

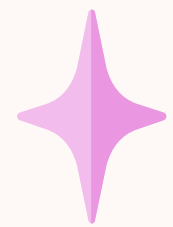
**AGENCY
TIME TRACKING
BENCHMARKS
REPORT 2023**



Summary

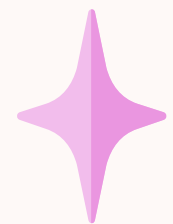
We looked at anonymized data of 353 knowledge-based service agencies to understand how they spend their time. This report is based on the aggregate time tracked by these agencies in 2022 using Toggl Track.

Key insights include:



Agencies leave money on the table by not tracking billable hours accurately.

Billable utilization was 2% lower than in 2021. This is equivalent to 20 billable hours lost per employee annually. Or, in monetary terms, \$60,000 lost revenue in a 20-person agency at an average employee cost of \$150 per hour.



As your agency grows, it's critical to establish clear processes and train employees to track time accurately.

On average, mid-sized agencies (21 to 50 employees) tracked 30 fewer hours during the year than other agencies. That's a lost profit of \$30,000 to \$125,000 annually, depending on the number of employees.



Consulting firms can rake it in by improving their billable utilization.

On average, consulting firms clocked 21,560 billable hours during the year. However, their billable utilization was only 51%. By improving their billable utilization to an average of 55%, they stand to gain an additional \$130,000 annually.

Over the following few pages of this report, you'll find the latest time tracking and utilization trends.



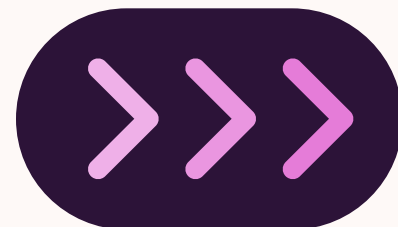
Data and Methodology

This report uses real, anonymized, and aggregate time tracking data from 353 knowledge-based services agencies. The data is from 2022.

We chose agencies that tracked a minimum of 70% of their available employee time, i.e., an average of 1456 hours of tracked time per employee. We assume an employee is available 2080 hours a year (52 weeks x 40 hours).

Finally, we used a data-enrichment tool to look up the industry and location of these companies.

Here's the number of agencies by team size, industry, and location.



Industry Data

Industry	# of Agencies
Advertising	9
Architecture	9
Consulting	64
Design	2
Human Resources	1
Legal	2
Media	8
Software	91
Other*	167

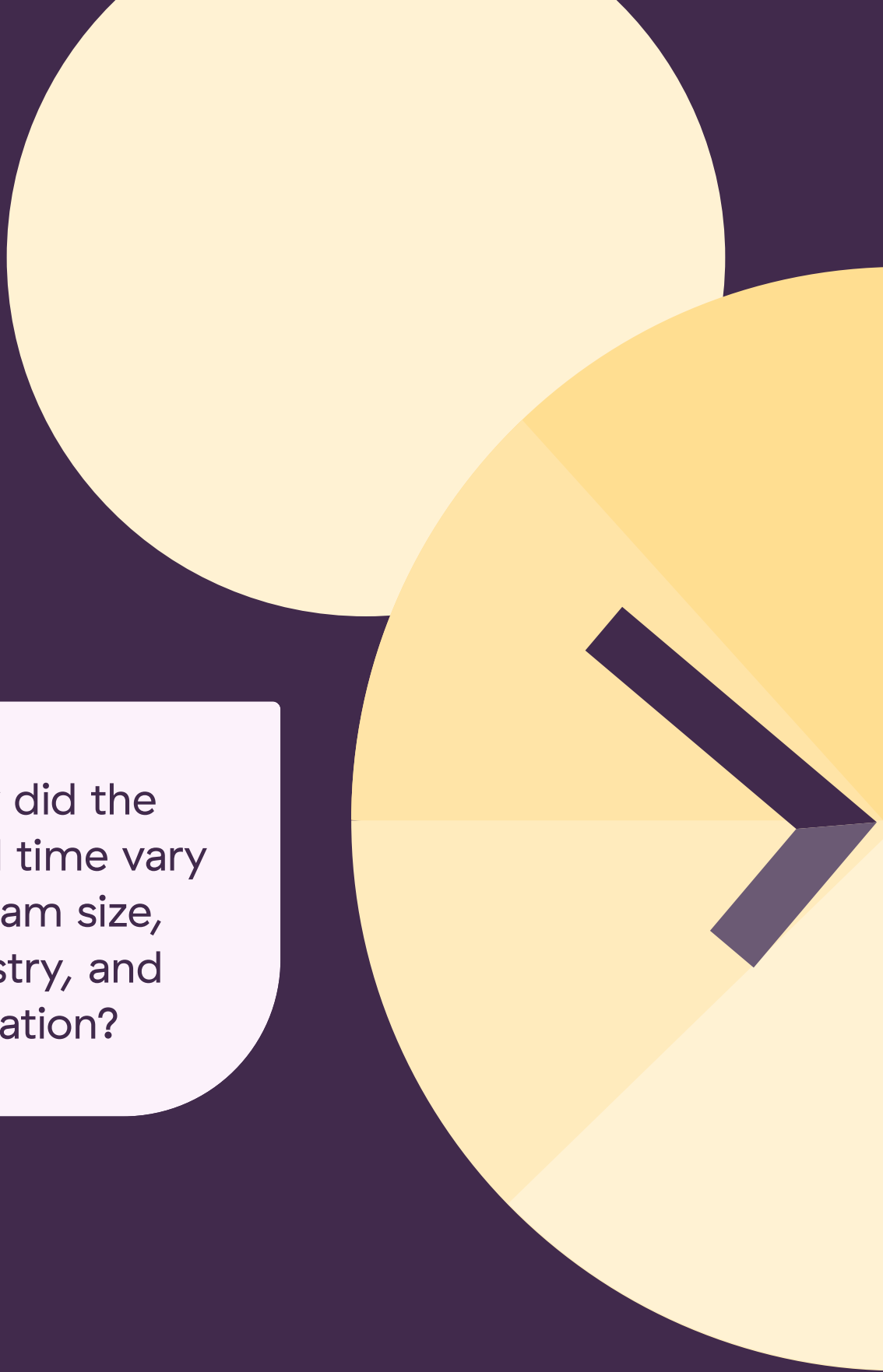
*Agencies whose industry could not be determined

Team Size Data

Team Size	No. of Agencies
2 to 5	98
6 to 10	87
11 to 20	86
21 to 50	54
50+	28

Location Data

Location	No. of Agencies
Africa	98
Asia	87
Europe	86
N. America	54
Oceania	28
S. America	7



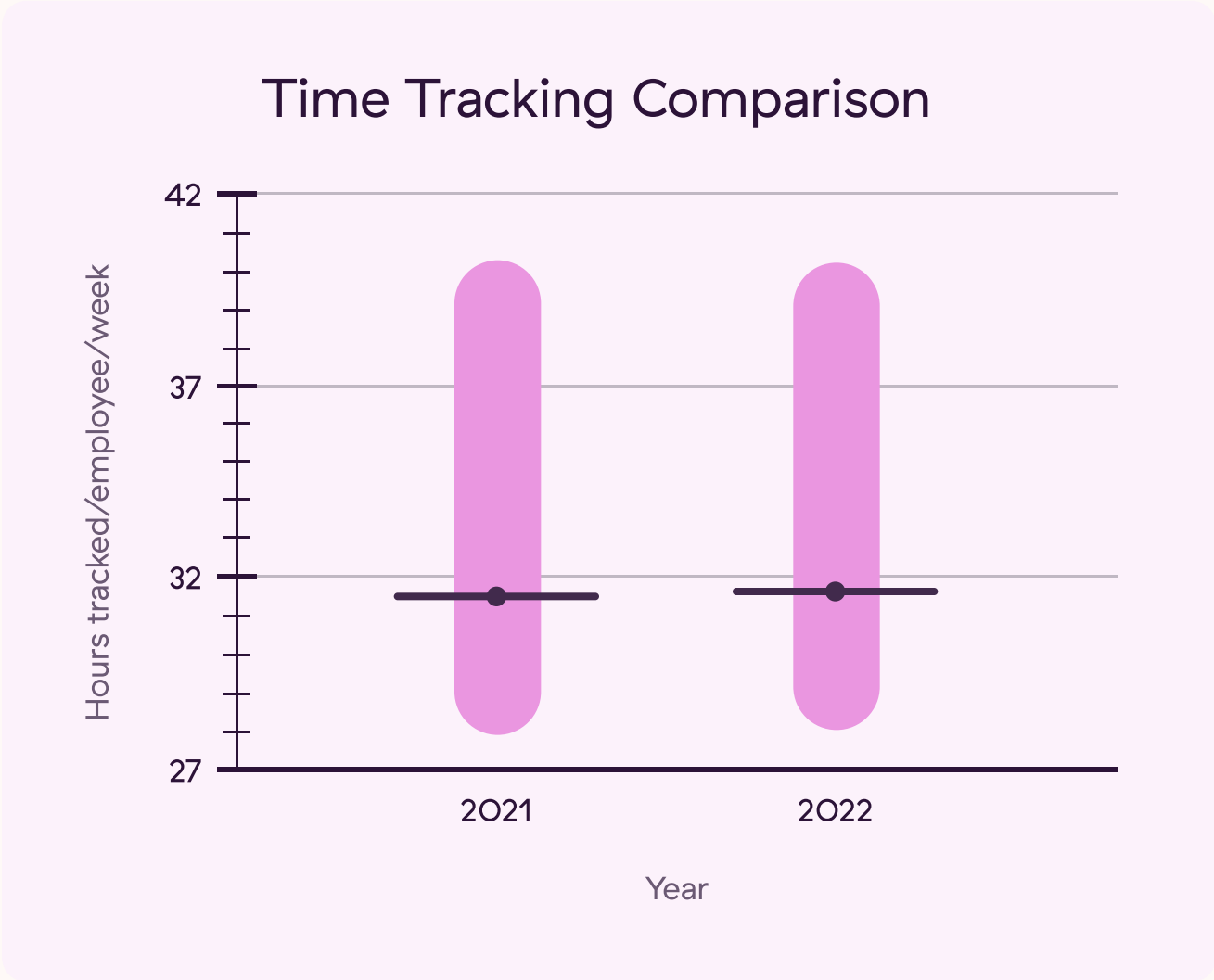
Did companies track more/less time in 2022?

