

## Profit? It's all in the bag

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Creative types aren't renowned for their ability to crunch numbers but even the most passionate artists come to the point where they can no longer survive on an accounting system in a shoebox.

Several years ago, Melbourne web and graphic design house Square Circle Triangle came to the realisation that just because you're busy doesn't mean you're profitable and directors Paul Wilson and Brad Smith decided to overhaul the way they managed their business.

"The design industry in general is awash with people doing it for the passion, rather than necessarily for the business of it. The passion is great but many are not focused on their business outcome or their clients' business outcome. The industry as a whole is quite immature in the business sense," Mr Smith says.

"Several years ago we made the decision to work smarter instead of harder. We had a very mature creative methodology, we had a very mature technical methodology and it was time to develop a mature business methodology."

They came across Australian-developed JobBag, a business management software package integrating costing, work-flow management, cashbook accounting and a full general ledger.

Designed for service-based businesses, JobBag allows users to track every element of a job from the initial quote to the final payment. It tracks every process and every employee's role to build an accurate picture of the total costs of a job. Aimed at the creative industry, JobBag runs on both Mac and Windows.

"We had been using a FileMaker system we developed ourselves but as we grew we were finding the complexity of the system also grew, particularly as it had a general ledger attached to it," Mr Wilson says. "When we ran our first reports in JobBag we discovered that for 90 per cent of jobs we had not billed for all the hours invested."

The insight JobBag provided into the business made it clear that web-based projects were more profitable for Square Circle Triangle.

"Our billings last year were probably down 20 per cent but our overall gross profit was up 15 per cent. JobBag helped us see that with print-based projects we were taking on a lot of external costs, whereas with web-based projects we were mostly using internal resources.

"When we're not worrying about money we can better devote our brains to providing good creative business solutions for our clients."

While the creative industry may be adverse to doing things by the numbers, JobBag can help businesses "plug leaks in the profitability bucket" according to its director Daniel Weinstein.

"The five most common leaks are over-servicing the client, client corrections or changes exceeding

reasonableness, ad hoc-mark-ups, not adequately monitoring the real cost of providing the service and inadequate tracking of chargeable expenses," Mr Weinstein says.

"For a number of our clients, once they got their data into JobBag they could see their glamour clients that they brag about are actually costing them money to keep." Mr Weinstein and fellow JobBag director David Blaymires introduced a consulting process as part of the JobBag service - teaching clients how to identify the key drivers in their business.

"What are the key drivers in your business? Who are the key people and what do you need to get out of them? How effective do you need these people to be? When we take businesses through this as part of the set-up process some people realise it's the first time they have actually understood why they need to do what they do," Mr Blaymires says.

"JobBag also serves as a form of corporate memory, allowing businesses to get important information out of people's heads and into a system. What happens if someone is away sick, or gets hit by the Number 13 bus? JobBag lets you see how your business actually works."

### **Next Lessons**

**Problem:** Graphic design house Square Circle Triangle realised it had little insight into how the business was run and whether it was billing clients the right amount.

**Process:** It bought a business management software package integrating costing, work-flow management, cashbook accounting and a full general ledger.

**Possibilities:** The company can now identify the "glamour clients" that are costing them money rather than bringing in profit.

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