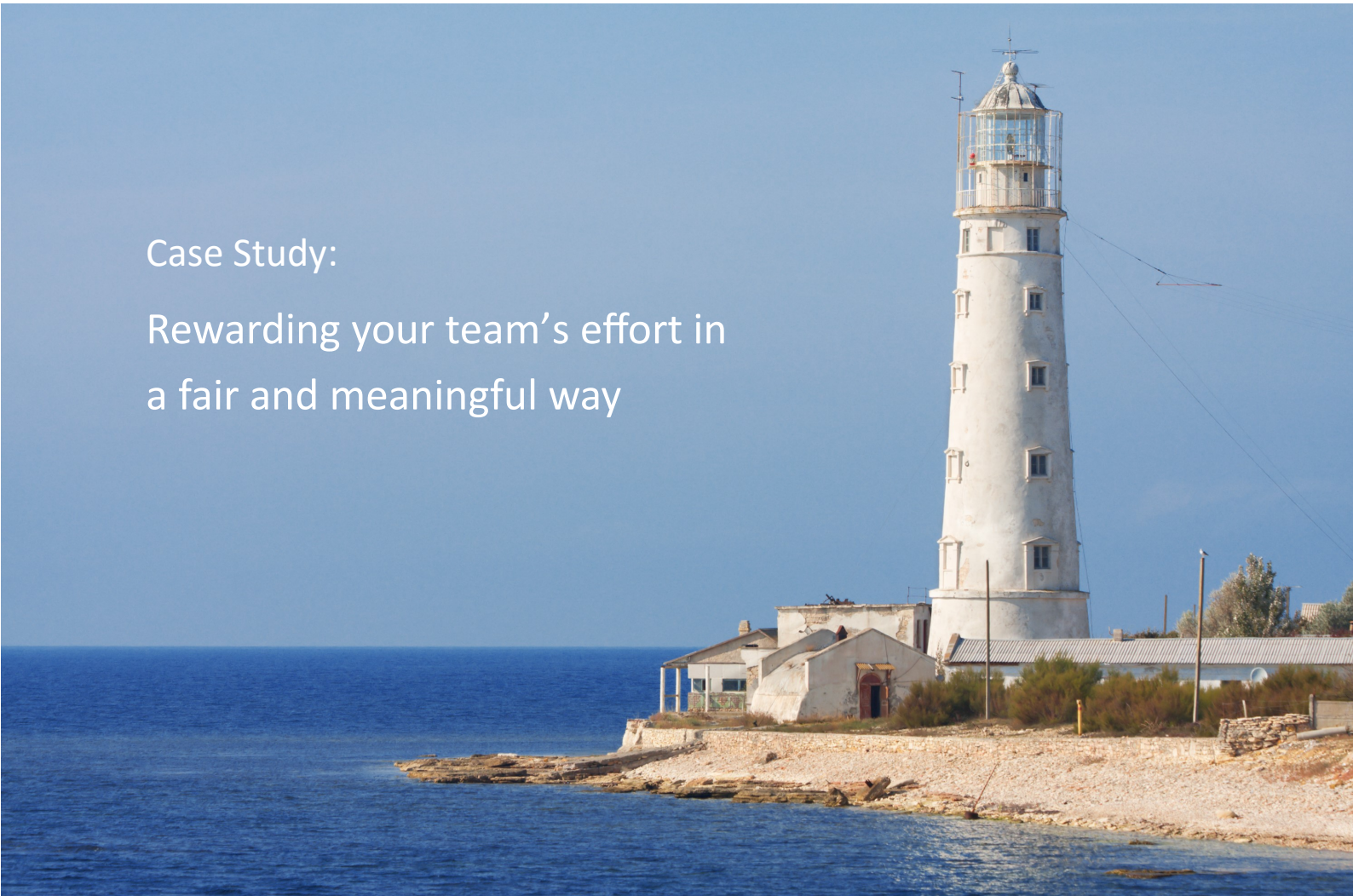




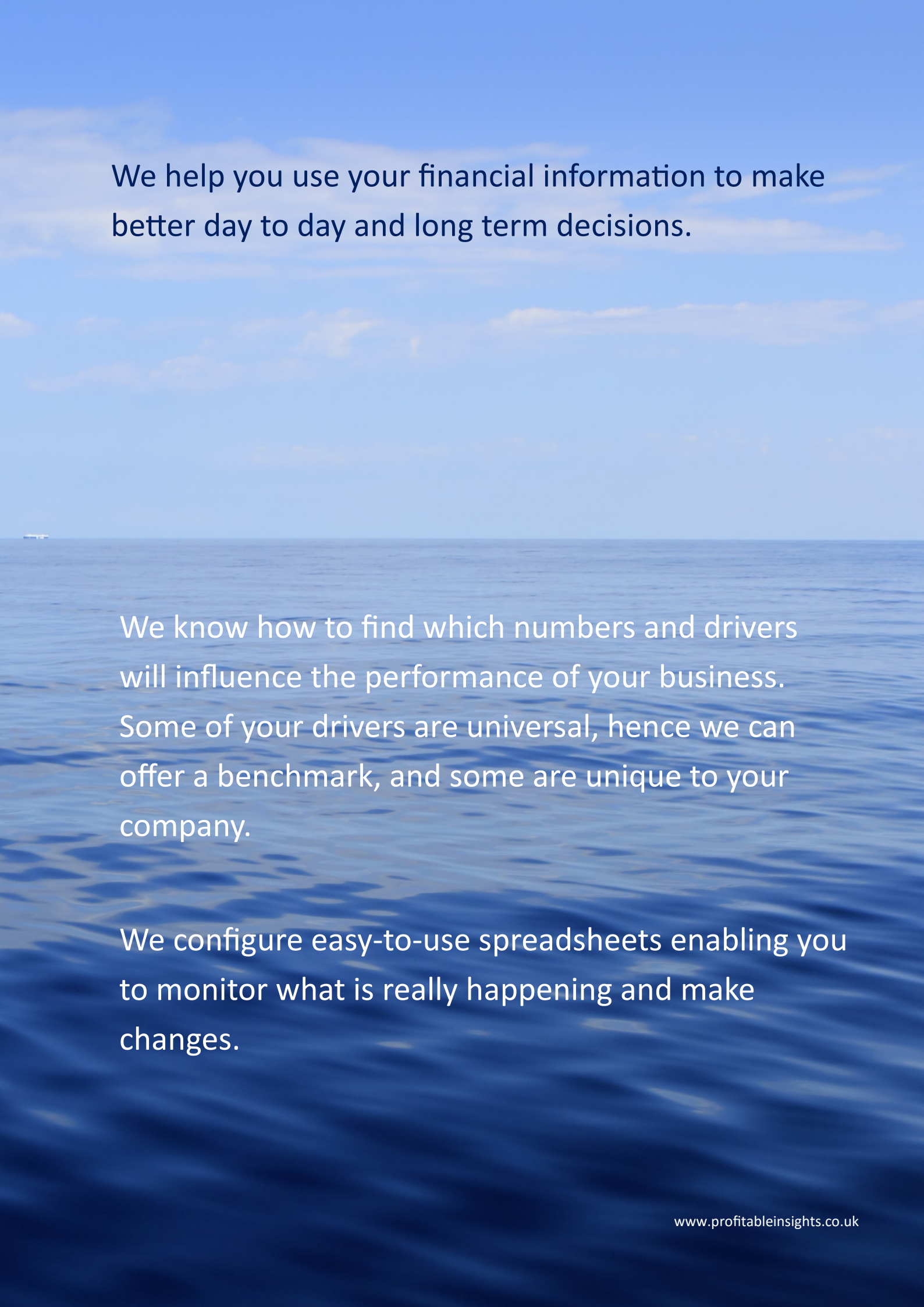
PROFITABLE
INSIGHTS

Case Study:

Rewarding your team's effort in
a fair and meaningful way



BECOME MORE PROFITABLE



We help you use your financial information to make better day to day and long term decisions.

We know how to find which numbers and drivers will influence the performance of your business. Some of your drivers are universal, hence we can offer a benchmark, and some are unique to your company.

We configure easy-to-use spreadsheets enabling you to monitor what is really happening and make changes.

Rewarding your team's effort in a fair and meaningful way

Our client used to hire by cost first and foremost. The compensation philosophy was simple—low base pay with no performance bonus. There was no visibility over the link between people performance and finance. Our client was unable to anticipate revenue and profit and reward accordingly.

