

MADE TO MEASURE

Mike Hawkesford explains why there has never been a better time to control T&A system costs – and with minimal capital outlay.

It is safe to say that the first quarter of 2009 has been one of the toughest on record for businesses; a steady stream of bad news; redundancies, profit warnings and general cost-cutting exercises in an attempt to counteract the effects of a struggling economy. Managers are analysing their businesses from every angle in an attempt to identify where they can be leaner, more productive and ultimately remain profitable.

The reality is that few companies run on an even keel, even during times of economic stability – there are slack periods and periods of frantic activity, but those peaks and troughs can cause organisations to incur costs which may be eradicated if managed better. When the economy begins to struggle, managers start looking at where they can use their workforce more efficiently, seeking to get the best out of their employees. The peaks or the troughs can last for months or even years during which time the output requirements of the business are reduced significantly from the average “normal” conditions. Management’s traditional solutions to these fluctuations usually involve the use of overtime, productivity incentives, part-time workers and temporary staff or even redundancies, but after time, the solutions become part of the management regime and it becomes more difficult to identify and correct efficiency issues. The result is higher unit costs during slack periods, a decrease in the quality of output, and skills not being available when required.

Measure to manage

Ineffective ways of working can be easily disguised within a business unless there is a way to measure employee time and attendance (T&A); it is much easier for problems to remain undetected and to be hidden from management’s view if there isn’t a system for measuring the workforce’s time against a plan. In short, if you can’t measure it, you can’t manage it, and if you can’t manage it, then generally speaking it will probably end up costing more than it should.

A T&A system will clearly measure employee time and analyse efficiencies or inefficiencies in the business. Furthermore, the system has the ability to take into consideration holiday entitlements, manage absenteeism and even take into account events that are difficult to plan for, such as maternity leave. It will help to reduce the burden of people management while driving down costs.

Working practices are improved and more easily controlled if management is empowered with the information to implement cost controls and rearrange patterns of working to become increasingly efficient in line with the environment in which the business is operating. A reduction in absenteeism alone can have a huge effect on the bottom line since casual labour to cover periods of absence could be reduced as a result – saving costs. In reality it only takes a relatively small reduction in those costs, between two and four per cent – to see an impact

to the bottom line – and there are often some key areas where the implementation of a T&A system can have an almost instant effect.

The use of weekly reports to detail unqualified hours, absence details, manual clocking adjustments, overtime to be paid, and holiday entitlements is vital for effective staff management. Although the T&A system does a simple job – calculating pay, managing absence, and for some companies, monitoring the Working Time Directive – it is vital for effective staff management. Employees become more self-reliant when clocking time, booking holidays, or querying the system, which saves a considerable amount of administration. The number of unqualified hours can fall to negligible levels and costs be reduced.

Of course, where this is the case, the threat of redundancy can also often be reduced – and with the rate of unemployment growing at present, this is another consideration when considering T&A. By stripping costs out of the system in other areas, such as a reduction

in temporary labour costs or contract labour, or by altering shift patterns jobs can often be saved. Further, a reduction of absences and staff turnover often means avoiding the potential loss of vital skills which can take years to reacquire once the economy strengthens.

Pay as you go

When businesses are feeling the pinch, the amount of capital outlay required to purchase a system outright may prevent, or deter companies from making such a commitment overnight. By looking at the Software as a Service (SaaS) model it is possible to avoid the overheads associated with implementing conventional software. A typical software implementation involves purchasing and maintaining servers, housing them securely, and installing and maintaining software – all of which requires the time of experienced IT people and removes employees from the core functions of the business, which may be key to survival in 2009.

SaaS is becoming attractive to companies in order to reduce the costs of purchasing a critical IT system – by adopting this model while tightening the company purse strings, an organisation is free from supporting high cost, time-consuming IT functions including upgrade processes, security, reliability and scalability as well as purchasing and supporting the server infrastructure necessary to install the software in house. Further, you pay as you go – a monthly or annual subscription based on usage which compared to a traditional software licence can work out much less expensive – and is scalable with those inevitable peaks and troughs in the business.

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Case study: Comprehensive reporting

Empowering management to make decisions more easily through measurement was put to the test at BAE Systems in Woodford, Cheshire when the company adopted a solution already used at its Warton and Samesbury sites in Lancashire – but with added functionality to cover the extra 750 employees. Faced with rising costs, managers decided to seek more accurate and timely information.

Sharing Crown’s Open Options T&A system with the other two sites seemed the logical choice. The powerful and flexible solution offered an easy-to-use graphical interface including web browser access. Although this was administratively convenient and cost-effective, there were some major working differences – shift patterns, overtime rates, and holidays – between each of the sites. But as a rules-based system, the software would allow each site to operate autonomously from a single software platform.

The new system saved administration time and improved data integrity and meant that employees could query overtime and holiday through multi-functional time clocks – as well as giving management the ability to gain a 360-degree view of their workforce – and then make decisions based upon that data to reduce costs.