



Special Report:

## The High Cost of Paper

How paper-based processes take time and money out of service-based businesses.



## Overview:

This report examines the processes commonly used in service-based businesses for handling service requests, dispatching work orders, invoicing customers and getting paid. It highlights the key gaps that exist in these operations, and how the use of paper work orders, invoices, and time cards drain businesses of billable hours; hindering cash flow and making processing invoices and payroll much harder than it needs to be.

## The Problems with Paper

In the following paragraphs, we will illustrate how an example company can quickly **save thousands of dollars each month and increase profitability** by eliminating paper and automating their processes

Admittedly, paper is a technology that is hard to kick around. It's cheap. It's plentiful. Everyone knows how to use it, but paper has drawbacks. Though the problems are pretty boring and mundane, the total expenses they cause a service business can be great.

Problem	Impact	End Result
Paper ends up sitting in stacks	Completed work orders sit waiting to be processed and invoiced for days or weeks	Slows cash flow, <b>reduces available cash</b>
Paper gets lost or damaged	Work orders get lost, causing needless administrative work; work goes unbilled	<b>Lost revenue</b> , wasted administrative time, poor quality of service
Processing paper requires your techs to drive around instead of work	Field technicians spend hours behind the wheel traveling to and from the office to pick up and drop off paper work orders and time cards	Fewer customers served every week— <b>unrealized revenue</b>
Information written on paper is often unreadable	Notes and credit card numbers scribbled on work orders often require hours of follow up in the office to decipher; delaying invoicing	<b>Wasted administrative time</b> , slows cash flow, poor service history records
Information held on paper is trapped	Business managers and owners have trouble understanding how their business is performing and where to make improvements	Difficulties growing the business and serving more customers; <b>unrealized revenue</b>

## The Service Management Process—from Service Request to Getting Paid

The process of providing service to customers can be broken down into three areas with different people in the organization handling different parts of the process. These are listed below, along with the major pain points felt in each area based on having to push paper.

Process Area	Step	People Involved	Pain
Front Office	Scheduling and assigning work	Dispatcher	<ul style="list-style-type: none"> <li>Limited view of work in process</li> <li>Limited view of customer and service history</li> <li>Difficulty in reassigning work and handling priority requests</li> </ul>
	Tracking status of technicians and work	Dispatcher	<ul style="list-style-type: none"> <li>Inability to know specific start/end times for jobs</li> <li>Notifying customers of delays and rescheduling at 11th hour</li> </ul>
Field	Price up the invoice	Field Tech	<ul style="list-style-type: none"> <li>Carrying inventory books and lists to work sites</li> <li>Time wasted looking up information and hand writing part and labor codes</li> </ul>
	Take payment	Field Tech, Dispatcher, Service Manager	<ul style="list-style-type: none"> <li>Long calls into the office to process credit card</li> <li>Higher rate on keyed credit card transactions</li> <li>Invoice processing costs and time delays create bad debt</li> </ul>
Back Office	Turn in paper	Field Tech, Service Manager	<ul style="list-style-type: none"> <li>Travel time to the office</li> <li>Techs in the office mean wasted time</li> </ul>
	Clarify/Correct	Field Tech, Accounting, Service Manger	<ul style="list-style-type: none"> <li>Calls and time required to clarify information</li> <li>Delays in invoicing</li> </ul>
	Enter invoices and payments	Accounting	<ul style="list-style-type: none"> <li>Wasted administrative time and errors from double entry of work order data</li> <li>Large stack of invoices creates delays</li> </ul>