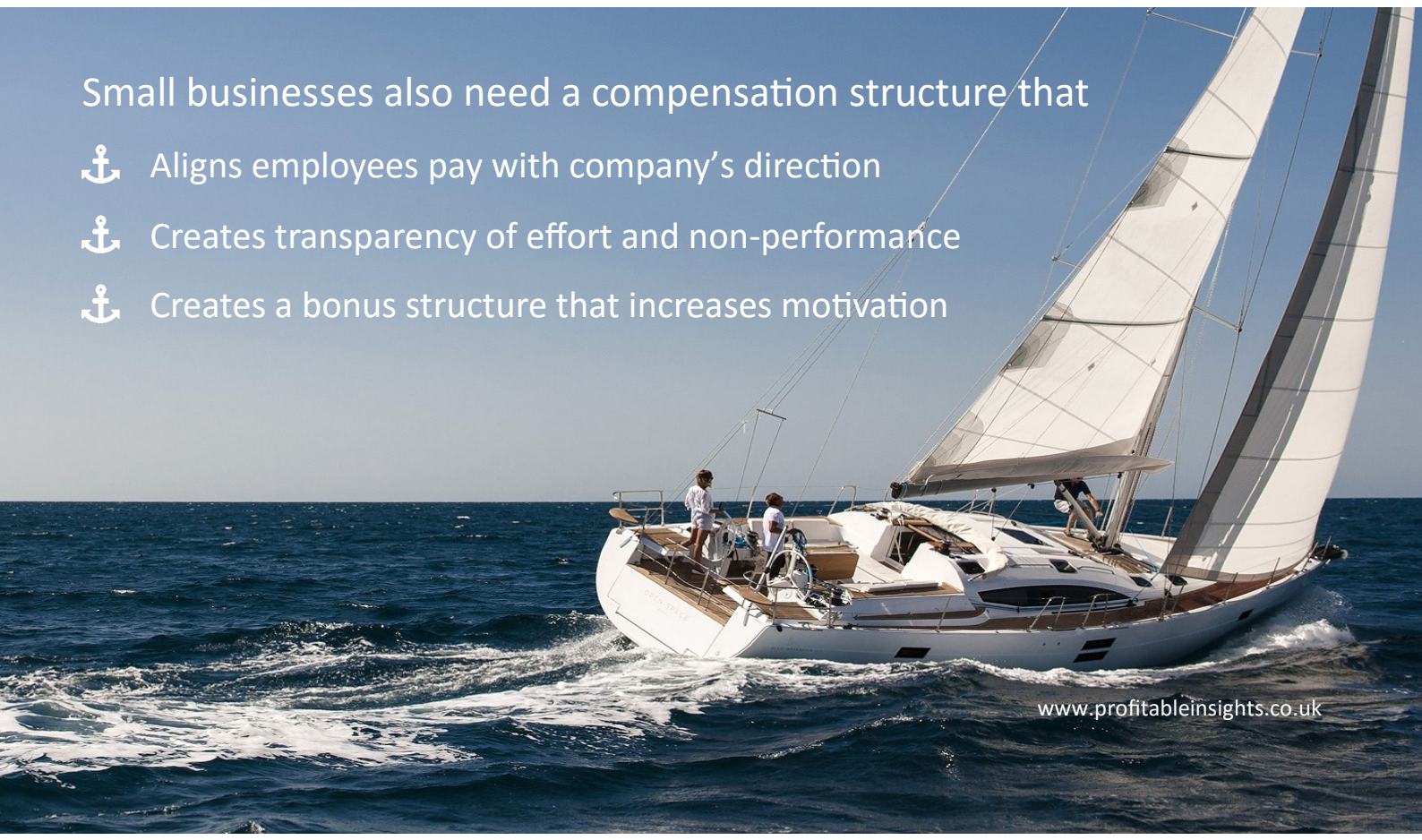
This is not a unique scenario. Small businesses often compensate with fixed salaries and 'end of year' bonus. Usually there is no link between individual performance and the bonus. The 'democracy of poverty' applies i.e. everybody gets an equal bit of the surplus to reward on-going efforts.

One reason is the fact that very few positions are clearly differentiated in a small business. A handful of people do a lot of things simultaneously and hence it is difficult to measure each person's contribution to specific projects.

While the simple compensation may work well during the first years of the business, in time it starts working against rewarding outstanding performance and spotting poor performance.

