STEP-BY-STEP GUIDE: LABOR COSTS WITH QUICKBOOKS ONLINE AND CLOCKSHARK

Learn the Best, Fastest, and Easiest Way to Track Your Labor Costs

INTRODUCTION

QuickBooks® has been around for decades, helping businesses manage their accounting and payroll processes with ease. Today, there is QuickBooks online: A convenient way for companies to keep track of expenses and income in a way that keeps everything neat and tidy, in one place.

The cloud-based version of QuickBooks® is designed to provide excellent reporting options within the accounting application and is suitable for small- to mid-sized businesses. Combining QBO with ClockShark, not only further streamlines your payroll process but helps you get an accurate picture of your exact labor costs.

We recently had an informative webinar with co-host Karine Woodman of 24hr Bookkeeper, on how business owners and managers can use the QBO/ClockShark integration to determine their true labor costs. This resource is based on that webinar, Unsure of Your Exact Labor Costs? Learn How to Master it With QuickBooks and ClockShark.

WATCH NOW ▷|
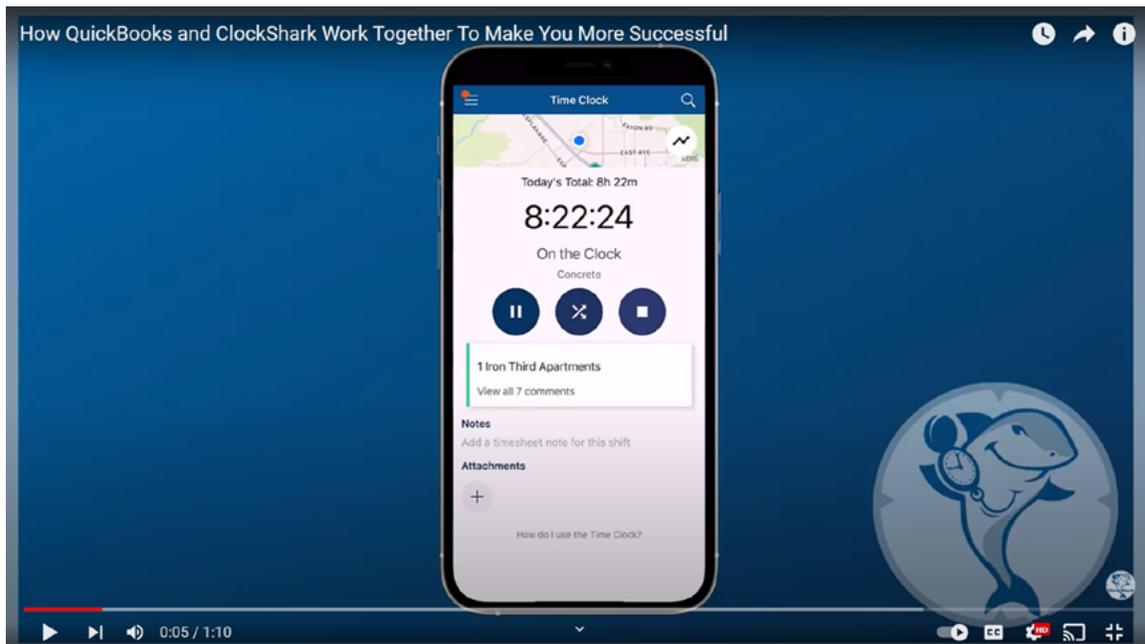
WHAT ARE LABOR COSTS AND WHY IS IT IMPORTANT?

Simply put, labor costs are all wages paid to employees, as well as the costs of their benefits, payroll taxes, and overhead. They include direct and indirect costs.

