobs into the Web portal. The result is accurate labor costs by customer and by job – and a better picture of profitability. Using GrowthForce's proprietary technology, GrowthForce integrated Techcess Group's employee timesheets in QuickBooks with HR provider Administaff's Web site, automating labor cost allocation from the Administaff portal.

GrowthForce also identified a way to improve Techcess Group's monthly P & L performance through QuickBooks automation. Upon investigating Techcess Group's business procedures, GrowthForce learned that they often purchase equipment for customers one month, but don't bill them until the equipment is installed the following month. Consequently, expenses were hitting the books earlier than the income associated with a job – skewing profitability on the monthly P & Ls.

In response, GrowthForce set up QuickBooks' Project Tracking capabilities. In this function, the Job Status Field shows whether jobs are open or closed. Any expenses from open jobs are pulled out of the income statement and put into a Work In Progress account as an asset on the balance sheet. When the job is completed, the entry is automatically reversed allowing the expense and the revenue to match up on the balance sheet.

 "This is an advanced bookkeeping principle which most service companies don't know how to follow," explains King. "Now Techcess Group has accurate monthly financial statements, following the 'Matching Principle' of bookkeeping."

With its history of working with technology companies, GrowthForce then created a list of KPIs for Techcess Group's specific industry. They then developed a series of monthly management reports centered around those KPIs.

To insure that management understands how to interpret the reports, Techcess Group signed up for GrowthForce's outsourced controller services. On a monthly basis, a senior finance professional from the GrowthForce Service Center reviews the P & L and KPI financial statements with Techcess Group's owners.

Sazegar's response to the success of the bookkeeping changes is as automatic as the new systems themselves: "It has changed our life," he says. "We now push a button and everything goes out at the end of the month. We spend much less time and money because our accounts are now fully automated. Our CPA loves us because our books are accurate. We don't have the HR issues of running a financial department ourselves. Thanks to GrowthForce, we now have a very special bookkeeping system in place!"

For More Information
Please email info@growthforce.com or call 281-358-2007.

GrowthForce would be happy to review your current use of QuickBooks processes and make recommendations or provide outsourced services to help you improve your business decision making capability and reduce risk of fraud.