

Workforce Management: Compliance Tools to Protect and Save Your Organization

Labor is one of the largest expenses an employer incurs and is a controllable if the right tools are in place. Even while proactively monitoring and controlling your labor costs can drive business productivity and profit, it is an area that many companies tend to overlook. The question isn't how proactive has your organization been in managing labor costs, but how can you do it more cost-effectively and efficiently?

It's a question many companies are beginning to ask themselves, especially in states such as California, where employment laws and the general cost of doing business becomes increasingly more difficult to navigate. While there seems to be no shortage in the number of companies offering their take on the challenge, the route many organizations have found to be the most cost effective and one with the quickest turn around, are automated time and attendance solutions.

First Mortgage Corporation, an independent residential Mortgage Banking corporation with 18 offices across California and Nevada, made their decision to migrate to a fully automated system based on several challenges crucial to their business remaining competitive and profitable. Chief among them was the need to seamlessly integrate a new automated system to their payroll process, which would completely eliminate any double entry of information.

Another crucial component to the system was that it needed to provide extensive reporting capability to allow supervisors to better manage their staff. Careful not to extend themselves by over spending on unnecessary features, First Mortgage Corporation's new time and attendance system would also have to be user friendly, while being sophisticated enough to address all their specific needs.

"When the decision was made to look into the possibility of instituting some kind of a workforce management system", says, Tammy Russ, Vice President of Human Resources for First Mortgage Corporation, "we created a research group to come up with a list of concerns, problems and types of issues an automated system would have to address. Doing so allowed us to accurately identify and prioritize what we needed, providing us a solid foundation to bring in the resources for integrating and implementing the new system."

What is Automated Time & Attendance?

While the ramifications of not incorporating an easier to manage time and attendance solution may be clear, the definition of what exactly is "Time and Attendance" remains somewhat of a mystery for many. In short, time and attendance normally refers to solutions that helps collect, monitor, and control employee labor expenses.

Historically labor costs are one of the largest expenses a company incurs and yet collecting the related data is still a manual process. In the case of financial institutions, like First Mortgage Corporation, companies from a variety of industries, are beginning to see just how vulnerable their bottom line is using archaic time and attendance formats, like manual processing, which is error prone, complicated, time consuming and difficult to manage.

Once a company institutes an automated time and attendance system they are able to dramatically reduce both their payroll process in time and costs. With only a few clicks of a computer mouse, companies, both in and out of the financial and banking industries, can now proactively manage their labor costs.

Cheryl Abrazado of Mililani Golf Club Restaurant says, "The old way of using time cards and calculating each in-out was a four-hour chore. With an automated system it now takes me no more than five minutes to process my payroll. It's so easy for everyone to use and I love how simple it is to customize my own reports."

By significantly reducing the time it normally takes to process payroll, Patricia Camero, who handles the human resource department for Ann Pearl Nursing Facility, says, "From being user friendly to providing reports that previously were not available to us, the automated system we installed allows us to save hours in overtime, which saves us a significant amount of money."

The Impact of Employee Lawsuits

The trend of replacing archaic, manual time and attendance processes for more robust automated solutions doesn't appear to be slowing down anytime soon. Perhaps as much as anything, driving this shift is the continuous threat of employee lawsuits and being properly prepared to handle them.

According to Ursula A. Kubel, a top employee law attorney with leading labor and employment law firm, Carlton DiSante & Freudenberger LLP in Orange County, California, "All it takes is one employee to start a million dollar class action lawsuit."

With the number of wage and hour lawsuits on the rise the importance of maintaining accurate employee work records is more important than ever before. However, with many companies managing their time and attendance manually, producing the necessary records and vital employee information when it matters most becomes quite challenging. As a result, companies are unable to properly protect and defend themselves from labor litigation.

**"All it takes is one disgruntled employee
to start a million dollar class action lawsuit."**

Most companies today track employees worked and non-worked hours manually. The majority of companies using manual process tend not to keep any records of salary employees' work hours. With labor related litigation on the rise, keeping accurate and accessible records on your employees is crucial to protecting your business and bottom line. A common mistake of misclassifying an employee, made by many major corporations and small business alike, could literally put a company out of business.

Al Klein, a respected attorney of Rodi, Pollock, Pettker, Galbraith & Cahill serving businesses in Los Angeles for over 30 years, specializes in representing and counseling organizations in labor and employment matters, said, "one of the biggest problems is employers tend to make employees exempt, pay them salary, and do not keep track of their time."

Klein highly recommends that employers keep track of all their employees' time, exempt and non-exempt. He states, "It's wise for employers to keep track of both their salaried and hourly staffs worked and non-worked hours. Many employers, because they pay an employee a salary feel they do not have to pay them overtime because they are exempt. Classifying employees is a very intricate process and consulting a labor law attorney is wise to do to protect your organization... In most cases employees win cases because they are in fact non exempt employees."