How did the tracked time vary by team size, industry, and location?

TIME TRACKING

Marginal increase in the number of tracked hours

On average, employees in service agencies tracked 31 hours and 44 minutes per week. This was 9 minutes more than in 2021.

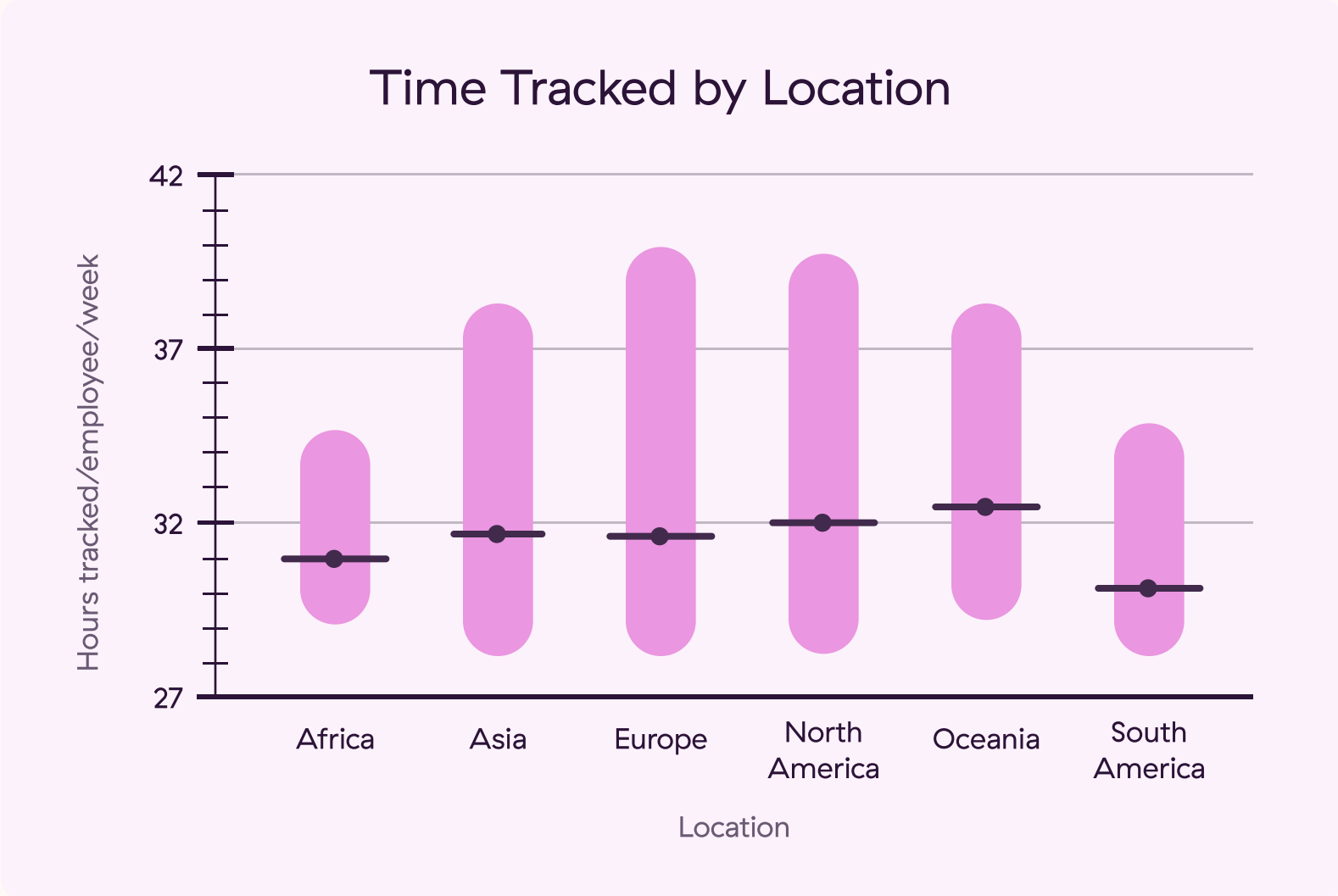


Min to max Average

Pacific agencies tracked the most time

Australian and Oceania-based agencies tracked the most time, averaging 32 hours and 30 minutes.

On the other hand, Latin American agencies tracked the least at 30 hours and 14 minutes.



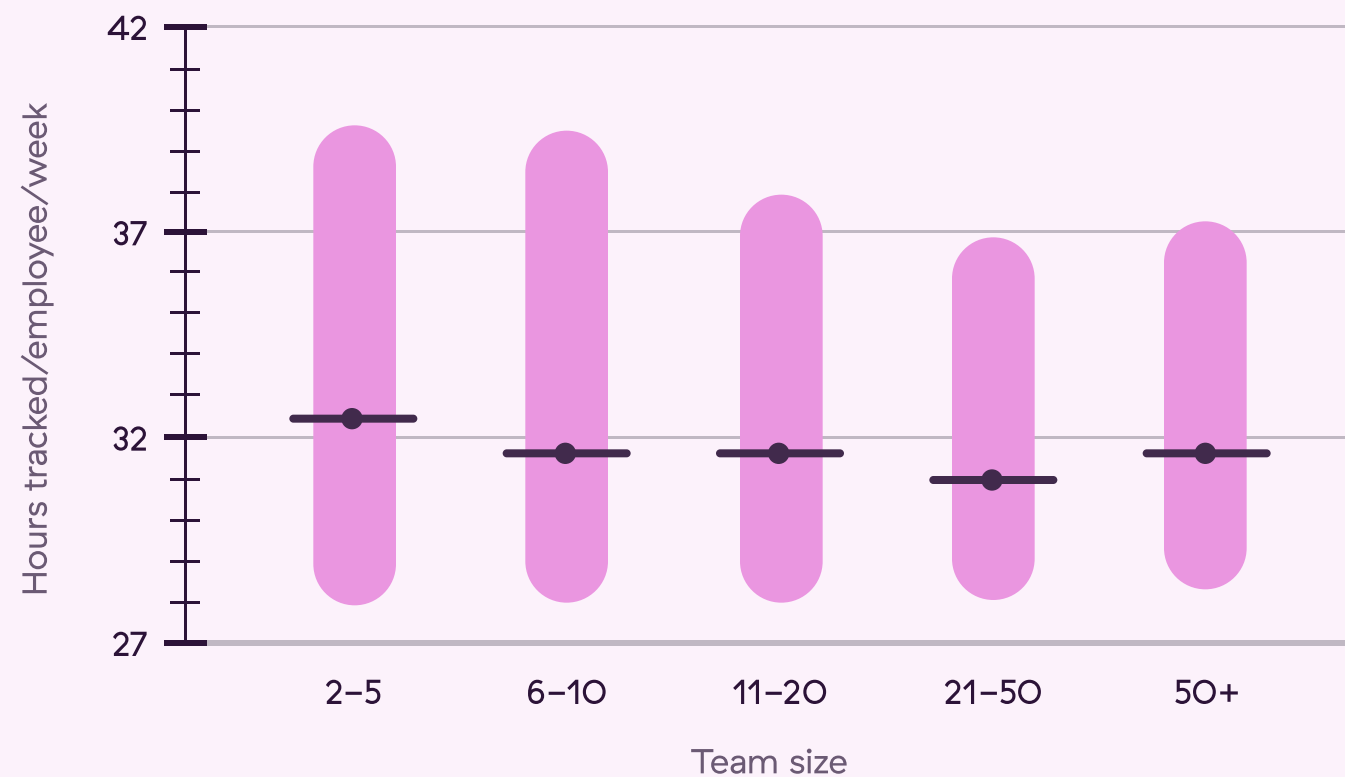
Min to max Average

Small agencies tracked marginally more time than others

Agencies with 2–5 employees tracked the most time with an average of 32 hours and 31 minutes per week.

Interestingly, as the agency size increased, the number of tracked hours went down before improving again for large agencies with 50+ employees.

Time Tracked by Team Size



Min to max Average

In smaller companies, it's easier to manage compliance because everyone's invested, and there are fewer people to manage.

And then as you start to scale, especially into the 10 to 50 employees level, you tend to see compliance go down because the team's getting bigger. **But they're not getting sophisticated.**

And to grow past 50 employees, there has to be a very intentional reintroduction of standard processes.

Marcel Petitpas
CEO & Co-Founder,
Parakeeto



Is your team struggling to track time?

