



technical

# timeteam



**David Hughes, Head of marketing at Crown Computing, outlines how stringent time and attendance monitoring can support the payroll function in this age of austerity and companies can make massive costs savings by improving staff management**

The payroll profession in the UK is in the midst of another challenging year. With inflation running high and businesses still under post-recession pressure, corporate austerity measures are likely to continue for the foreseeable future. Looking at the headlines, it seems that mass redundancies and pay cuts are almost a foregone conclusion.

Given that the workforce can account for up to 90 per cent of an organisation's total fixed costs, it is not surprising that personnel-related costs are among the first to be targeted as organisations try to streamline expenditure.

However, companies do not have to 'sack to save'. They can save hundreds of thousands of pounds just by improving how they manage staff. Optimising and automating all workforce-related processes – in particular time and attendance monitoring – and linking the underlying IT systems are core to achieving this.

There are some specific advantages for the payroll function as a subset of the overall organisation: by automating previously manual processes the payroll team can cut down on time-intensive but mundane tasks, allowing them to focus on the more strategic aspects of their role.

### Rudimentary time and attendance systems

A key issue with high workforce costs is that many organisations do not have stringent systems in place to monitor their staff time and activity, to manage the huge issue of absenteeism, or to deploy staff more effectively.

In 2010, the average level of absence was just under eight days annually per employee, with public sector staff off for

nearly two weeks (9.6 days – CIPD). Adding to straightforward – justified or unjustified – absences is the issue of time abuse, such as arriving late and leaving early, and rounding up timesheets.

While such practices may not have been a major issue in the past, they are no longer tolerable. Even the smallest aberration – such as rounding up timesheets by a few minutes every day – adds to the cost base.

However, organisations often do not have appropriate weapons in their arsenal to fight these habits, creating a culture of 'getting away with it'.

Although electronic clocking systems may be commonly used at the front end, time and attendance monitoring still largely depends on manual systems and is often rudimentary. Without adequate systems to monitor employees' time, attendance and activities, they rely entirely on people's honesty when reporting.

With automated time recording and monitoring, it is possible not only to crack down on outright absenteeism, but also to combat time abuse at the root. Often the sheer presence of such a system can act as a deterrent for fraudulent practices, no matter what their scale.

Furthermore, when it comes to reporting and analysing workforce dynamics such as absence patterns, even large multinationals often still resort to simple spreadsheets. The depth of information that can be recorded in this way is limited and it is almost impossible to analyse any recorded data strategically, for the benefit of the business.

### Taking a holistic view

In recent years, the concept of workforce

management – supported by underlying IT systems – has enabled HR (human resources) and payroll practitioners to apply a more holistic approach to managing staff.

Workforce management goes beyond the scope of traditional time and attendance systems by linking together all key workforce-related systems and processes. In this way they can provide a high-level or drill-down view of the workforce, as required.

Workforce management systems enable organisations to record much more detailed information about employees and their attendance. The cumulated data can be analysed systematically to identify patterns for individuals or even the entire workforce. This could be anything from identifying reasons for high levels of absenteeism to addressing excessive amounts of overtime, which may not be down to individuals but due to organisational misalignment.

There is evidence that by implementing a comprehensive, automated workforce management system, a company with, say, a 1,000-strong workforce can save over £1 million annually. The saving potential is even greater for a large corporate or public sector organisation. The equation is very simple: with more staff, the savings potential is even greater.

These savings stem mainly from the ability to monitor and track employees' working time and levels of absenteeism, elimination of payroll errors, as well as through reduced administration and improved work scheduling (see diagram).

### Cutting the queues

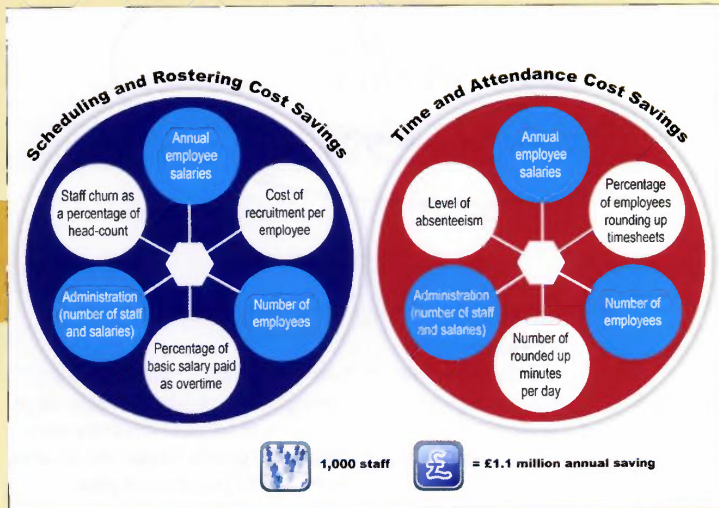
If the workforce management approach entails integration of time and attendance data with other systems, then the most crucial – and common – system to be connected up is payroll.