In our webinar, we asked attendees what they felt was the hardest cost to track. Although tracking all expenses is important, the majority - 65 percent - chose labor. There are many reasons why labor costs are difficult to track: multiple job sites, different types of workers, etc. Plus the intangible costs associated with labor make it even more challenging.
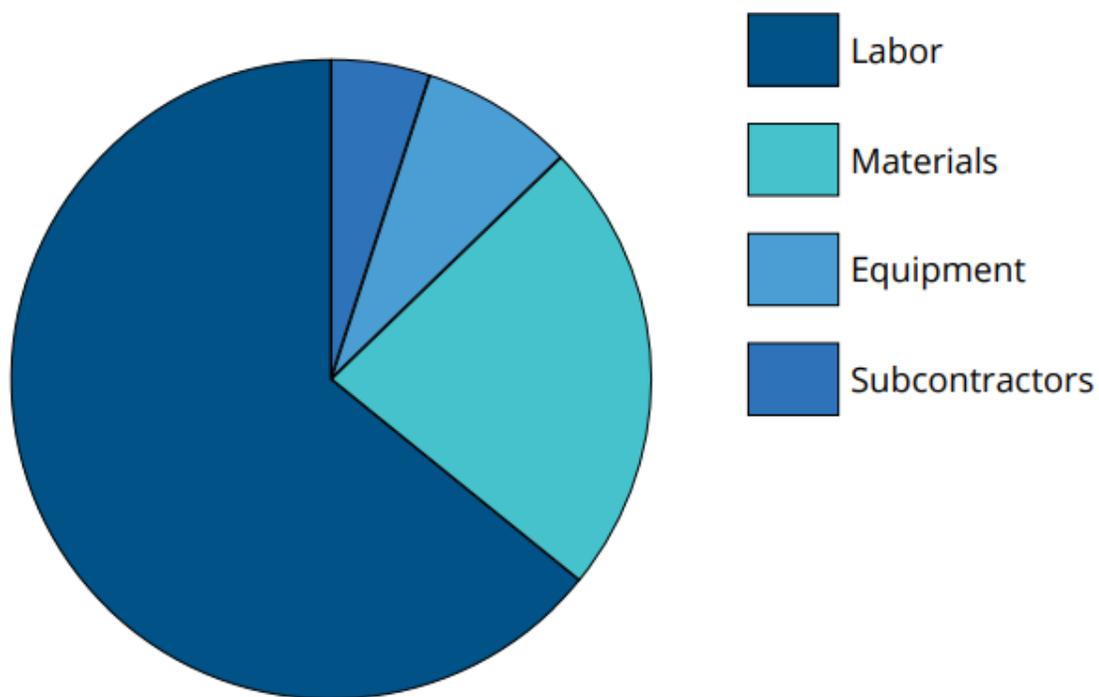
WHAT DO YOU THINK IS THE HARDEST COST TO TRACK?

Understanding your labor costs is crucial for multiple reasons:
- Getting accurate financials
- Not losing money
- Improving estimate accuracy to stay profitable

The types of insurance can vary depending on the type of work being done so you have to track. For example, insurance to cover electrical work will likely be more than that to cover a general laborer.

That's why it helps to have a way to accurately track who is doing which job, when, and for how long.

While labor costs are their own category, they are also a part of job costs, as well as things like materials and equipment rentals. This ties into getting your estimates right so you can be sure you're not running your business at a loss. You're better able to provide estimates that cover your costs and return the best profit with the correct job costs that give you a clear picture of what your job costs are.

BENEFITS OF INTEGRATING QUICKBOOKS AND CLOCKSHARK

There are multiple benefits of integrating QBO and ClockShark.

WORK SMARTER, NOT HARDER
Since labor costs are among the toughest expenses to track, having an automated process in place that does the work for you, means you can work smarter, not harder. You will also be able to keep track of everything that's going on with various crews or teams without having to make tons of phone calls or send texts or emails.

STREAMLINE PROCESSES
Streamlining your payroll and labor costing process frees up time for you to focus on other things and not have to worry about mistakes, missing timesheets, or inaccurate data.

ELIMINATE HUMAN ERROR
During our webinar, the majority of attendees reported using an app like ClockShark but paper timesheets came in second. Imagine the frequency of human error with hand-written timesheets or the frustration of waiting for a text to come in.

ClockShark

According to the Economic Policy Institute, between 10 to 20 percent of employers misclassify at least one worker as an independent contractor and, in 2019, the IRS collects billions of dollars in penalties related to payroll taxes, every year. When you have digital records and processes, you reduce the risk of human error because everything is automated.