Here are three simple but actionable tips to get your team to track time (and succeed):

Explain the benefits.

Show them how time tracking can improve productivity, help manage work better, and lead to less overtime. Explain how it benefits the agency by improving client billing, project management, and resource planning.

Provide training.

Not everyone knows how to track time effectively. Provide training and resources for further reference. The more comfortable your employees are with the tool, the more likely they'll use it consistently.

Invest in easy-to-use software.

Intuitive time tracking software minimizes the learning curve for your team. Ensure it has multiple ways to track time — web app, browser extension, and mobile apps — so that everyone on your team can track time, wherever they are.

How to communicate the value of time tracking to your team?

Simply connect time tracking with company and individual goals.

For example: If time tracking affects revenue, connect the tracked time with your company's financials and how those, in turn, affect employees (higher wages, better benefits, new initiatives, etc.)

Similarly, if you're trying to manage burnout, build a time tracking dashboard to visualize your team's workload and identify employees in the danger zone.

Or, if you want to hire new people, time tracking data can help you identify the skills you need to hire for, along with the amount of work that needs to get done.

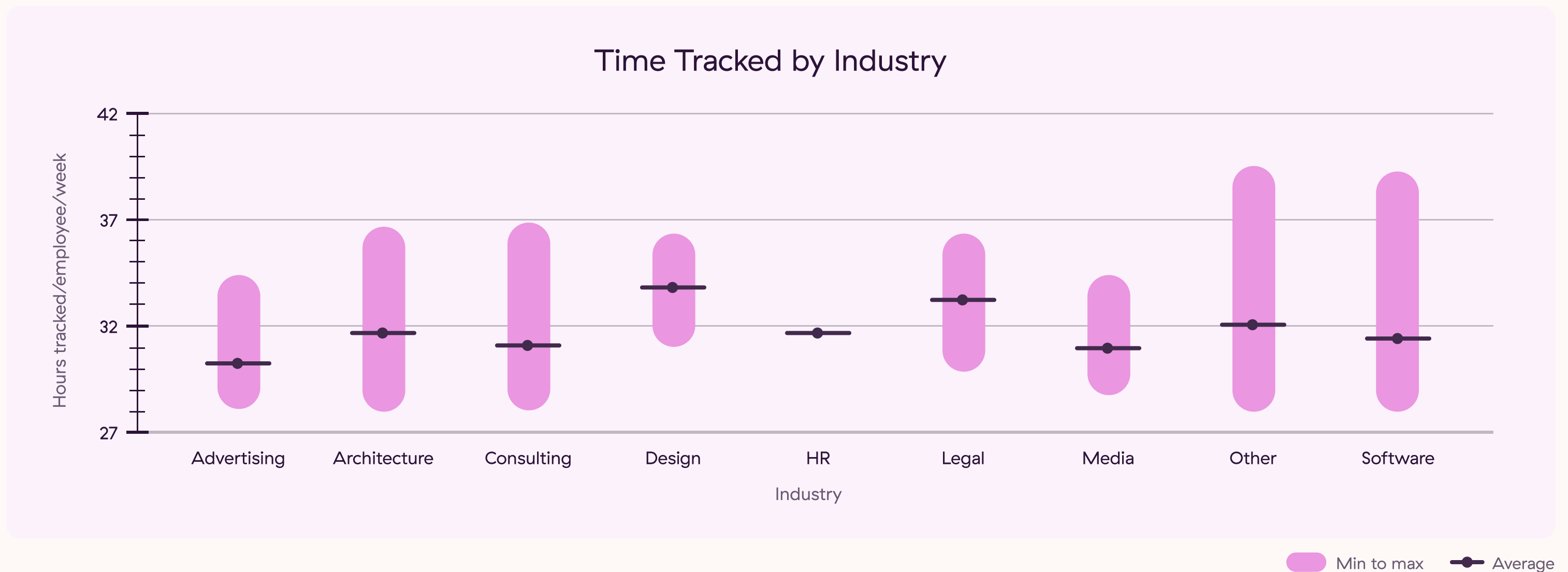


Rachel Gertz
CEO, Louder Than Ten

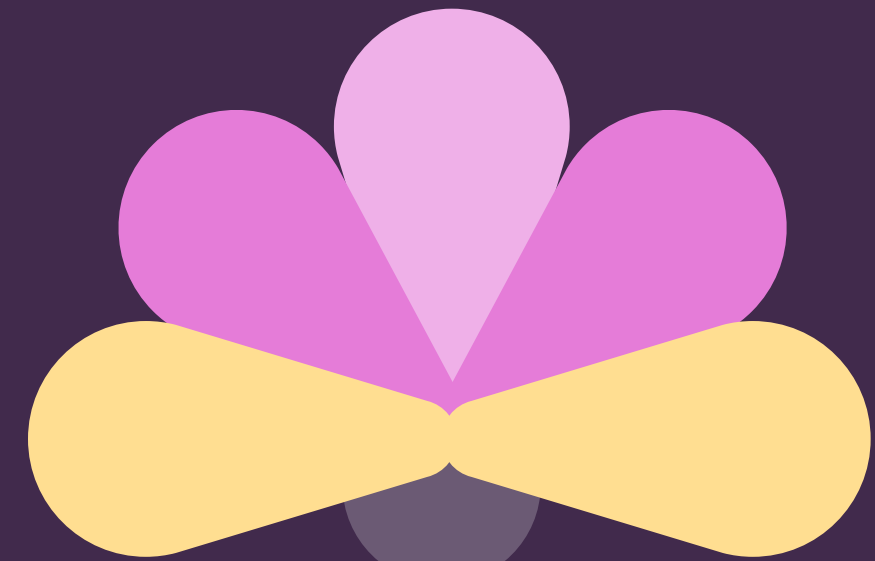
Design and legal firms tracked the most time

Where design agency employees tracked almost 34 hours a week. Legal firms tracked 33 hours and 20 minutes per employee per week.

Advertising agency employees tracked the lowest average time of 30 hours and 41 minutes per week.



BILLABLE UTILIZATION



NOTE

Billable utilization = Billable hours ÷ Total available hours

where...

Billable hours =
Hours marked as billable
within Toggl Track

Total available hours =
52 weeks x 40 hours =
2080 hours per employee

How did agencies utilize their employees in 2022?

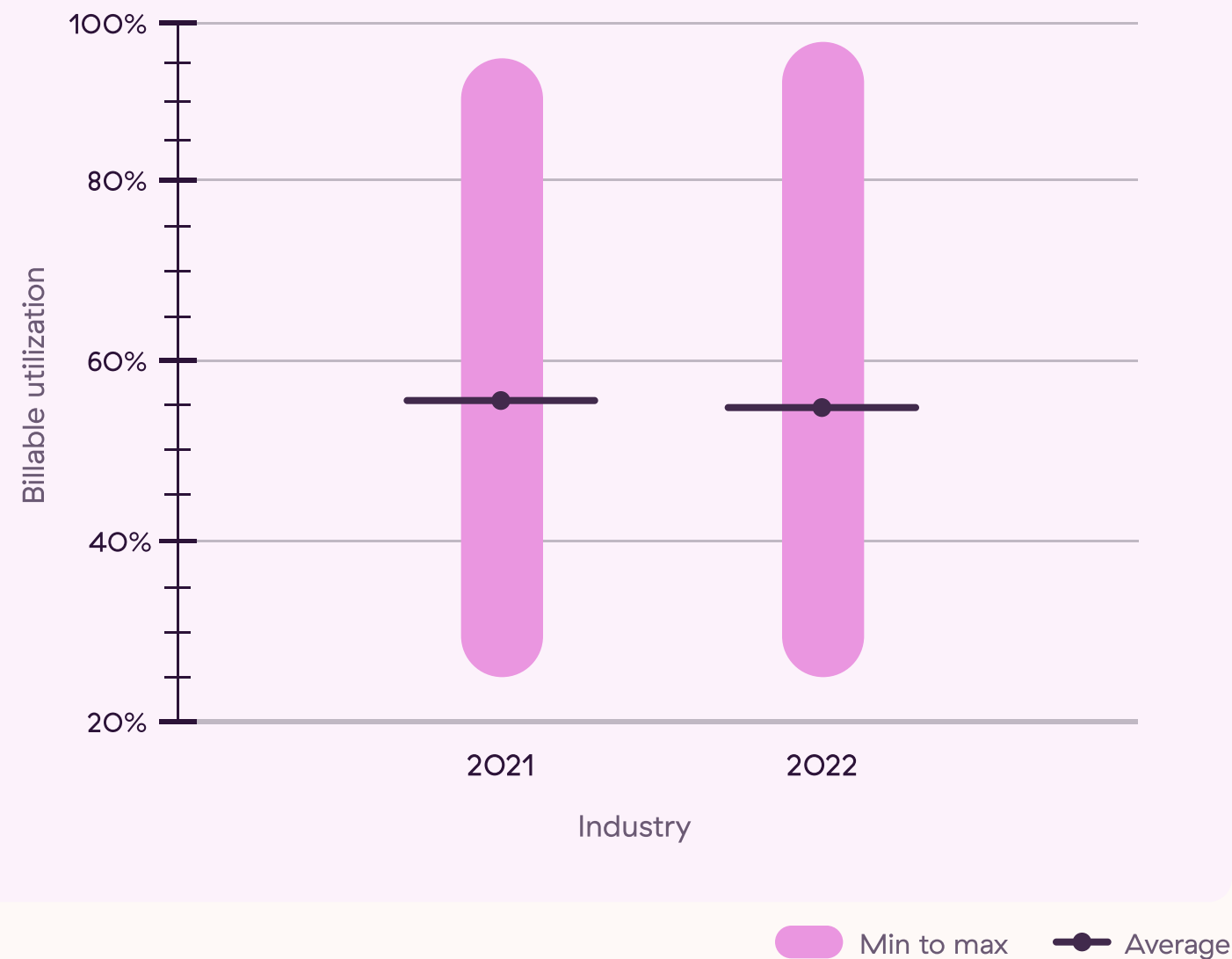
How did billable utilization vary by team size, industry, and location?