The benefits of automating the link

**...BY AUTOMATING PREVIOUSLY MANUAL PROCESSES THE PAYROLL TEAM CAN CUT DOWN ON TIME-INTENSIVE BUT MUNDANE TASKS...**



time and attendance cost savings



between time and attendance and payroll are clear. As manual processes are eliminated, there is no duplication of effort: clocking data is fed directly into the payroll system rather than having to be re-entered. Consequently, processes such as out-of-hours or overtime payments can be administered with minimum human intervention, cutting administration time and cost while ensuring staff are paid more quickly than previously possible.

Doing away with manual re-keying of information also means that transcription slip-ups can be ruled out as a source of payment errors. As a result, the payroll team will have to deal with fewer queries and shorter (proverbial) queues outside their office.

Indian ready-meal supplier, S&A Foods is a case in point. Replacing its manual processes for entering clocking information into the payroll system with an automated feed the company realised immediate clerical savings and a massive decline in pay queries as data accuracy was improved.

S&A employees were given access to their own payroll information through a web browser, as well as being able to request leave, check their remaining holiday allowance or view payment transactions.

Likewise, line managers could log on to the system to administer shift swaps, register absences and authorise overtime or leave, all of which feeds directly into payroll. This meant that quibbling over authorisation and payments could be avoided, reducing time and administrative effort as well as making for a much

happier, more empowered workforce.

The workforce solution also made it easier for HR and payroll to comply with statutory requirements such as those under the Working Time Regulations. Not only do workforce management systems make it possible to produce detailed compliance reports easily, they can also help avert breaches by alerting managers when employees approach the regulatory limit.

For external contractors, the system can give the procurement team a transparent view of contractor movements, activities and how much time they had actually spent on site.

At S&A, this meant contractor invoices could be checked automatically against attended hours to ensure accurate payments. As a result, agency costs were cut significantly.

With the administrative savings outlined above, the company found that its workforce management system paid for itself within the first twelve months of operations.

**...CAN PROVIDE A HIGH-LEVEL OR DRILL-DOWN VIEW OF THE WORKFORCE, AS REQUIRED**

**Better use of staff**

The introduction of automated workforce management also improved S&A's labour management and increased the productivity of the workforce.

Line managers can monitor their teams more effectively and can enforce

HR rules and processes such as lateness, absence and other disciplinary procedures. Managers also have greater control of breaks and the allocation of overtime, to prevent unauthorised activities.

What is more, the ability to access real-time information about what work has been performed, who has performed it and how long it took, makes it easier to create effective schedules and rosters that maximise every employee's available time. For example, rather than having workers spend idle time or leave once their scheduled jobs have been completed, they can be allocated additional tasks, raising productivity.

Workforce data can also be fed back into the scheduling process to provide more accurate prediction of the time and resource needed to perform future tasks, allowing the organisation to manage costs and human capital better.

At a medical equipment specialist with heavily fluctuating demand and overtime patterns, flexible working was introduced after a thorough analysis of workforce management data. During times of flat demand, employees now have Fridays off. At peak times, they have to work longer hours all week instead.

The underlying model of annualised hours is supported by a workforce system that enables managers to optimise shifts and keep on top of working time. In addition to a dramatic impact on the bottom line – thanks to reducing overtime payments and wastage – the company also noted that staff were happier and more incentivised thanks to the flexibility they had been given.

**Practical and strategic implications**

Senior management will be looking to the payroll function to support its efforts to streamline operations and align the business for future growth. By taking away laborious administrative tasks, automated workforce management will offload managers and staff, freeing up time and resources so they can live up to performing a more strategic role within the organisations.

At the same time, automated systems create a 'warehouse' of data and information that can be data-mined to improve organisational performance, boosting productivity and enabling much needed efficiencies – without having to default to redundancies. ☞