REAL-TIME INFORMATION
Being able to access the data when you need to, means you can run reports, get information, or perform audits when it's convenient for you, at the touch of a button.

HOW THE QBO/CLOCKSHARK INTEGRATION WORKS

1. VISIT THE INTEGRATIONS PAGE TO AUTHORIZE THE CONNECTION

- Click on the +Add button under the QuickBooks® integration (can also be done through QuickBooks®)
- Click "Connect to QuickBooks Online"
- Click the green Connect to QuickBooks® button to authorize again
- Authorize ClockShark to connect with QuickBooks® with the green Connect button

Don't worry: Your information is encrypted and ClockShark performs two audits per year to ensure the integrity of the integration.
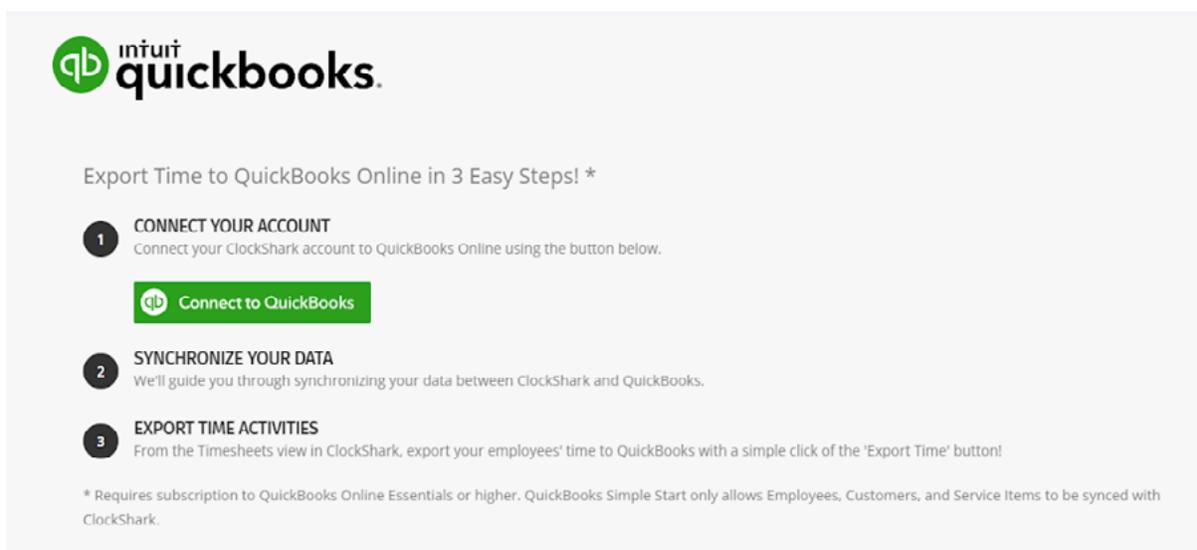
intuit quickbooks.

Export Time to QuickBooks Online in 3 Easy Steps! *

1 CONNECT YOUR ACCOUNT
Connect your ClockShark account to QuickBooks Online using the button below.

[Connect to QuickBooks]

2 SYNCHRONIZE YOUR DATA
We'll guide you through synchronizing your data between ClockShark and QuickBooks.

3 EXPORT TIME ACTIVITIES
From the Timesheets view in ClockShark, export your employees' time to QuickBooks with a simple click of the 'Export Time' button!

* Requires subscription to QuickBooks Online Essentials or higher. QuickBooks Simple Start only allows Employees, Customers, and Service Items to be synced with ClockShark.