Billable utilization declined by 2%

The average billable utilization in 2022 was 54.86%. This was almost 2% less compared to the

billable utilization in 2021. This translates to an average of 20 billable hours lost per employee.

Billable Utilization Comparison



This is one of the biggest problems with growing agencies: **Assumptions.**

1. We assume that people are actually working.
2. We assume people are working on what they should be working on.
3. We assume our clients know for how long we're working on certain tasks that are important to them.

That's a lot of guesswork, and somewhere between these assumptions, another big problem arises: **Utilization.**

However, when you're scaling, your operations must be grounded in reality, not assumptions.

Time tracking helps you do exactly this. Base your growth on the reality you need to grow profitably and sustainably.

Because not knowing whether people work, whether they work on what they should work on, and whether your clients know what your team is working on and for how long, is the fastest way to trim your profits and stall your growth.

George Chasiotis
Managing Director,
Minuttia

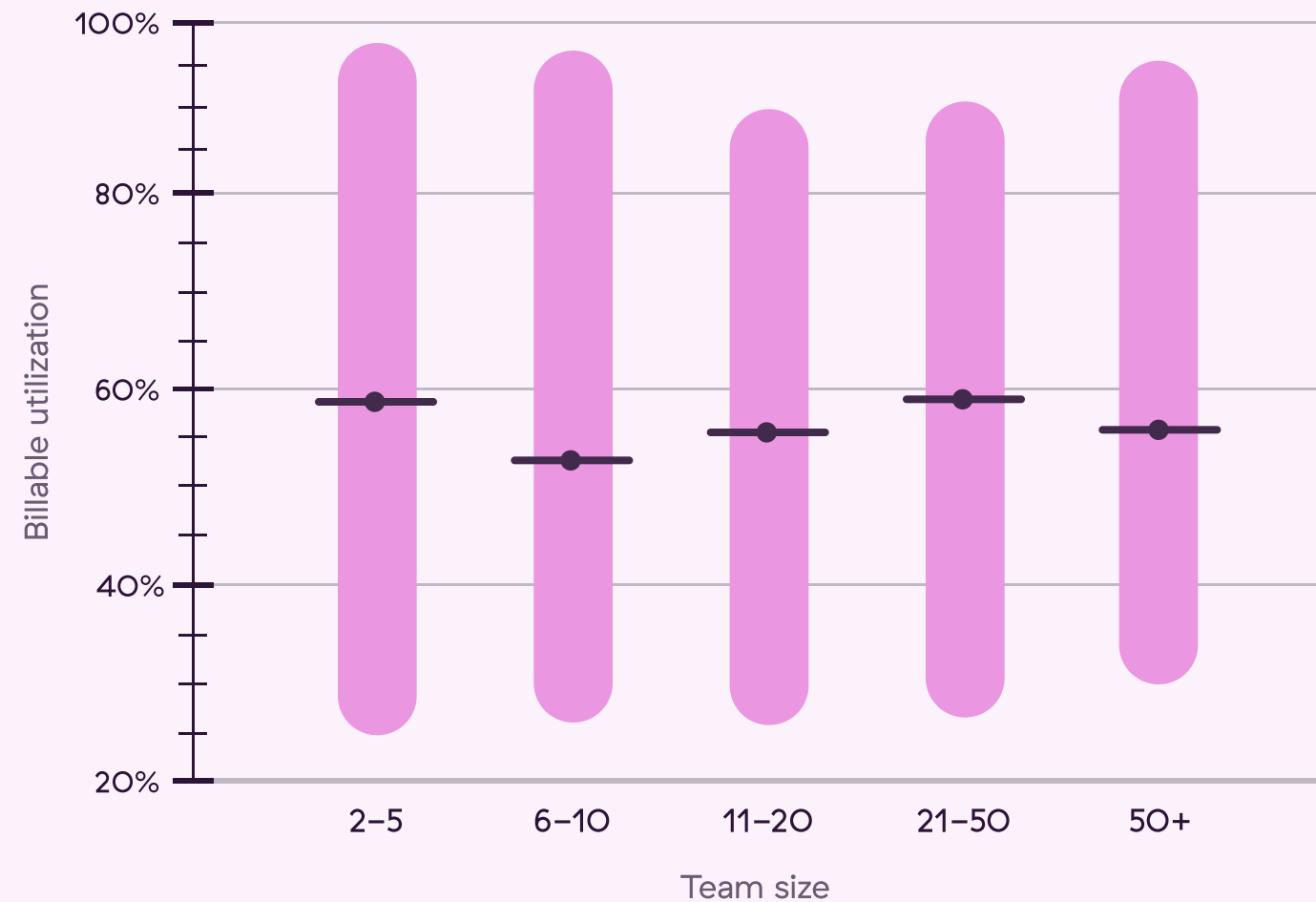


Billable utilization was close to 60%

However, service agencies that grew beyond the founding team (6 to 10 employees) struggled.

Their average billable utilization was 53.35%.

Billable Utilization by Team Size



Min to max Average

This is not surprising.

Generally, utilization is very high for small agencies. Pretty much everyone, including the founders, is doing client work.

Growing from 6 to 10 is a bit of a grind. This is when agencies make their first hires that are not directly related to client work, or a founder is trying to pull out of client work.

Then it starts to climb back up for mid-sized teams as you hire more employees for client work.

And finally, at 50+, you install another layer of management. So billable utilization comes down again.

Marcel Petitpas

CEO & Co-Founder,
Parakeeto



Is your agency struggling with billable utilization?

Poor billable utilization affects your bottom line and project profit margins. Here are three simple but effective tips to help you improve billable utilization.

Set utilization goals.

Set clear expectations about billable utilization from your project teams. Communicate these goals, regularly review them, and provide feedback and recognition to teams that meet or exceed them.

Track time accurately.

To maximize billable time, you must first understand how your project team spends its time. Encourage team members to accurately track their time on all project tasks, including administrative tasks.

Streamline processes.

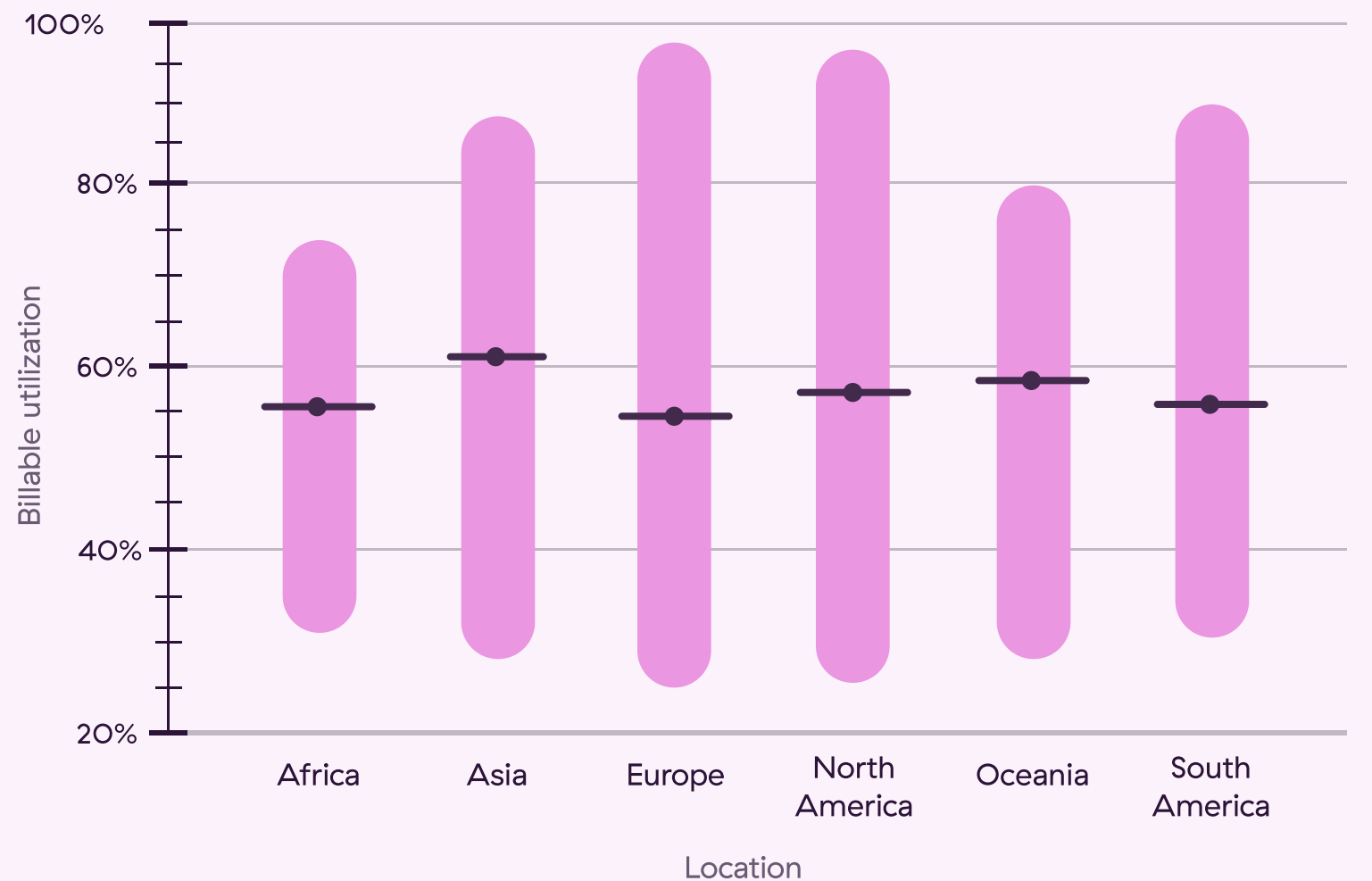
Find administrative tasks that eat into your billable time. Look for opportunities to standardize or automate routine tasks. Cut down on meetings. Instead, build asynchronous communication habits.

