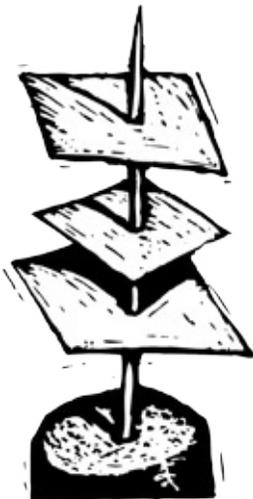




Take The Bite Out Of Billing With Smarter Planning

By Lisa Waggoner



Everyone knows that billing makes or breaks the agency. But only the smartest agencies know the real secret: bill fast, bill often, and bill right the first time.

While it may seem obvious, billing is one of the most vulnerable parts of the client relationship. It's where a lot of accounts are lost. And it's certainly where the most uncomfortable confrontations take place. That's why avoiding the common billing traps is so important (and, of course, one of the reasons you bought *Clients & Profits*).

The answer is to bill correctly, consistently, and on time. Most clients don't like late bills, and they certainly don't like surprises. Getting an invoice two months after the job was finished is one thing, but when the invoice is 20% over budget—well, that's a shock. In any event, your cash cow is hammered. And the more time it takes to be paid, the more desperate you might be to take any amount.

Continued on the next page

BETTER CASH FLOW WITH FASTER BILLING



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Do this and your margins disappear. But fight you do because billing produces the all-important cash cow that keeps companies going. You struggle to get the billing out.

It's frightening to think of what would happen to cash flow if you didn't. That's why efficient, timely billing is critical.

It's the only way to assure your cash flow, which means more money for acquiring the new business and the skilled staff you need to grow. It's also one less worry, and helps you to focus on the future instead of worrying about today.

Make it predictable

Successful billing starts from the moment you first talk with the client. If your client knows that you plan your billings in the same way you plan a great ad campaign, then billing isn't a surprise. The trick is to make it predictable. It's perfectly reasonable for clients to know what to expect on their invoices. So what's the foolproof solution?

The first step: signed estimates

The time to nail down the job's costs is before the work begins. Whether you use a lot of detailed tasks or a single project total, the estimate gives the client a good idea of what to expect both creatively and financially. (Avoid the temptation to start the job before the estimate is signed; it's a great way to end up eating unbilled costs when the client changes their mind.)

Since the printed estimate looks like the invoice, your clients are less likely to be surprised at billing time.

Protect yourself with purchase orders (theirs, not yours)

If you're dealing with a corporate account, push them for a signed purchase order. Since many corporations won't pay invoices without a PO number, you're taking a risk by working without one. Even if your relationship with the client is close, a signed PO

avoids any confusion about what work will be produced. To speed things up, make sure that the PO process has begun as soon as the estimate has been approved—the accounting gears often move very slowly in some companies.

Next, change orders prevent finger-pointing

Like the estimate, change orders should be printed and signed off by the client throughout the job. Even if the change order is for a creative change that has no additional cost, it's wise to keep the client formally updated about changes in strategy, style, and delivery. Even if you've been especial-

ly conscientious about communicating with the client, all that is often forgotten when the bill finally arrives.

An invoice every day

Many agencies wait way too long to send the bill. That's an expensive decision because the more time that passes between completion and invoicing gives the client more time to look for problems. Also, billing a client while the job is still fresh in their mind can avoid confusion. You won't have to spend so much time (unbillable, of course) explaining again the project from memory.

Continued on the back page



7 ways to customize invoices

1 Choose the perfect word by changing the heading from "Invoice" to "Billing" or "Summary" or some other title that makes more sense to your clients.

2 Show off your style by picking a cool font (but use trial-and-error to find the one that looks best).

3 Make a great impression by changing the invoice's margins so you can print on your fancy letterhead.

4 Be frugal and paste any PICT file (or .BMP file in Windows) into the invoice's logo field and print on regular paper. Your clients will think this money-saving presentation is genius!

5 Organize the way tasks are presented by rearranging them into easy-to-understand categories (e.g., Creative, Production, Outside Costs, etc.). When you use task groups on your invoices, you can determine which order the tasks print in by using sort numbers.