2. GO INTO YOUR CLOCKSHARK ACCOUNT

- From the mapping page, you'll be able to tell QuickBooks® what information you want ClockShark to import, to where
- Decide what you want to export (i.e. customer or job) Note: QBO projects are the same things as a job
- Check the box for the customers or jobs you wish to export (select "All" at the top if you want to export all)
- Input all of your employees' names that are paid through QBO
- Select any 1099 vendors you want to export
- Enter Service Items. These are things like insurance and types of jobs. Service Items in QBO are the same as Tasks in ClockShark. (This will help you collect data on exactly where your money is being spent because you can track each job with labor codes).
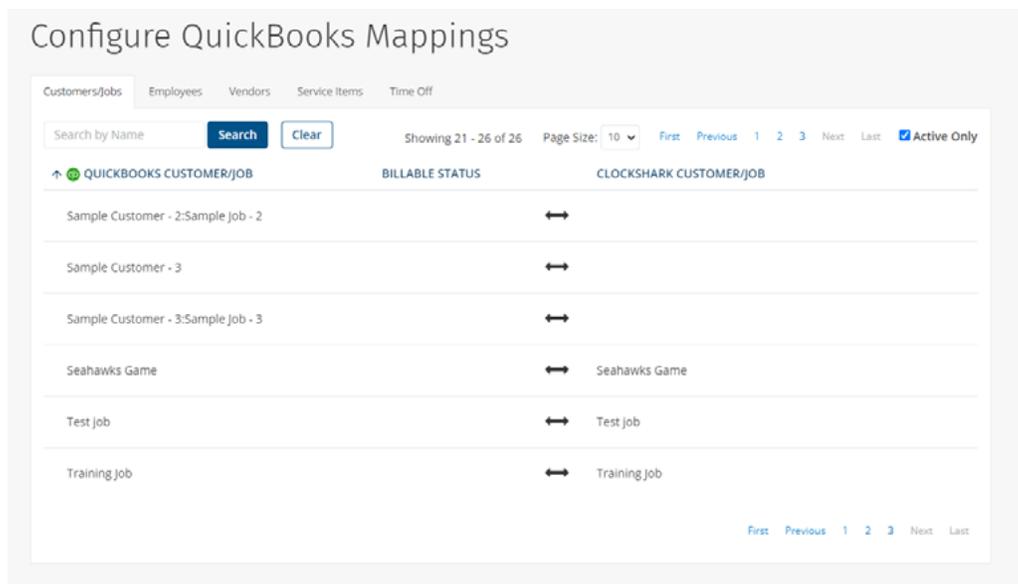
3. REVIEW AND FINALIZE MAPPING

In the final screen, you will see a list of all of the mappings you have set up. Review each one and click Finalize Mappings.

Back on the QBO screen, check your settings to:

- Select type of mapping: Manual, ClockShark to QBO automatically, or QBO to ClockShark automatically
- Choose which address to use as Job Location
- Time Export Format
- Select if you want to export time as billable and choose the hourly rate (note: This can be changed per employee as needed)

HOW TO DETERMINE LABOR COSTS WITH QBO AND CLOCKSHARK

Visit a timesheet to view. You will see all of the hours worked by that employee, and what tasks they worked on.

Once the timesheet has been approved, click Export to QuickBooks® on the top right corner.

- Choose a project to review

- Toggle to the Time Activity tab to view the time that was pushed in from ClockShark (Note you can choose to view each project by employee or by service items)

- Navigate to the hourly cost rates and choose which employee you want to review the labor costs for (note the billable hourly rate has already been entered)

- Enter additional costs associated with the employee in the hourly cost rate calculator such as:

    » Employer taxes

    » Additional employer taxes

    » Workers compensation

    » Overhead

This will automatically total each employees' labor costs for you.

Hourly cost rate calculator

Wages (/hr)	$25.00
Employer taxes (/hr) (7.65% - Social Security & Medicare)	$1.91
Additional employer taxes (/hr) (SUTA, FUTA, etc.)	
Workers compensation (/hr)	$6.00
Overhead (/hr)	$6.00
Total hourly cost rate	$38.91

Cancel   Add

LABOR COST REPORTS

You can also choose to view your labor costs through the time costs report in QBO.

To get this report, go to the "projects" function, click on the project and then there are three reports available. Choose the "only job reports".

You can review your labor costs easily through this report.

CONCLUSION

Understanding your true labor costs is a critical part of being profitable. It can be tough to do without the right tools. Thankfully, QBO and ClockShark make it easier and far more accurate.

Save Time and Money with ClockShark

Try ClockShark Free