Asian agencies achieved the best billable utilization rate

Service providers in Asia demonstrated the highest billable utilization rate at 61.70%.

In contrast, European agencies had the worst billable utilization at 54.89%.

Billable Utilization by Location

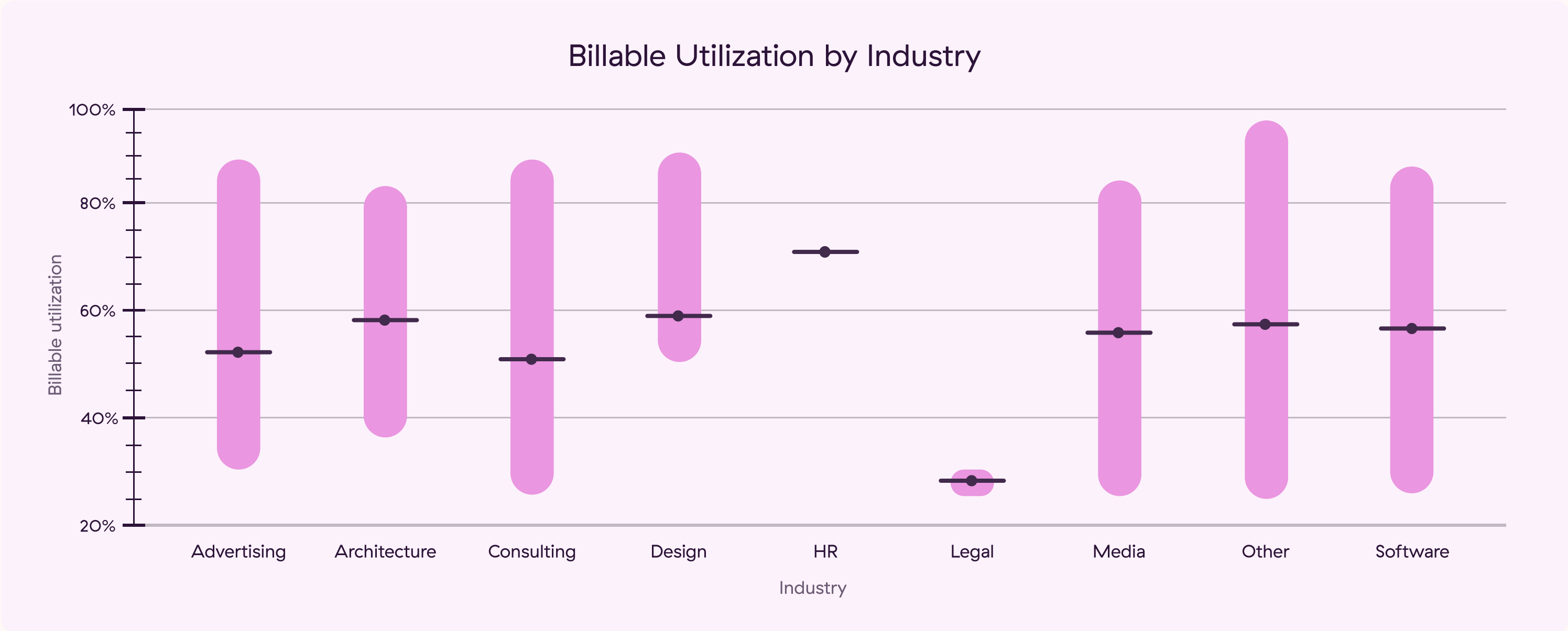


Min to max Average

Design agencies achieved the best billable utilization

At an average of above 70%, design agencies and the only HR services provider managed the best billable utilization rate.

On the other hand, legal firms had the lowest of 29.05% billable utilization.



CLIENTS

How many clients did service companies work within 2022?

How did the number of clients vary by team size, industry, and location?

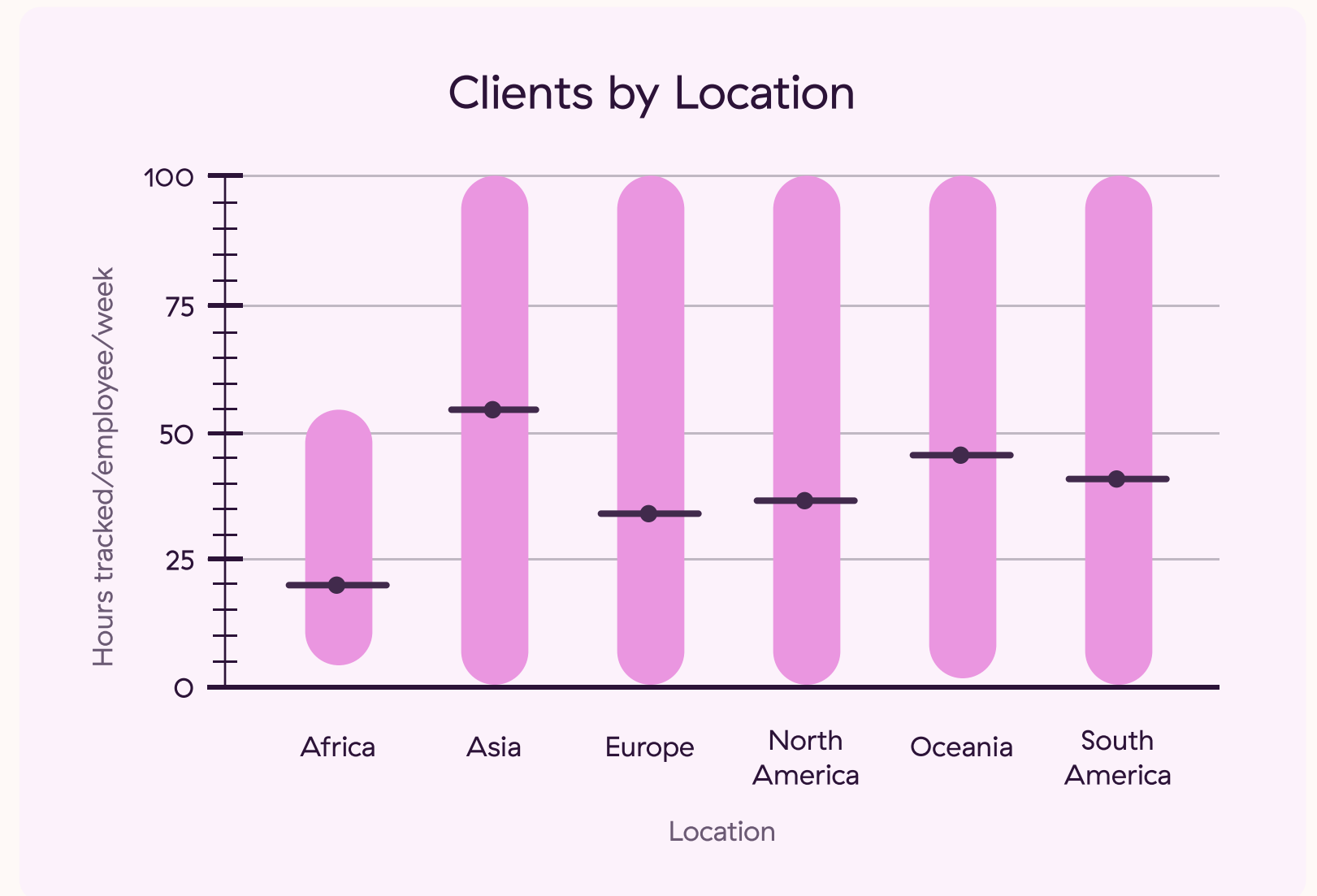
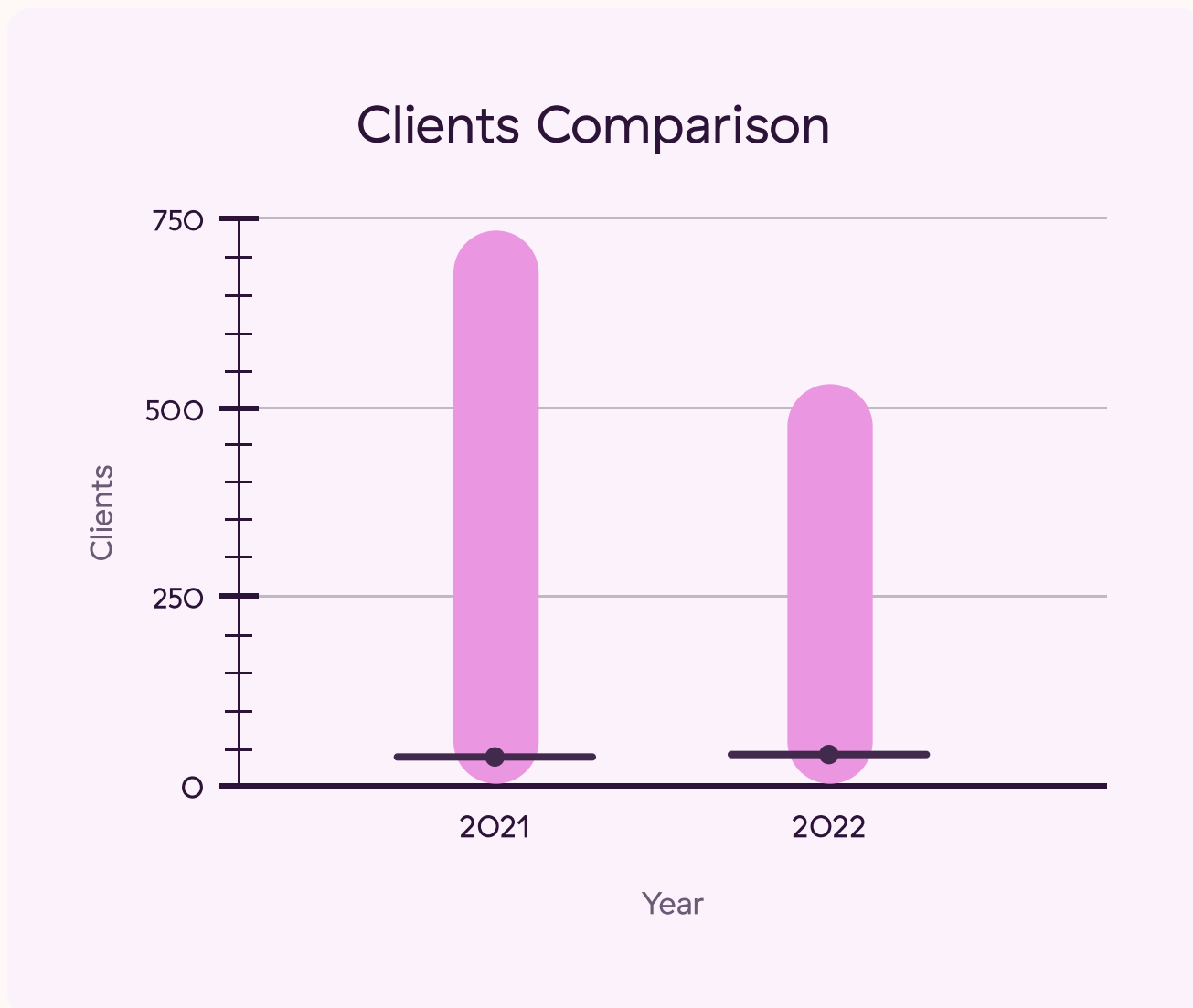
On average, companies worked with 42 clients throughout the year.

