IDC ExpertROI® SPOTLIGHT

WorkForce Software Supports Rapid Growth for a Midwest Manufacturer
Sponsored by WorkForce Software

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A manufacturer headquartered in the Midwest with multiple plants throughout the country was facing a significant management challenge brought on by fivefold employee growth in just two years. This growth led to increased complexity and a need for greater accountability.

Complexity came in the form of multiple types of workers with differing pay scales and employee status, working under different state labor laws. Growing from a small company to a medium-sized company generated new accountability requirements to comply with multiple state and federal regulations.

Having outgrown its time-clock system for tracking time and attendance and in need of an automated solution, the manufacturer of agricultural products turned to the Web-based EmpCenter Time & Attendance solution from WorkForce Software (WFS). Since deploying the solution, the company has streamlined the time and labor management process across its manufacturing plants while simplifying compliance with various federal and state labor laws.

> **Business Value Highlights**
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> **Organization:** Manufacturer
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> **Location:** Midwestern United States
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> **Challenge:** Managing payroll processes while doubling in size every year
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> **Solution:** EmpCenter Time & Attendance from WorkForce Software
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> **Financial Benefits:**
> - Automating payroll and time and attendance eliminated errors and paper, boosting employee productivity by $122,000 annually
> - Reduced costs for printing and overtime by $35,000 annually
> - Five-year ROI of 472%

Implementation

Before deploying the WFS solution, the growing company had already transitioned from tracking time and attendance with a paper-based approach to using a time-clock system. With this system, however, there was no means of preventing employees from clocking their colleagues in and out for the day or determining if friendly supervisors had eliminated tardy reports from the timesheets. Also, because of a plant's size, employees could take 10 to 15 minutes to get to their workstation after clocking in, and there was no reliable indicator of when they started a task.

With a burgeoning workforce in its multiple plants around the country and numerous schedules, pay periods, pay codes, and labor rules, the company began to outgrow the time-clock system and realized it needed an automated solution. It was further encouraged to find one when its time-clock vendor was acquired by a larger company that required an expensive software upgrade to continue with the system.

The firm looked at close to 50 systems over a four-month period before narrowing its choice to two vendors. WorkForce Software was selected in part because it was able to meet the manufacturer's diverse time and attendance needs with a configurable system that involved no further customization or hidden costs. The WFS team also made a good impression from the beginning. "I always felt they were an extension of our company," a manager said.

Benefits

With the EmpCenter solution, employees carry their own proximity badge to enter their work area and to enter time into Web-based time clocks. Employee time is automatically stamped into the system, along with tracking information on specific jobs or projects, depending on the location of the clock and/or the employee. The system automatically calculates an employee's time and pay, using the proper pay rates and codes, sends the data to the payroll software to generate paychecks, and creates an audit trail for compliance.

EmpCenter interfaces with the company's other systems and synchronizes data with the HR system to ensure the timely capture of time and attendance data for new employees. It calculates overtime pay weekly, validates accruals, and identifies pay codes by employee type for sick leave, vacation leave, leave of absence, bereavement leave, jury duty, and military leave.

Since deploying EmpCenter Time & Attendance, the company has cut costs and improved the productivity of its payroll and HR personnel. It has also simplified compliance with various federal and state labor laws at its multiple plants. As a result of implementing the WFS solution, the company's payroll group is now spending 300 fewer hours per year managing the payroll process. This time savings includes no longer having to create and keep track of multiple paper copies of documents. Moving from paper records to digital records also generated $2,690 of savings per year in printing costs.

Prior to deploying EmpCenter, employees were spending an average of 40 hours per week seeking information or trying to correct errors in their pay. This amounted to an hour per year per employee of wasted time. In addition, their managers and human resources had to respond to queries and ensure payroll staff fixed the errors. As the payroll manager explained, "Previously, if they had a question, they would walk over to the office, wait in line, and then walk back to their workplace, wasting 30 minutes or so…. Now they can have their questions answered online." Because EmpCenter grants employees direct visibility into their time and attendance calculations, its usage has demonstrably reduced errors and increased employee confidence in the process. As a result, the historic weekly rate of 20–25 employee time and pay issues melted away, reducing wasted time by nearly 4,200 hours per year.

