# Most Comprehensive Kpis in Time and Attendance Tracking

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  There are some key metrics and key performance indicators you can measure when tracking staff time and attendance. Some key staff attendance metrics

* Bill-ability or resource utilization rate
* **Simple and Useful KPIs** There are three basic KPIs that you should be able to calculate from any time and data labor source.
* Billability. This is often termed the utilization rate. It is the percentage of time in a given period during which employees are working in a revenue-producing capacity. You must configure your timesheet system to track whether or not work is considered billable to the customer. Once you have this information, utilization for any period, group or person is found by the formula “B divided by T”, where:B = Billable hours for the employee/group in the period T = All hours worked for the employee/group in the period Most organizations try to keep their utilization rate above 70%. A higher rate is better, until you reach a point where administrative tasks that are necessary to the business—like tracking time—are not being accomplished. Then you know you’ve pushed it too far.

[In our previous article](http://blog.journyx.com/blog/how-time-and-attendance-data-can-save-your-company" \t "_blank), we looked at the concept of a KPI, or 'key performance indicator.' Specifically we looked at how important it is to use KPIs to measure the health and progress of your company. ‘Billability’, for example, is one of the most critical KPIs that virtually every company should be tracking. In this follow up post, we'll look at two other KPIs that provide crucial information: adherence to estimate and percentage of projects profitable. **1. Adherence to Estimate** Many contractors or consultants do a poor job with bidding appropriately because lack of knowledge or budgetary insight. In order to avoid underbidding or overbidding, you can use the formula [(E-A)/E] where: E = Estimated hours to complete project A = Actual hours used to complete project Improving this number can be difficult for some companies until they understand a simple truth: *similar projects often have a strikingly similar ratio of early phase cost to overall project cost*.  The early phases of a project are usually referred to as the “requirements,” “design,” or “specification” phases. If after carefully tracking time on a batch of similar projects, you find that the first two phases usually take about 10% of the total project time, you can then use that data to predict the length of future projects. By tracking time and subsequently learning that the first two phases of Projects 1 and 2 took approximately 10% of all project time to complete, the projected length of Project 3 becomes easy to determine. If the first two phases of Project 3 take 1.8 months to complete, you can estimate that the entire project will be completed in 18 months. This project estimation technique has proven itself to be extremely accurate for similar projects in a variety of companies. **2. Percentage of Projects Profitable** “Percentage of projects profitable” is a KPI that can really affect your business in a vastly positive way. As an analogy, consider British Petroleum (BP) and its experiences in drilling for oil. BP created a strategic vision for the company called “no dry holes.” Drilling for oil and not finding it is expensive. Rather than try to make up for all the dry holes by finding an occasional gusher, BP decided to try to never have a dry hole in the first place. Changing the attitude that dry holes were an inevitable cost of doing business fundamentally changed its culture in very positive ways. If you set a strategic goal for your company of “no unprofitable projects,” it will change the nature of discussions in your business. For example, it empowers frontline employees to legitimately push back when a project is being taken on for political reasons. Conversely, having the attitude that the winners will make up for the losers doesn’t do this. Measuring this KPI is easy because you can obtain direct per-project cost data from your timesheet system. Correctly applying indirect data (such as sales or accounting time) to the direct costs is a bit more complicated. Connecting all of this to revenue data gives you per-project profitability. Once you have that data, you can work on your KPI of percentage of profitable projects to try to maximize it. The formula for this KPI for a given time period (usually a quarter or a year) is: # of profitable projects/# of projects **Other KPIs that are useful include:** ▪ Calendar time to complete a job (because overhead costs increase substantially due to delays) ▪ Percentage of customers satisfied ▪ Time to complete initial free estimate Unfortunately, many businesses that track time and attendance for payroll and billing overlook the other benefits such data can provide. Real-time access to relevant KPIs, however, can give early warnings of project problems and lead your company to faster growth and more profitability.