This was one more client compared to 2021. A few consulting companies were outliers, resulting in a significant spike in the chart.

Asian service agencies worked with the most clients

Asian companies took the lead in client engagement with an impressive 55 clients. In contrast, African agencies worked with only

19 clients on average. North American and European agencies worked with 37 and 34 clients on average, respectively.

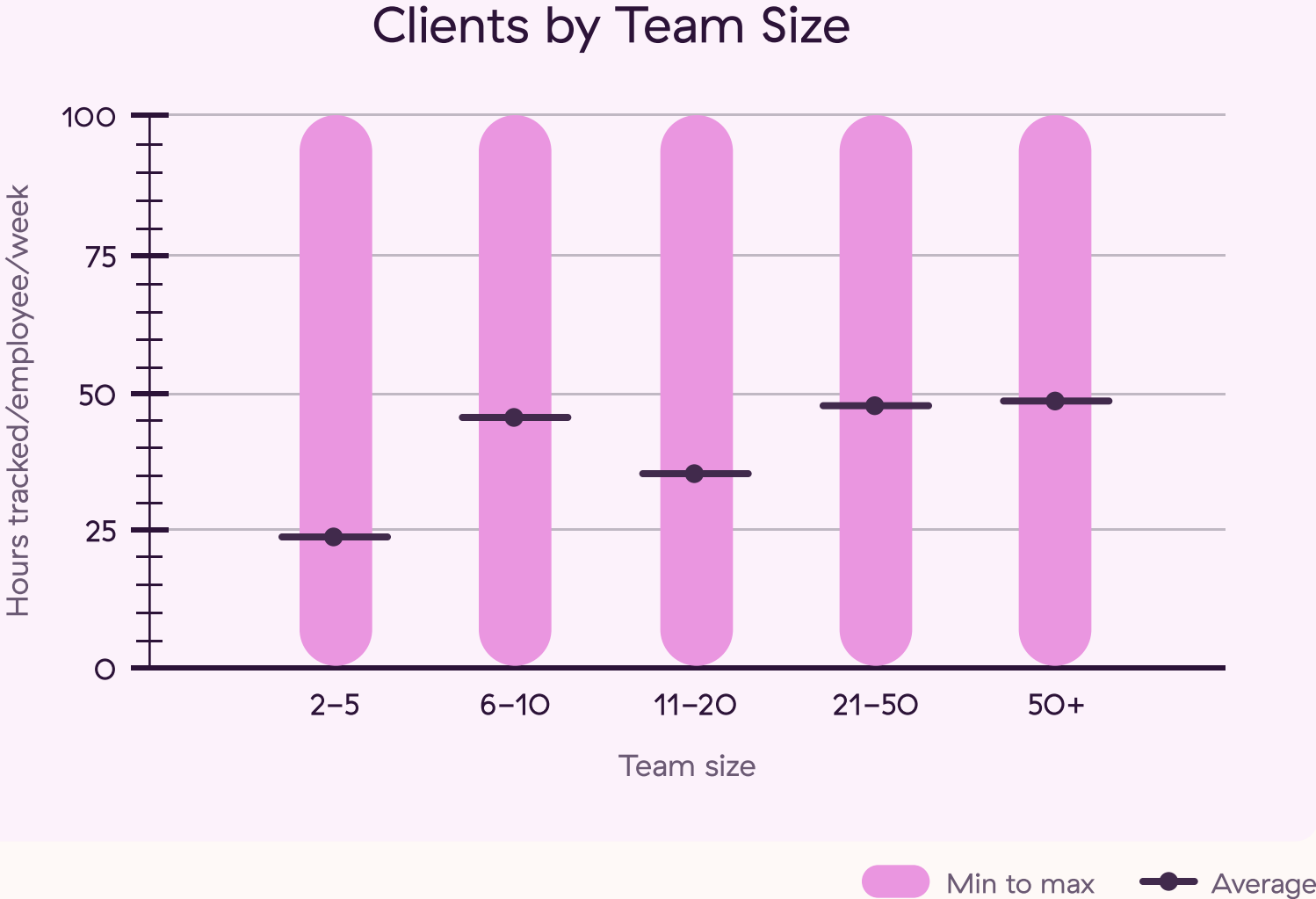


Min to max Average

Min to max Average

Large agencies worked with the most clients

Large agencies (50+ employees) worked with 52 clients. In contrast, small agencies (2-5 employees) worked with an average of 24 clients in 2022.



How to get more work from existing clients?

Selling to an existing client is faster and cheaper than to someone completely new. Here are three actionable tips for leveraging your existing client relationships to generate more business:

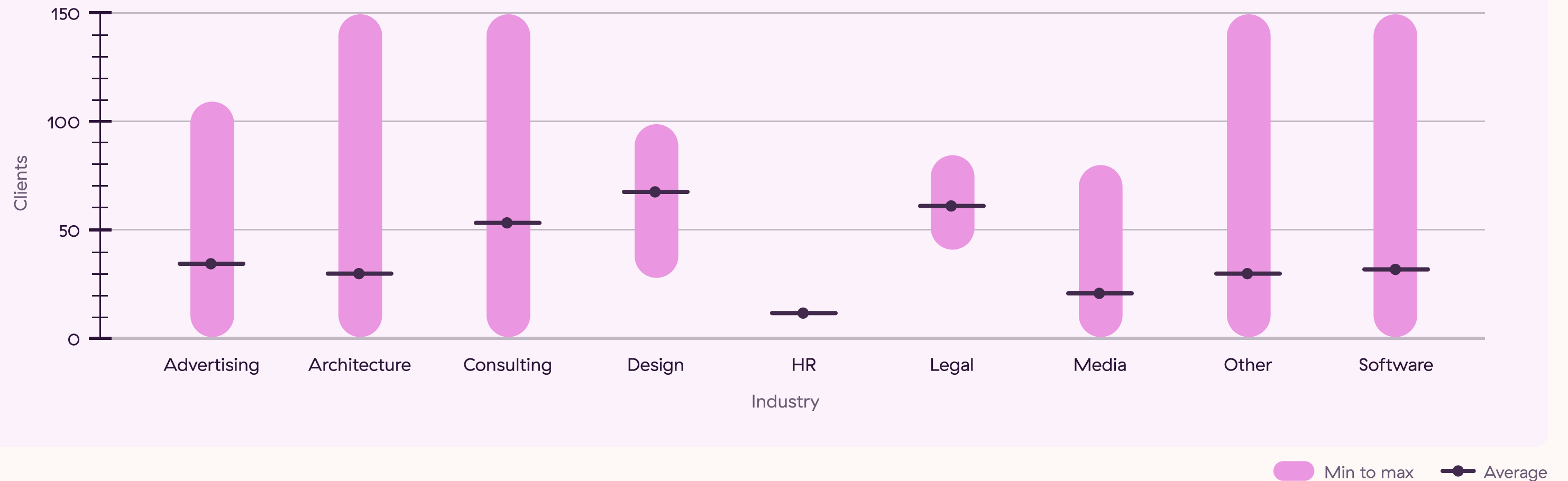
- Check-in and review regularly.**
Regularly review the work you're doing for them. This helps maintain high standards and creates opportunities to discuss new ideas or potential expansion areas.
- Understand their business.**
Talk to your clients about their ongoing and future needs. Ask about their plans, challenges, and objectives. This way, you can offer timely solutions that align with their goals.
- Educate clients.**
Share insights, trends, and potential opportunities about the broader industry landscape. Position yourself as a trusted advisor and make clients more likely to come to you for further projects.