Small businesses also need a compensation structure that

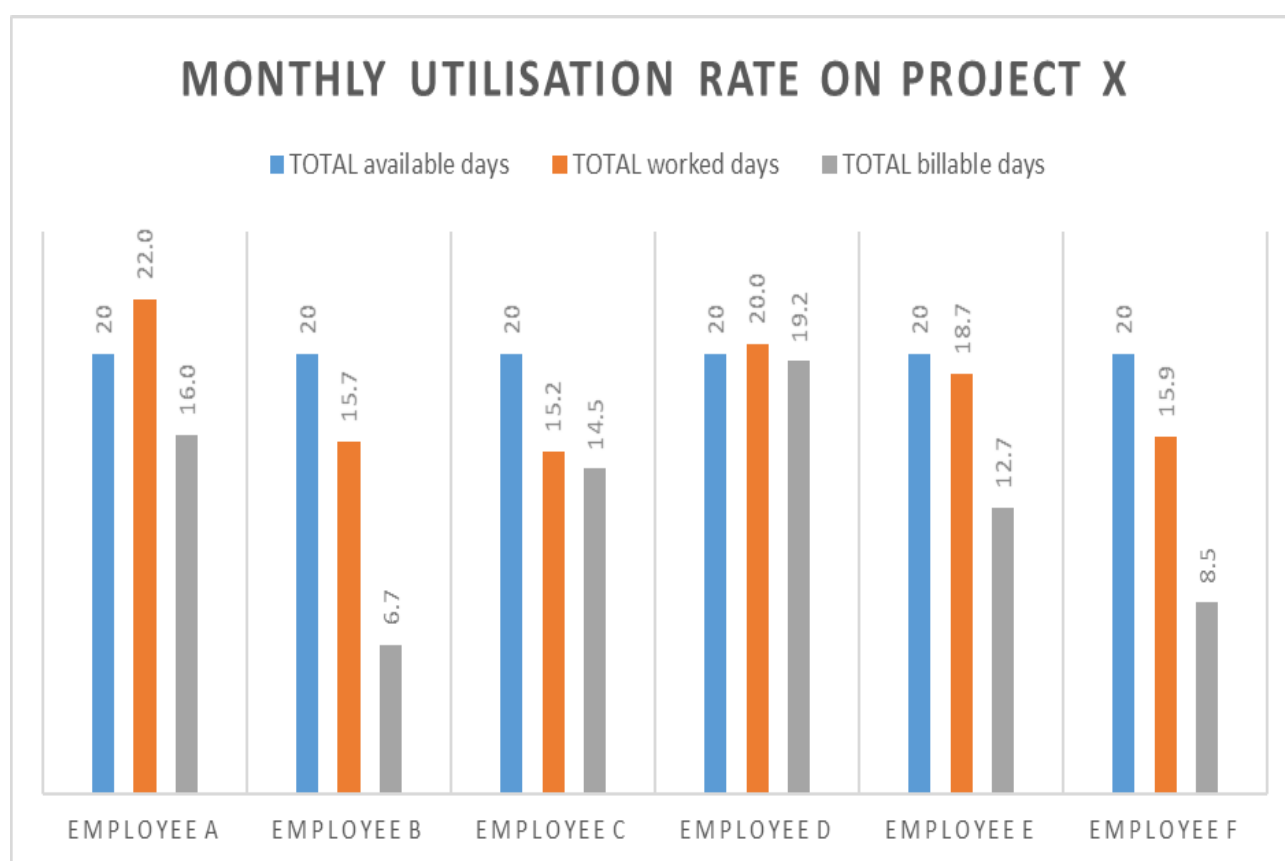
- ⚓ Aligns employees pay with company's direction
- ⚓ Creates transparency of effort and non-performance
- ⚓ Creates a bonus structure that increases motivation



The solution: timesheets analysis

We helped our client implement a timesheet collection programme which enabled them to track employee utilisation per projects. We analysed the data and compared 'available days', 'work days' and 'billable days'.

The graph below illustrates the results of one month timesheets for a particular project. 18 billable days per month is a top benchmark for utilisation rate (billable days out of total available days). Note that Employee A and Employee D seem to be overworked, while Employee B and Employee F could be reassigned to other projects in parallel, as their reported billable days are fewer than expected.



By completing this analysis, we were able to determine the cost per day per project, the gross margin, and the basis for a fair compensation using project's billable time.



The analysis lead to:

- ⚓ Re-calculation of employee compensation using actual utilization rate and the possibility to reward extra effort on a fair basis
- ⚓ Development of an internal benchmark for project profitability that could be used to assess future projects
- ⚓ Ability to re-negotiate rates for projects with lower gross margin than the benchmark
- ⚓ Assigning lower cost resources to lower paying projects and vice versa.

We are a team of financial analysts with a background in small and medium size companies and extensive entrepreneurial experience. We know the value of understanding what you are looking at when it comes to financial information.

I am Adina Luca and I lead the team.

My clients are owners and managers of small businesses in the field of professional services. I use my personal experience to help entrepreneurs grow their business.

I know the joys and pains of setting up and growing a small business. I set up and ran my own medium-sized training and consulting business, where I employed fifteen people, and sold it after nine years. I then then co-founded an analytics company that is now successfully run by my former business partner.



I also apply, where appropriate, strategies and methods that I learned as a consultant and a former employee of bigger companies.

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At Profitable Insights we spend our days making the most of our clients' information. We integrate financial, marketing and any other business data in order to derive insights that inform their day-to-day strategic decisions. The aim is to set up tools to monitor the effects of client's decisions by setting up fully customised financial reports and hence building a 'virtuous cycle' of profitability.

This is how we manage to turn businesses with losses of over 5% into +12% profitable ones.

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