6 For clients that just want the bottom line, combine together several tasks belonging to the same group using the Roll-up option. It makes invoices shorter, neater, and easier to read.

7 Make one invoice per client when auto-billing so that all of the client's jobs print on one invoice. They'll appreciate the "extra effort" you went through to make it easier for them to review their jobs—especially if they have dozens of "small jobs" in your shop.

Not sure which invoice is right for you? Then try them all! Just set your options, then choose "Print to screen" in the Print Invoices window. You'll be able to see what the invoice will look like without making a trip to the printer (or the office supply store for more paper). Trees will thank you.

INSIDE THE BILLING WORKSHEET

By Mindy Williams

If you want to choose the costs that are included on an A/R invoice, get friendly with the billing worksheet. The billing worksheet is a useful tool that reveals the individual costs that are part of any billing based on actual job costs.

A billing worksheet is automatically created every time you add an A/R invoice. It shows when costs were added to the job, tasks and amounts billed, as well as net and gross.

What determines whether or not you need to use a billing worksheet? You'll want to use it if you edit an unposted A/R invoice's billed amounts and also do any of the following:

- accrue unbilled costs at month end
- track work in progress by cost
- send an invoice detail report to a client.

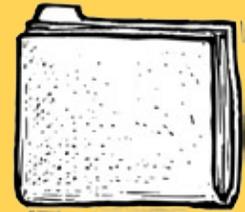
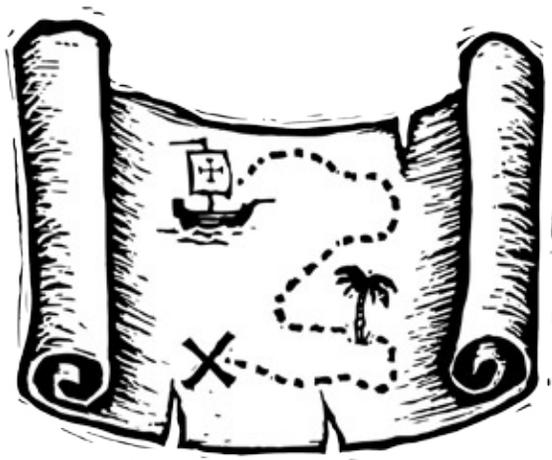
Use the billing worksheet before the invoice is posted to change any task cost

billing amount. After posting, the billing worksheet's costs are used to print the invoice detail report which can be sent to clients who require detailed backup along with their billing.

Any changes you make on the billing worksheet doesn't affect your general ledger. G/L accounts are affected by the costs added to tasks on the job, not literally the job's costs. That means that the billable amount is copied from the job tasks. (This is why you're able to bill for more or less than the job's costs but don't have to make adjusting journal entries.)

When working on the billing worksheet, the total sum of edited billable amounts needs to match the original A/R invoice's amounts. The invoice won't be affected, but what you will end up with is more accurate job cost reports and work in progress summaries.

Mindy Williams is a senior member of the Clients & Profits Helpdesk and coedits the quarterly newsletters.



Invoice Types - There's One For Every Occasion!

With Clients & Profits you have the flexibility to choose from many different invoice types. Here are some of the most popular invoice choices:

Progress/Final Billing If you're looking for an automated billing type, here's one of the best. The progress/final billing option creates invoices based on currently unbilled costs.

Job Billing Want to bill just one or two of a job's tasks? Then use the job billing option to add only the tasks you want on one, easy-to-do invoice.

Estimate Billing Another super easy way to get your invoices done, the estimate billing creates an invoice for any percentage of estimate, including change orders.

Multi-job Billing Need to bill one client for many jobs? Then the multi-job billing is the choice for you!

Retainer Billing The retainer invoice credits a liability account instead of income. Then, when a job invoice is created, the invoice amount is pulled out of liability and into income.

Advance Billing Use an advance invoice to bill clients before starting work on jobs or before starting estimates. An advance invoice credits a liability account, then, as work progresses, subsequent job invoices are "paid" by the advance.