Design agencies worked with most clients

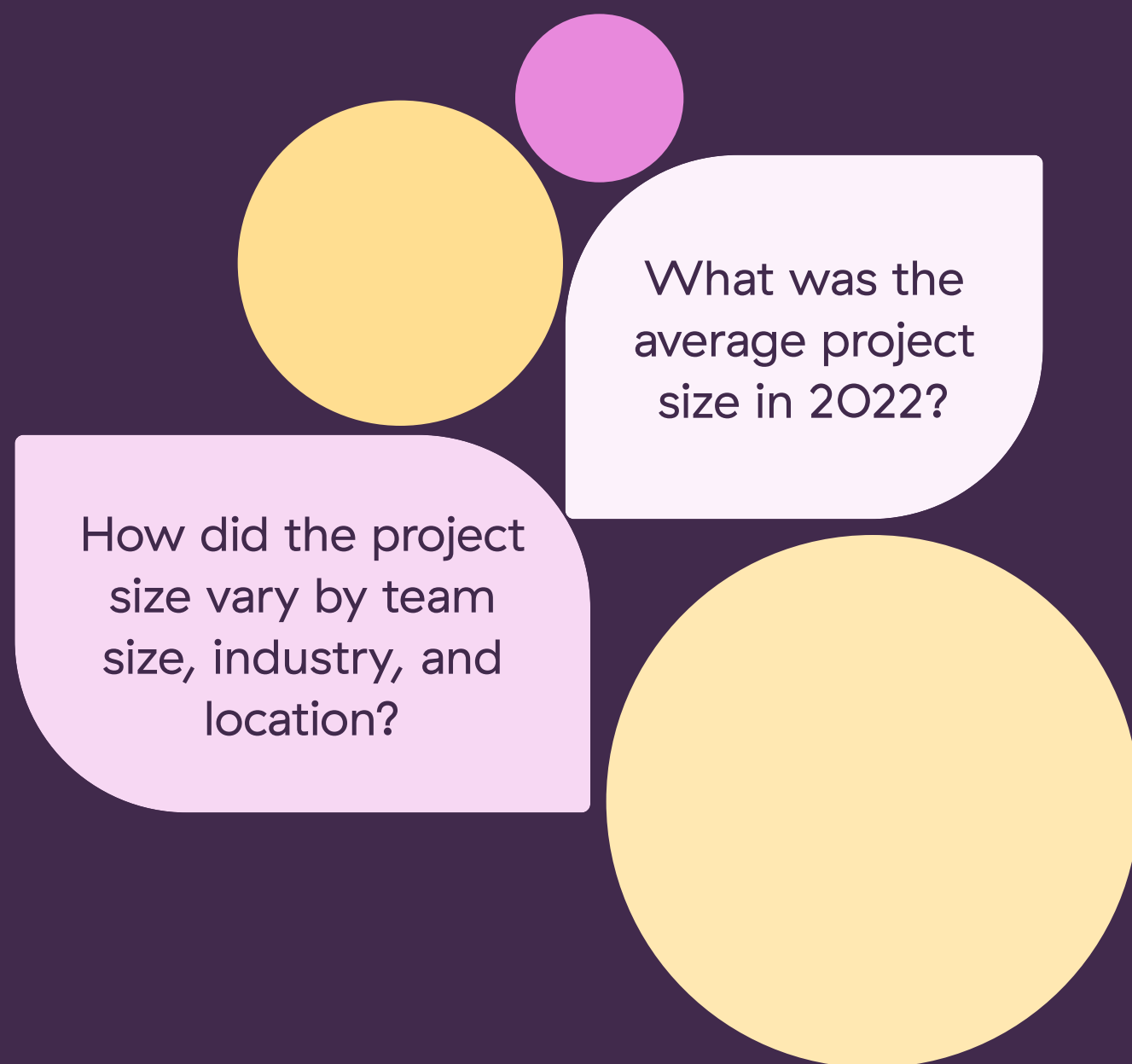
Design agencies led client engagement, working with an average of 66 clients during the year.

On the other end, the sole HR services company worked with 13 clients, while Media companies worked with 24 clients on average.

Clients by Industry



PROJECT SIZE

A decorative graphic on the right side of the page. It features several overlapping circles in shades of yellow, pink, and purple. Two white speech bubbles with rounded corners are positioned among the circles. The top-right bubble contains the text 'What was the average project size in 2022?'. The middle-left bubble contains the text 'How did the project size vary by team size, industry, and location?'.

How did the project size vary by team size, industry, and location?

What was the average project size in 2022?

Small vs. Large Projects: What's the right project size for your agency?

The right project size for your agency depends on several factors, including cash flow, appetite for financial risks, available team resources, your industry, etc.

Here's a quick comparison of factors to choose the right project size:

Factor	Small Projects	Large Projects
Turnaround time	Fast delivery, quick results for clients, and immediate revenue for your agency	Typically need more time
Financial risk	Low risk	Your resources are tied up with a single client for a longer term
Revenue	Typically less lucrative	Typically more profitable as you cut down on selling to and onboarding multiple clients
Complexity and expertise	Generally less complex	Greater in complexity, requiring more expertise
Management	Need less planning and management	Need meticulous planning and long-term resource management

Average project size increased by a person week

The average project size in 2021 was eight person weeks. In 2022, this increased to an average of nine person weeks.

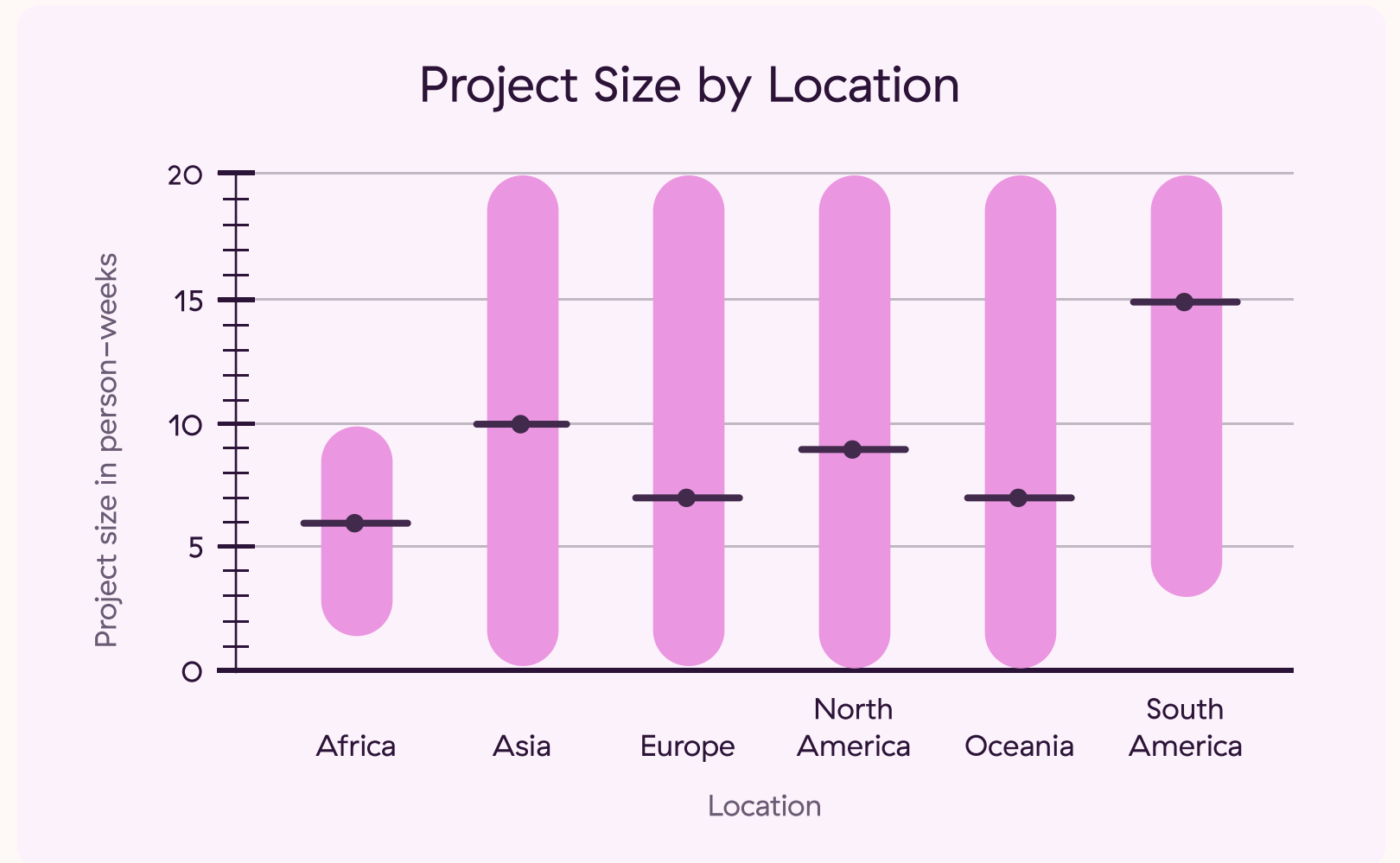


Min to max Average

Latin American agencies worked on bigger projects

Latin American agencies had an average project size of 15 person weeks, while African agencies typically handled the smallest projects with an average duration of 6 person weeks.