## Where Does the Time and Money Go?

Front Office Tasks	Field Tasks	Back Office Tasks
<ul style="list-style-type: none"><li>• Dispatcher spends as much as half the day on “stating” activities</li><li>• Depending on the dispatch model, scheduling can add extra time by calling all the techs, figuring out who is closest, and configuring the best route</li></ul>	<ul style="list-style-type: none"><li>• Techs can spend up to 45 minutes per day checking on status</li><li>• Techs can spend up to 15-30 minutes per customer site calling in credit card info</li><li>• Techs can waste time waiting for a pricing call back</li><li>• Techs can spend up to an hour on writing up work orders and invoices</li></ul>	<ul style="list-style-type: none"><li>• Service Supervisor and Managers spend 1 to 4 hours reviewing work orders per week</li><li>• Correcting paperwork with techs can take 30 minutes per incident</li><li>• Entering invoices takes around one full day per week for the billing or accounting person</li></ul>

## Payroll Pains in Service Businesses

The process most service businesses use for capturing labor and processing payroll is also very paper intensive, and presents many challenges. These include:

- Poor Total Cost of Service Visibility
- Poor Total Productivity Visibility
- Time Theft
- Late Payroll
- Payroll Errors
- Payroll Validation
- Paperwork Burden

*“Techs can spend up to an hour on writing up work orders and invoices.”*

## Payroll Pains in Service Businesses (cont.)

Process Area	Step	People Involved	Pain
Front Office	Provide time sheets	Service Manager, Field Techs	<ul style="list-style-type: none"> <li>Travel time to the office</li> <li>Techs in the office mean wasted time</li> </ul>
Field	Fill out time sheets	Field Tech	<ul style="list-style-type: none"> <li>15 minutes per day (more likely, 45 minutes on Monday morning)</li> </ul>
	Turn in time sheets	Field Tech	<ul style="list-style-type: none"> <li>Travel time to the office</li> <li>Techs in the office mean wasted time</li> </ul>
Back Office	Review and classify (reg/OT/DT)	Accounting	<ul style="list-style-type: none"> <li>Calls and time required to clarify information; delays in payroll</li> </ul>
	Reconcile against work orders	Field Tech, Accounting	<ul style="list-style-type: none"> <li>Calls and time required to clarify information; delays in payroll and field work</li> </ul>
	Enter into payroll system	Accounting	<ul style="list-style-type: none"> <li>Double-entry of time card information</li> </ul>
	Pay field techs	Accounting	<ul style="list-style-type: none"> <li>Overpay field techs due to inaccurate accounting of time; time theft</li> </ul>

### What is the Cost of These Problems to Service Businesses?

The problems that service businesses suffer due to paper-based process are numerous. This report outlines several that touch on everything from lost and unrealized revenue to slow invoicing and wasted administrative overhead.

To illustrate the significance of these problems, three separate scenarios are outlined below, which highlight different steps in the service management process and how paper-based processes cost service businesses money.

#### Scenario 1: Scheduling and Dispatching

Businesses that use paper work orders and clipboards have significant unrealized revenue. By adopting more efficient web and wireless tools, service businesses enable their field technicians to complete more work for more customers every week.

By enabling better work scheduling, better assignment decisions and reducing field techs' driving time, Intuit Field Service Management ES customers commonly find that each tech can perform between 1 and 2 additional work orders every week.

**Example:**

Joe's Service Company has 10 field technicians that each complete 15 work orders per week at an average invoice amount of \$250.

By increasing the number of work orders that each field tech completes by 1, Joe's Service Company would see **\$10,000 in additional revenue each month.**

Joe's Service Company would also improve the level of customer service they provide and process less paper in the office.

**Scenario 2: Invoicing and Getting Paid**

Service businesses can dramatically improve their time to invoice by adopting new mobile credit card payment tools. By enabling field techs to create invoices in the field and process credit card payments, Intuit Field Service Management ES customers typically find drastic reductions in their "Days Sales Outstanding" metric—from as much as 45 days to as little as 10. This change frees up significant cash for the business.

**Example:**

Joe's Service Company (from above) has monthly billings of \$150,000. Its Days Sales Outstanding is 37 days (average days to invoice after completion of work = 7; average days to get invoice paid = 30).