A Range of Options

Time and attendance systems have shifted dramatically over the years to stay in alignment with the ever changing business landscape. Systems have become advanced enough to provide a solution for literally every need of an organization, regardless of size and number of locations. Automated capabilities can range from being able to zero in on an employee's time spent working on specific projects and tasks to generating an endless combination of highly customized reports and layouts.



What used to constitute as effective time and attendance solutions, such as battery operated and mechanical time clocks, have been replaced by more advanced and efficient methods of collecting and sorting employee data. Today companies can choose between biometric terminals, which increases security identification, PC programs for companies whose employees perform their daily functions on a PC, and for remote employees, who are constantly on the go, there are inexpensive mobile devices that can easily track employee hours, jobs and a host of other functions.

The feasibility and accessibility of these automated systems continues to develop and evolve. Most automated solutions are robust enough that data you compile can be tied in with a company's payroll system and in some cases, allow data to be exported to other systems within an organization.

Having the power of choice is a welcome relief for any company when making purchasing decisions. However, when it comes to time and attendance systems, there are so many options available and such a variety of companies providing these options, that it can be a bit overwhelming for companies to choose the right solution for them.

Failing to Plan Is Planning to Fail

When preparing his team for a long and arduous season, legendary basketball coach, John Wooden, would say that failing to plan is planning to fail. That same time tested philosophy has its place in preparing an organization for an automated time and attendance system.

With a broad range of data collection devices and software applications, organizations of all sizes have discovered a new level of efficiency can be achieved whether you have a few employees or thousands, one location or several. When it comes to implementing such a system, though, companies tend to focus on the present challenges, without factoring mid to long-term plans of the company into their decision making process.

In preparation of choosing the right system for their needs, Mattman Specialty Vehicles, a leading manufacturer of mobile units for law enforcement, medical institutions, and Fortune 500 corporations, took into consideration two major challenges they faced, which would severely hinder their present and future growth. The first was to reduce and control labor costs. The second was to become more competitive by gaining a firm handle on the true profit of each job.

To adequately address these two issues, a special management team was appointed to identify, prioritize and locate the resources necessary for choosing the right solution. One of the first things the team did was call on Mark Huettinger of Advanced Time Concepts in San Diego, to conduct a needs analysis. What the Mattman executive team learned was not only were they paying for unauthorized and unearned overtime, they did not have accurate numbers as to how much labor was spent on each job. Not having firm, bottom line costs, made it extremely difficult to ascertain the actual cost in producing their popular customized vehicles, which is a major disadvantage when bidding for projects.



After carefully looking at a number of automated time and attendance solutions Mattman's management team went with Southern California based company, NOVAtime. When contacted for this article, Mattman's President John Mattman commented, "With the automated system we chose, we are not paying for unauthorized overtime and we have excellent reports for both tracking attendance, as well as labor by job and by task." He also added that they have saved considerable time and money in payroll preparation labor by not having to add all the time cards.

Finding the Right Balance

One of the most important things in evaluating a time and attendance management solution is to make sure it can grow with you as your company's needs change. Many vendors have a one size fits all approach, which on first glance may be all you need. However, when your company begins to grow, the absence of a robust and flexible system can severely hinder a company's expansion plans, forcing unnecessary expenditures on a more suitable system.

With so many time and attendance solutions on the market, the key to making the right choice, according to industry experts, is to choose a solid, cost-effective solution to meet your organization's needs presently, but also one that is scalable enough to satisfy your needs well into the future. Too much focus on the short term solution, without necessary consideration and planning of company growth and expansion, can very quickly leave an organization with an outdated time and attendance system.

When searching for a time and attendance system be sure to research each vendor's complete product line to make sure you are purchasing a solution that will grow as your organization's needs change. In evaluating time and attendance systems look for a solution that provides tools to proactively manage your business productivity and profitability. Labor is a controllable expense given the right tools that can add to the bottom line of any organization.

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Whether to save money or time, a good time and attendance solution can relieve you of the common error prone tasks involved with labor management. This way you can spend more time focusing on your business, rather than working in your business. Getting the balance right is key to running an efficient and profitable business, no matter what industry your company operates in.

But a time and attendance system goes beyond simply automating the manual, error prone process of collecting and calculating timecards, it can profoundly change a company's culture, as it did for First Mortgage Corporation. When asked whether or not their investment in an automated time and attendance system paid off, their executive's answer was a resounding, "Yes." They went on to add, "And our parking lot is full – on a Friday afternoon."

About NOVAtime Technology, Inc.

With corporate offices located in Monterey Park, California, NOVAtime is a leader in the time and attendance and workforce management space. Known for their scalable software technology, many of the best-managed companies in the world have chosen NOVAtime as the preferred time and attendance and workforce management software provider. For more information on NOVAtime visit www.novatime.com or call 877-486-6682.