Interestingly, North American service providers were involved in both the smallest project, which took two person hours, and the largest project, which took 182 person weeks to complete.



Min to max Average

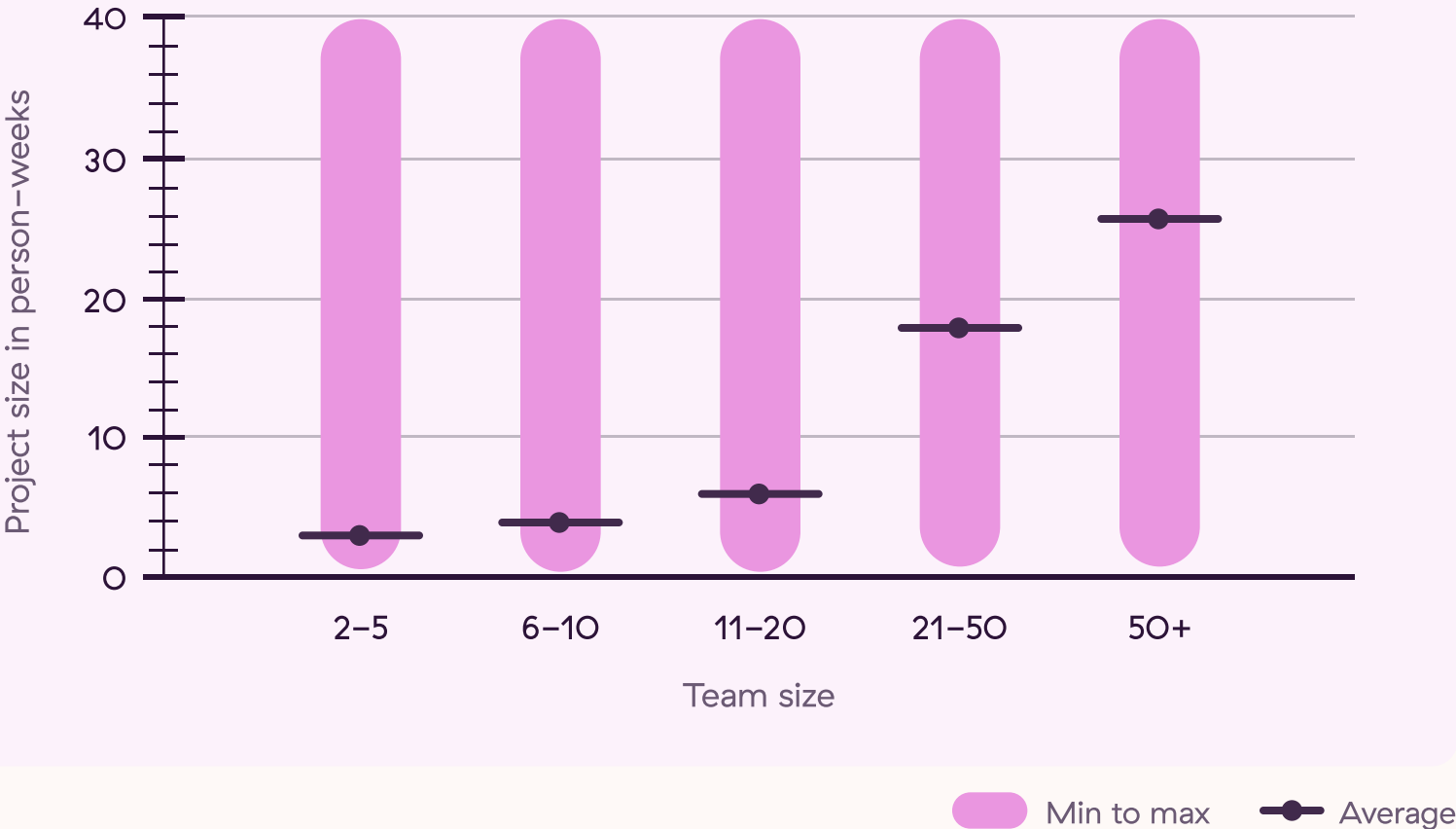
Larger companies bagged bigger projects

Large companies with 50+ employees worked on projects with an average size of 26 person weeks. In contrast, small companies with 2-5 employees

typically handled smaller projects requiring three person weeks.

The smallest project was two person hours, while the largest accounted for 182 person weeks.

Project Size by Team Size



Large agencies work with both bigger and more clients. But to grow into a larger agency, you must be consistently profitable.

Aim for a 20-30% net profit margin, across the entire agency.

If you're not achieving that, you have a profit leak — which could be from various factors. Chances are, you're losing billable time in hours each week and not a few minutes or seconds.

Start tracking to find where your team spends time so that you can get your profit margins back on track.



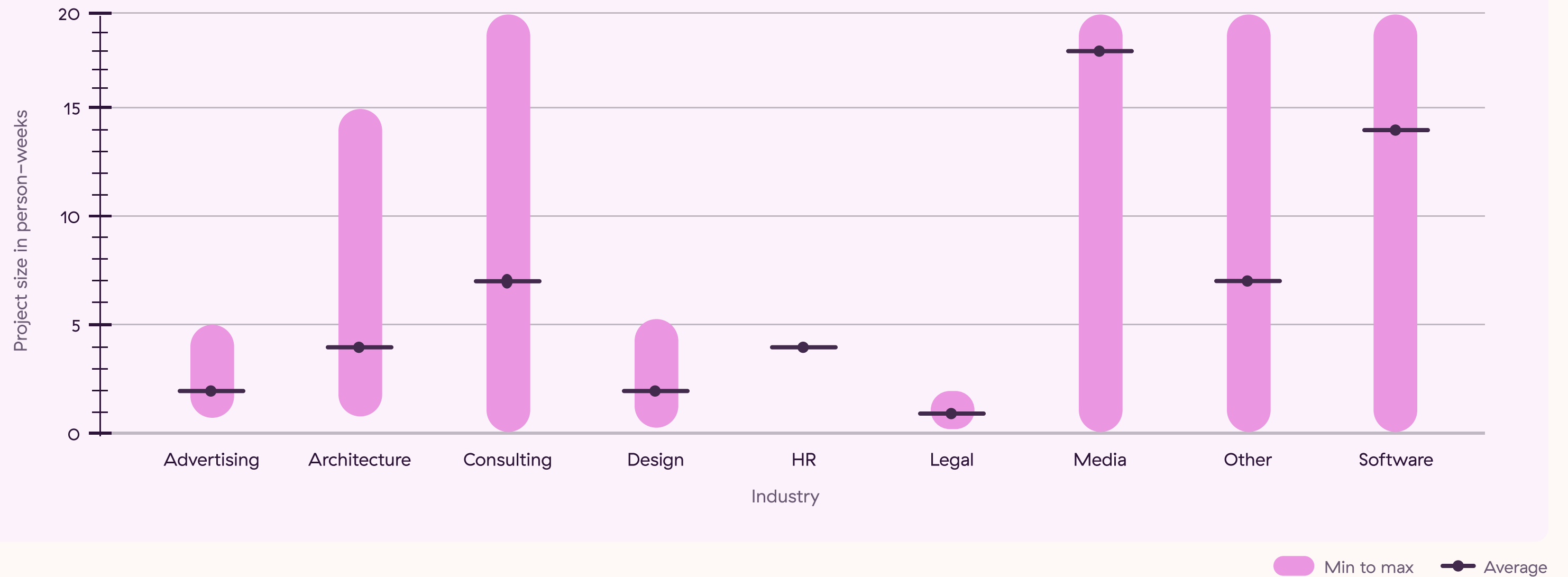
Karl Sakas
Agency Advisor,
Sakas & Company

Media agencies undertook the largest projects

Media companies worked on projects with an average size of 18 person weeks. In contrast, advertising and

design agencies tackled smaller projects that typically required two person weeks to complete.

Project by Industry



About Toggl Track

Toggl Track is a time tracking software that helps knowledge-based service companies improve project profitability by...

- ✦ Billing clients accurately
- ✦ Processing employee and contractor payrolls accurately
- ✦ Boosting team productivity

It comes with simple time tracking, project forecasts, labor/billable rates management, exportable reports, and time tracking audits.

Together with Toggl Plan — a project and resource planning tool — Toggl Track is the perfect partner for your project management tool, whether it's Asana, ClickUp, Jira, Notion, Trello, and more.

[Learn more >>>](#)



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