By adopting mobile payment, Joe's Service Company can reduce its average days to invoice after completion of work to 0 and days to get paid to 3 for all customers that pay by credit card.

If Joe's Service Company migrates 30% of its customers to credit card payment, **it can capture approximately \$40,000 in available cash.**

Joe's Service Company would also decrease its bad debt and require less accounting administration.

**Scenario 3: Handling Time Cards and Payroll**

Service businesses can better manage their payroll and decrease administrative work associated with payroll. By replacing paper time cards with wireless time cards, Intuit Field Service Management ES customers report seeing more accurate payroll costs by eliminating rounding error and time theft. Typically, the result is lower payroll and much smoother payroll processing.

**Example:**

Joe's Service Company pays its employees as follows:

Average field worker hourly wage rate: \$50

Average office worker hourly wage rate: \$30

It is assumed that employees round their time cards up by an average of 21 minutes per day (e.g. starts at 9:07 but enters 9:00 for 7 minutes rounding; this is assumed to happen at break time and at the end of the day).

It is also assumed that accounting spends 5 hours per week in office spent entering payroll data into systems (based on number of hourly field workers).

*"By increasing the number of work orders that each field tech completes by 1, Joe's Service Company would see \$10,000 in additional revenue each month."*

By using wireless time cards, Joe's Service Company would see the following benefits:

- Projected **reduction in monthly payroll** from more accurate time card data: **\$1,100**
- Projected **monthly savings in office hours** by automating payroll data entry: **\$135**
- Joe's Service Company would also save monthly hours spent over discrepancies with GPS validation of time cards and fewer payroll errors.

## Solution

Intuit Field Service Management ES eliminates paper processes for the service industry. It simplifies businesses and gives more control over technicians, customers, cash flow and costs.

Pain	Intuit Field Service Management ES Solution
<ul style="list-style-type: none"> <li>• Limited view of work in process</li> </ul>	<ul style="list-style-type: none"> <li>• Real-time updates gives fuller visibility</li> </ul>
<ul style="list-style-type: none"> <li>• Difficulty in reassigning work and handling priority requests</li> </ul>	<ul style="list-style-type: none"> <li>• Real-time dispatching enables up to the minute rescheduling</li> </ul>
<ul style="list-style-type: none"> <li>• Inability to know specific start/end times for jobs</li> </ul>	<ul style="list-style-type: none"> <li>• Easy to access past job information gives a better gauge for future projects</li> </ul>
<ul style="list-style-type: none"> <li>• Notifying customers of delays and rescheduling at 11th hour</li> </ul>	<ul style="list-style-type: none"> <li>• Real-time job information catches delays early, giving customers fair warning</li> </ul>
<ul style="list-style-type: none"> <li>• Time wasted looking up information and hand-writing part and labor codes</li> </ul>	<ul style="list-style-type: none"> <li>• All information is included on mobile device along with drop down lists for part and labor codes</li> </ul>
<ul style="list-style-type: none"> <li>• Invoice processing costs and time delays create bad debt</li> </ul>	<ul style="list-style-type: none"> <li>• Taking payment in the field gets invoices paid faster, eliminating bad debt</li> </ul>
<ul style="list-style-type: none"> <li>• Techs in the office mean wasted time</li> </ul>	<ul style="list-style-type: none"> <li>• Techs stay out of the office and on the job</li> </ul>
<ul style="list-style-type: none"> <li>• Wasted administrative time and errors from double entry of work order data</li> </ul>	<ul style="list-style-type: none"> <li>• All info entered when a work order first comes in, syncs through to completion and invoicing</li> </ul>

## Conclusion

The problems that service businesses face by adhering to paper-based processes for scheduling work, dispatching work, invoicing customers, taking payment, and handling time cards are significant and can have a dramatic impact on business stability, growth and profitability.

By eliminating paper, these businesses can save significant time and expense in the office and in the field. The increased revenue, cost savings and increased free cash that a web-based and wireless system could deliver, far outweigh the expense to deploy them.