Employees no longer have to wait until they receive their paycheck to check for errors and have them corrected. Because employees know they will be paid accurately and on time for work done, their morale has improved. At the same time, employees know that attendance policies are automatically enforced by EmpCenter, so there is less tardiness across the organization.

"The system forces good behavior and accountability for both employees and supervisors," a company spokesman said. "Employees can no longer check in for each other and can only check in 15 minutes early. Before, they could check in two hours early and spend time drinking coffee and socializing." The net result is that overtime costs have gone down by an average of $34,412 each year.

Previously, audits occurred only every other year, but preparation for those audits required one person to dig through the paper files for three straight days. As the company grew, so did the audit requirements. Now that the records are online, audits are easier and preparation takes only a few minutes through the use of EmpCenter reports. The company can conduct four quarterly audits in 94% less time than it spent previously to prepare for an audit every other year.

The Financial Benefits of the WorkForce Solution

As described previously, the company realized significant financial benefits after implementing the WFS solution. These benefits can be grouped into two categories:

- **Increasing employee productivity.** By fully automating time and attendance management, the company significantly reduced the time requirements for payroll and HR to conduct payroll activities and eliminated the wasted time from dealing with errors that had also affected hourly employees, managers, HR, and payroll.

- **Reducing costs.** The other benefits were based on reducing operational costs, including eliminating the support cost from the old time and attendance system, reducing paper and printing costs, and reducing overtime costs associated with buddy punching and unmanaged access.

Total financial benefits averaged $157,326 annually (see Figure 1).

Figure 1.
Average Annual Benefits of EmpCenter Time & Attendance
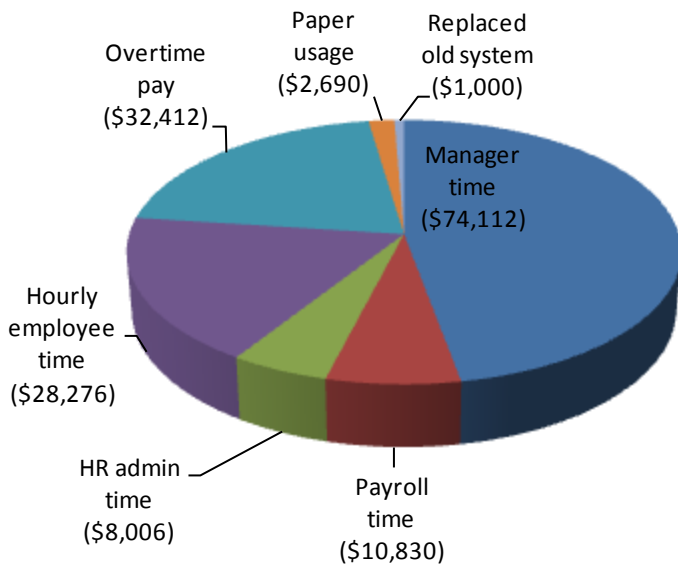
Source: IDC, 2013

Return on Investment

IDC conducted multiple interviews with the manufacturer to quantify the benefits and investment associated with its use of the WFS EmpCenter Time & Attendance solution and created a return on investment (ROI) from the results.

IDC calculates the ROI and payback period in a three-step process:

1. Measure the cost savings and increased revenue from implementing the WorkForce Software solution.

2. Ascertain the total investment.

3. Project the investment and benefits over five years and calculate the ROI and payback period. The ROI is the five-year net present value (NPV) of the benefits divided by the discounted investment. To account for the time value of money, IDC bases the ROI and payback period calculations on a 12% discounted cash flow.

IDC projects that the manufacturer will realize a discounted total benefit of $560,000 in cost savings and increased productivity over five years from its use of the solution, resulting in a five-year ROI of 472%. Payback on the investment occurred within nine months (see Table 1).

Table 1.

Five-Year ROI Analysis	
Benefit (discounted)	$560,000
Investment (discounted)	$100,000
NPV	$460,000
ROI	472%
Payback	8.6 months
Discount rate	12%

Source: IDC, 2013

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