Client Efficiency

finally

The Efficiency report is Finally's quick way to assess client profitability. It compares the margin earned by client (fees + mark-up, commonly referred to as AGI) to the billable value of time spent on the client. Based on the assumption that the billable time includes the agency's expected profit per hour, if the billable value of the time is recovered the client is deemed to be operating at the desired profitability level. Note that this is not a perfect calculation of Client Profitability but it is a quick assessment. This report provides additional value to management as indicated in the notes below.

February	Current Month				Year to Date			
Clients	**Margin (AGI)**	**Efficiency**	**Variance**	**% Efficient**	**Margin (AGI)**	**Efficiency**	**Variance**	**% Efficient**
Sick Kids Hospital	8,513	7,425	1,088	115%	8,513	7,425	1,088	115%
Nordstrom	19,853	24,503	(4,650)	81%	38,592	49,821	(11,229)	77%
MilkUp	14,209	3,688	10,522	385%	22,778	8,278	14,501	2 275%
Reebok	3,742	3,478	265	108%	8,625	14,165	(5,540)	61%
Goodfood Inc.	34,364	24,490	9,874	140%	47,508	59,310	(11,802)	80%
Soda Stream Inc.	10,100	14,835	(4,735)	68%	60,500	39,215	21,285	154%
Xbox	94,618	95,830	(1,212)	99%	161,411	192,636	(31,225)	84%
Starbucks	129,981	138,576	(8,595)	94%	265,824 1	269,524	(3,699)	99%
Total	**315,380**	**312,825**	**2,557**	**101%**	**613,751**	**640,374**	**(26,621)**	**96%**

Notes: Margin is the fees + mark-up earned in the period while efficiency is the billable value of all time spent on the client. % Efficienct is calculated as follows: Margin/Efficiency.

Ideally each client will be at least 100% efficient meaning the billable value of all time has been recovered from the client. Note that the agency billable rate would include the expected margin per hour.

Therefore, if the margin > or equal to the efficiency, you can conclude that the client is profitable at the expected profit margin. If the margin < the efficiency, then some time has been written off.

In this scenario, the Client is not profitable at the expected profit margin.

On a monthly basis, you might see larger variances between Margin and Efficiency but on a YTD basis, these variances should be lower.

In this example, you can see that the agency has a mix of highly profitable clients and some clients who are not operating optimally (anything below 90% isn't optimal).

You can also see the relative size of each client (two large clients in XBox and Starbucks). Given that the efficiency of Starbucks is good at 99%, it is both this agency's largest client while also contributing the largest profit **(1)**. MilkUp is the most profitable client at 275%, however, the profit that it contributes is small in the grand scheme of things given it makes up less than 4% of Margin **(2)**.