WIP Billing WIP billings are a fast and easy way to bill all unbilled costs based on a date range that you specify. With WIP, you can bill costs any time and for any date range.

Media Billing The media billing option copies the publication, station, dates, and other information right from the insertion and broadcast orders. Each media invoice can contain dozens of orders, and each will appear as a separate line item on the invoice.

MAKING THE PERFECT INVOICE

Twelve steps for clearer, more complete invoices

LOGO Paste your shop's logo here. Invoices are designed for plain paper, so no letterhead is needed. Also, your logo will print in color on a color ink-jet or laser printer.

CLIENT The client's name and address are copied from the client file, so there's no double-entry. It helps make your invoices more consistent, too.

DESCRIPTIONS The job name and invoice description identify the work you're doing for the client. The AE's name appears for the client's easy reference.

BILLING DETAIL The steps needed to complete the job can be listed in detail, or summarized in different ways. You decide what tasks are called, as well as how they appear, on the printed invoice. An optional description (not shown) can be shown for each job task.

GROUPS Job tasks can be sub-totaled by groups. They make invoices more logical by arranging like tasks together.

TERMS Payment terms are user-defined and are copied from the Client file. They can be edited on the invoice, if needed.

ADV

Helen Caldwell
Cole Department Stores
Attn: Accounts Receivable MS 26
20301 Irvine Center Drive
Irvine, CA 92622

Job Name/Title: Sale Postcard
Agency Contact: Steven Banks
Description: Progress Billing - Design and produce a promoting/celebrating events (i.e. Midni for 90 days, No Sales Tax, etc.) Estima postcard. Additional costs may be sub revisions.

Description

Art Direction
Includes 8 additional hours per change orders - see

Comps Layout
Creative Subtotal:

Computer Layout
Computer Typesetting
Computer Production
Production Subtotal:

Project Administration
Project Coordination
Account Services Subtotal:

SUB-TOTAL:

*7.7500% State Sales Tax:

TOTAL:

PAYMENT TERMS: Net 30 days

Thank you for using Advertising Agency, Inc. We app

Invoice

Number 11033
Date 06/03/04
Job Number 94-CB-266
PO# 10247
Charge# 1-22-333-4444-55555

series of large-format postcards for
Night Madness, One-day Sale, No Payments
rate is based on 8 hours Illustration per
subject to review upon additional client

Hours Billed	Amount
12.50	\$ 1,053.04 *
9.50	\$ 945.00 *
22.00	\$ 1,998.04
	\$ 60.00 *
	\$ 120.00 *
	\$ 525.00 *
	\$ 705.00
0.50	\$ 70.00 *
0.50	\$ 200.00 *
	\$ 270.00
22.50	\$ 2,973.04
	\$ 230.41
22.50	\$ 3,203.45

re appreciate your business.

Client

HEADING The invoice's heading can be changed from *Invoice* to *Chargeback*, *Billing*, *Charges*, etc.

INVOICE DETAILS The printed invoice always shows the invoice number, date, and job number. PO# and charge # will appear if included on the invoice.

BILLING AMOUNTS Each task shows its amount. As an option, the printed invoice shows the actual hours. If you want a task that has no amount on the invoice, the words "no charge" or some other phrase can appear in the amount column.

SALES TAX Sales tax can be added to any task on the job ticket, which is copied to each invoice for that job. Up to two sales taxes can be calculated using tax rates from the client's account. Sales tax settings can be edited on individual invoices.

THE FINE PRINT The user-defined invoice note can appear at the bottom of every printed invoice.

DISTRIBUTION COPIES Each invoice can be printed up to five times without using pre-printed forms. Each distribution name appears at the bottom of the page.

BILLING QUESTIONS AND ANSWERS



Q. Can I bill more than one job at a time?

Yes. With Auto-bill, you can bill all jobs with unbilled tasks within a certain status code range that you determine. Once the A/R invoices are added, you're free to add amounts, delete amounts, or delete entire invoices if necessary. When ready, many invoices can be posted at one time as well.

Q. How do I pass along a credit from a vendor to a client?

Add a credit A/P invoice for a job in the amount you'd like to credit the client account. The next time you bill that job, the credit is included automatically in the amounts billed, unless the credit creates a credit balance on a task. If a task has a credit balance, it is not automatically billed. But you can choose to bill it.

