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Seven Myths of Labor Management Systems

What are some of the key myths and misconceptions around Labor Management Systems?

The article below first appeared last year in the issue of The Supply Chain Digest Letter that focused on Labor Management

1. **LMS is not an Executive Level Issue:** Some logistics executives have viewed Labor Management as just a lower level warehouse issue. Wrong. The cost savings alone make it worth executive attention, and the ability for better budgeting, resource planning, and execution consistency should also serve to make LMS a key tool for executives to look for supply chain improvements.

2. **If I have a WMS, I am getting Labor Management:** While a growing number of Warehouse Management System providers now also offer LMS, the traditional productivity tracking capabilities of a WMS do not provide the benefits of a true LMS.

3. **Employee Morale Will Go Down:** Many companies mistakenly believe that while Labor Management may be good for the company, it will be poorly accepted by employees. The results, however, consistently demonstrate the opposite. Employee morale and retention goes up after LMS implementation, especially if incentive pay programs are used.

4. **It Won't Work Well in a Union Environment:** Some companies worry that labor won't be accepted by a union, or it will cause problems. Again, the evidence is the opposite. Many of the first LMS implementations were in union shops, and there are dozens of examples of successful implementations. Getting union operator involvement early is key though

5. **LMS will Require a lot of IT Resources:** While implementation of LMS software and integration with existing systems will take some IT resources, the need and intensity of IT effort is simply minimal compared with most supply chain software projects, and is rarely a significant barrier to adoption.

6. **"Labor Management" is an Unenlightened Approach to Managing Associates:** Done well, with employee involvement upfront, a strong emphasis on supervisors playing a "coaching" role, incentive pay programs and other elements, LMS can be seen as a very progressive approach to

workforce management.

7. Labor Management Results are Over Rated: Companies often think that stories of productivity gains in areas like case or piece picking of 30-40% just aren't possible. We won't go as far as to say they are common, but there are lots of validated stories where we've seen those levels. 20% or greater gains in labor intensive areas are the norm.

For assistance or additional information on this topic, email Tony Cook tonyc@datapronw.com or call (888) 658-6881 or (509) 532-3530 ext 315.

DataPro Solutions Introduces DPS Simple Deduction

The freedom for employees to purchase items through payroll deductions benefits both the employer and the employee. If your organization allows your employees the opportunity to purchase meals in the cafeteria, pharmaceuticals from the pharmacy or items from central supply or other sources, DataPro's DPS Simple Deduction will improve your control and automate your employees' purchases. Our solution eliminates manual entry of purchase deductions into the payroll system. Simply scan an ID badge or enter a PIN for a secure and cost efficient solution for your organization.

DPS Simple Payroll Deduction Benefits:

- Interfaces with most current payroll systems
- Badge, ID, and PIN provides positive and secure transaction
- Simplify payroll deductions and audit transaction of purchases in all departments, cafeterias, gift shops, central supply, etc.
- System Captures Employee ID, Dollar Amount, Date, Time of purchase, etc.
- Utilizes SQL reporting services to provide access to data reports and will easily export into other systems
- Leverages your existing Information Technology (IT) Infrastructure:
 - Use Existing PC entry or Micro Kiosk
 - Use Existing Bar Code Scanners
 - Use Existing Windows or Windows CE Devices
 - Use Existing Mobile Computers
 - Offers Labor Management Solution

For additional information or to sign up for a free assessment, please email Paul Good paulg@datapronw.com or call (888) 658-6881 or (509) 532-3530 ext 311

COBRA Subsidy Coverage and Unemployment Insurance Extended

By

Patrick J. Kirby, Attorney at Law

On March 2, 2010, President Obama signed into law another extension of the COBRA subsidy and unemployment benefits. The extension was part of the Temporary Extension Act of 2010 which lengthens the eligibility period for the 15-month 65% premium subsidy to those involuntarily terminated from March 1 through March 31, 2010. The Act also expanded unemployment benefits through April 5, 2010. This is the second extension of the COBRA subsidy and unemployment

benefits.

On December 19, 2009, before the expiration of the extended coverage under the original Act, the U.S. Senate and President Obama extended the COBRA subsidy and unemployment benefits through February 28, 2010, by signing into law the Fiscal Year 2010 Department of Defense Appropriations Act. The Act expanded the COBRA subsidy period from nine to fifteen months and allowed an additional 13 to 20 weeks of unemployment benefits to American workers, as well as increasing the unemployment benefits by \$25 a week.

The original act, The American Recovery and Reinvestment Act of 2009 ("ARRA"), was signed into law by President Obama on February 17, 2009. It provided, among other things, a significant change in who pays premiums for COBRA coverage resulting from involuntary employment terminations.

Under the original Act, employers are required to pay 65% of the applicable COBRA premium and are to be reimbursed by the government, generally through a credit against withholding and FICA taxes with respect to its employees. "Assistance eligible employees" are required to only pay 35% of the applicable COBRA premium for a period of nine months beginning with the first period of COBRA coverage on or after February 17, 2009. There is no premium reduction or subsidy for periods of COBRA coverage before February 17, 2009, and ARRA does not extend or change the length of COBRA coverage.

"Assistance eligible employees" are defined as: (1) individuals who are or were eligible for COBRA continuation coverage; (2) who lost or lose coverage under their employment sponsored group health plan due to involuntary termination of employment between September 1, 2008, and December 31, 2009; and (3) who elect COBRA continuation coverage. "Assistance eligible employees" also includes any qualified beneficiary (for example, the dependent of an employee who was covered before involuntary termination).

ARRA also requires employers to locate "assistance eligible individuals" and notify them of their right to subsidized COBRA coverage and other matters specified in the ARRA. The U.S. Department of Labor (DOL) has created model notices to help plans and employers comply with these requirements and can be found and downloaded from the DOL website:

<http://www.dol.gov/ebsa/COBRAmodeNotice.html>

Patrick J. Kirby is an attorney with the Spokane law firm of Campbell, Bissell & Kirby, PLLC , and focuses his practice on employment law and commercial litigation. Mr. Kirby can be contacted at (509) 455-7100 or pkirby@cbklawyers.com.

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