Q. How do I credit a client without a credit A/P invoice?

If there's no actual credit cost to bill, you can add an A/R invoice with a negative amount. When posted, a credit A/R invoice reduces the client's outstanding balance.

Q. Can I show my client less details on an A/R invoice?

Yes. You have a number of different printing options for A/R invoices (and estimates, too) besides printing individual task amounts. Roll up some tasks into other tasks to care-

fully craft what a client sees printed. The option to "show group totals only" suppresses individual task amounts and prints one total for each group. To show even less detail, choose the "grand total only" option, which suppresses tasks and groups so the invoice prints with only a single billed amount for the job.

Q. Can I bill more than one client for a single job?

Yes. Use one job ticket to track all outside costs, time, and expenses associated with the work. At billing time, add as many A/R invoices as you need to bill the job to whichever clients you like. When adding the A/R invoice, the client associated with the job appears but can be edited to any client in your database. This ability is useful in co-op billing situations. Use estimate or progress/final billing types, edit the percentage to bill, and let C&P do the math for you.

Q. Can I edit amounts on an unposted A/R invoice?

Yes. If you've billed a task and decide to remove it, highlight the task and click the Remove Amount button. The task and all the billed costs associated with it are removed from the billing. If you want to edit individual billed costs, use the billing worksheet after editing amounts on the A/R invoice. (See article "Inside the Billing Worksheet," page 3.)

Submit your ideas to our online wish list here: www.clientsandprofits.com/support/bugs



GUARANTEED GREAT IDEAS!

How to get the most out of Clients & Profits reports

Eliminate the small problems. Use the Accounts Receivable Aging report to keep track of which clients pay on time and which ones don't. Find out the problem. It may be as simple as an incorrect address or contact. Try e-mailing the invoice as a PDF file to eliminate the delivery time. A small change in your billing process could get you paid a lot sooner.

Keep the cash flow flowing. Print your cash flow reports often to help you better plan for future incoming and outgoing cash needs. You can change the date range to whatever works best for you.

Leave no cost unbilled. Use the Billing Hot Sheet to find jobs with unbilled costs. Your billing workflow prints at the top of this report to make sure you don't miss a billing step.

Take the whoops! out of WIP. Run the G/L Accrual (Costs by dGL) report to show you which vendor costs are unbilled. This report gives you a detailed look at unbilled outside costs, which then become the basis for your WIP accrual entries.

Speedy approvals. To have an A/R invoice approved internally before sending it to the client, e-mail a Billing Preview of the unposted invoice as a PDF file to the person for approval. The Billing Preview can be used internally so that adjustments can be made before the invoice is posted.

Utilize billing status codes. Since job lists, job summaries, and work in progress reports show jobs by billing status, your accounting staff can print their own pre-billing reports without interfering with the production department's job tracking since it's completely separate. The auto-bill feature can use billing status codes to automatically create invoices for all jobs with a billing status of *ready to bill*.

TIME & SPACE: NO SCIENCE FICTION

By Marty Pennoni

Media billing can be a nightmare—or it can be a breeze. Whether it's air time or print space, the challenge is the same: get your client's payment in the bank well before the vendor invoice is due, and accurately account for advance billings.

Lucky you, Clients & Profits makes it really easy.

When you generate a media invoice, C&P recognizes the revenue and automatically makes a media WIP cost entry to the same period. Then, when the media accrual invoice is posted, the media WIP cost is subtracted from the period in which it was posted so costs for the period aren't overstated. Without this feature, you will either have some large (and incorrect) P&L swings, or you'll be doing a lot of journal entries at the end of each month.

There is a small set-up piece—checking an accrual box and identifying your media accrual and media cost accounts—but then you're ready to roll. The up-front work is done when broadcast and insertion orders

are added, so media billing is easy. Here are some tips to make media billing even easier:

- 1) When adding media invoices, use Select/Deselect All if you have a lot of IOs or BOs and want to bill a lot or a few.
- 2) The earlier (and more) you can bill, the better.
- 3) Generate invoices on the fly, the day the insertion or broadcast order is generated.
- 4) Don't wait until month-end.
- 5) Never play "bank." Always have client payments before paying vendors.

Media billing isn't rocket science, and it doesn't have to be hard. Just a few small steps in Clients & Profits can turn you into a media billing star!

Marty Pennoni is a Clients & Profits consultant. He can be reached at (517) 896-0781.



5 TOP BILLING REPORTS

You can speed your billing process along with a few key reports that take you through every step. Start by reviewing reports that show the big pre-billing picture, then narrow your scope with more detailed reports. Here are the top five to get you started:

■ **Job Billing Worksheet by AE** See a summary for each job's estimate plus change order amounts, billings to date, open POs, unbilled amounts, and current billing status code. You can also include overbilled jobs and, if you want to distribute them, print one job per page.

■ **Unbilled Costs** When you need to review the who, what, where, when, and why of costs, turn to the unbilled costs report.

■ **A/R Proof List** After adding A/R invoices, always print an A/R proof list to check your work. You'll be able to catch any errors before posting and (more importantly) before mailing.

■ **Billing analysis by AE** After posting A/R invoices, find out how each AE contributed to this billing cycle. This report will print each invoice and subtotals by client for each AE.

■ **Client vs. Client Gross Margin** Printing profitability reports are the quickest way to see which clients are adding the most to your bottom line. While there are many reports to choose from, this report summarizes profitability by client. You can print for a work date range to review profitability by month or job date range to review each job's overall profitability.

Still looking for that special report? Check the online Clients & Profits Report-o-matic at www.clientsandprofits.com/report-o-matic.html. It's an interactive search engine of the 350+ reports you'll find in Clients & Profits.

SMARTER PLANNING (con't)



Continued from page 2

The "auto-billing" feature makes it easy to automate invoices. When used with billing status codes, it automatically invoices a client's unbilled jobs in a single step.

Lots 'o Invoices

In some cases, you might not wait until the job is done to make your first invoice. By progressively billing jobs, you can invoice for the work completed to date. Clients & Profits tracks progress billings automatically, so you'll never overbill or underbill a job.

Billing as-you-go means payments as-you-go, which means less float.

And don't forget to bill the estimate, if possible. Smart agencies pre-bill estimates to prevent cash problems as the job is completed. (Clients & Profits makes it easy to bill any percentage of the estimate instantly, too.) It might even be easier for the client to pay bite-size invoices, rather than one L-A-R-G-E invoice at the end of the job.

Client retainers are another secret for improving cash flow but most clients won't bite. A retainer is a negotiated fee that covers account service and creative time for the month's work (kind of like a budget), with expenses billed separately. Retainers are great for agencies, since they know a certain amount of money is coming in every month. However, negotiating a retainer (especially a renewal) is treacherous. For the agency, you need to really know your costs—or else the retainer might not cover all of your billable time.

What account execs need to know

Don't forget to keep account service aware of their client's billings. AEs can smooth

out the billing process by communicating with the client before misunderstandings become confrontations. For example, if the invoice isn't going to match the estimate, the AE can hopefully soften the news before the invoice arrives. It's a good idea to have the AE follow up on an invoice, making sure there's no confusion or questions that can delay payment. Then, if corrections need to be made you can do them immediately—before the invoice is way past due. Clients & Profits prints client account agings showing each AE's unpaid invoices, so that they can help with collections on their clients.

Stop the madness

With a smart, efficient billing system like Clients & Profits, being able to rapidly bill clients is possible—and very easy to do. With a little planning, the trauma of a painful billing cycle can be finally broken. It'll be a faster, easier process that quickly gets you where you want to be—in the money!

Lisa Waggoner is a co-founder of Clients & Profits.

CLIENTS & PROFITS is job production and accounting software designed especially for creative businesses. Since 1986, more advertising agencies have chosen Clients & Profits over any other agency management software for Windows and Macintosh. Over 2,700 ad agencies, graphic design firms, and corporate marketing departments use Clients & Profits to track jobs, costs, and billings every day. For more information, send E-mail to sales@clientsandprofits.com.

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