

## Today's Evolving Workforce: Implications for the C-Suite

Savvy executives must make it a priority to effectively track their dispersed workforce in order to catch up - and keep up - with today's rapidly changing labor trends.



## Introduction

For generations, most people worked on farms, factories, or offices within their own local communities. In the 20th century, societal changes together with advancements in transportation started to fundamentally change how and where people lived and worked. Today, however, we are witnessing a transformation in both the workforce and the workplace that is occurring at an unprecedented pace.

Today's workforce is becoming more mobile and the workplace is becoming more dispersed. Rather than all employees working full-time together in a physical office space, telecommuting and collaborating with colleagues across offices, cities, countries, and continents is becoming the norm — and this trend is taking shape in many industries and across companies of all sizes, both large and small. What's more, it is now common for contingent workers, such as contractors and consultants, to routinely cycle in and out of the workplace according to company needs. These changes are challenging existing corporate structures, redefining collaboration and how we work together, and introducing complex compliance concerns — all of which must be addressed.

For the C-suite, passively noticing these changing trends is not enough. With today's pressures to maximize productivity and growth while optimizing resources, executives must proactively adapt to modern workplace realities and find the most efficient way to track and manage this fluid workforce.

## The transformation of “work” over the decades

Imagine a typical day at the office circa 1960. Which business communications and management tools from 50 years ago — when manual typewriters, carbon paper, telegrams, and short-hand dictation were the norm — would any of us use today?

By the early 1980s, technology had only evolved so far as to include electric typewriters and liquid paper correction fluid, although we had graduated to such modern conveniences as fax machines, push-button desk phones, and answering machines.

Fast-forward and consider that email became ubiquitous in the workplace just 15 years ago, and the first smartphone debuted a mere six years ago — “way back” before tablets had hit the market or were even a twinkling in consumers' minds. Between video conferencing and instant messaging, the workers of past decades would not even recognize today's fast-paced work world.

The fundamental changes in the ways that work is structured are a result of generational and cultural transformations, as well as technological innovations that have rocketed over the past few years as more and more new tools have made the world ever-more interconnected.

In the face of these evolving global trends, organizations across all industries and geographies will need to acclimate to the new workforce realities that differ from those of the past, or face the prospect of losing top employees and/or market share to the competition.

The global workforce is now at a crossroads. The average employee today likely works for an organization structured very differently than one of years past due to the pace of technological breakthroughs, while the average C-level executive is grappling with economic realities and how best to deal with new external competitive pressures, meet compliance requirements, and track internal resources.



## The intertwining of demographics, technology, and globalization

The intertwining of changing demographics, technology, and globalization has already had a marked effect on the global skilled workforce. The three generations most active in the workforce today are the Baby Boomers (born between 1946 and 1964), Generation X (born between 1965 and 1980,) and the Millennials, also known as Generation Y (born between 1981 and 1995). After that comes the Digital Natives, also known as Generation Next (born after 1995) who, from infancy, have only ever known a wireless and Web 2.0 world.

The youngest generations are more restless by nature, and expect to receive information lightning fast. They are also used to being interconnected. They have never consciously been aware of a time without mainstream networking technologies such as Facebook, Instagram, Facetime, YouTube, wikis, blogs and so on, which were virtually unknown just one generation before.

Currently, 47% of all employed workers were born after 1977. By 2025, Generation Y is expected to comprise 75% of the global workforce. Gen Y, in particular, has fundamentally changed the way we communicate with each other in the workplace, and they will continue to actively change the shape of corporate culture and expectations.

PwC reports that 41% of recent university graduates say they prefer communicating electronically at work as opposed to in person or via the phone. Making use of their own technology devices at work is also common, with 75% believing that access increases their effectiveness.

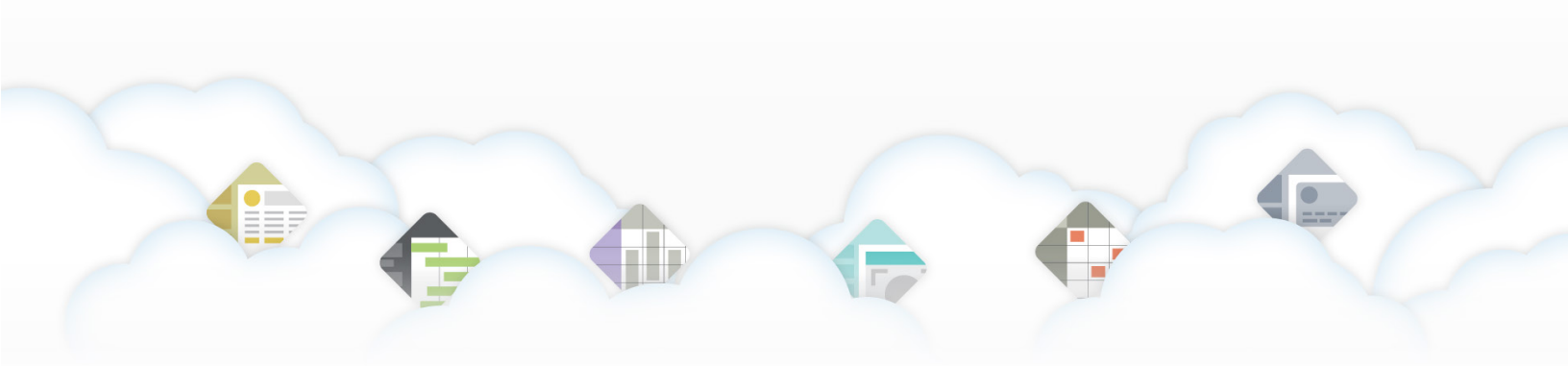
## Employees and organizations embrace mobility and flexibility

Research confirms that employee mobility and flexibility are on the rise. Forrester notes that 29% of the global IT workforce in 2012 routinely worked remotely — up from 23% in 2011. And according to market watcher International Data Corp. (IDC), by the year 2015 between 17% - 18% of the world's total population will consist of workers who spend some, or all, of their time working remotely. They predict that, by 2015, there will be 212 million mobile workers in the Americas region, 839 million in the Asia Pacific region, and 245 million in the EMEA region.

Flexible work arrangements in which employees have options regarding when and where they do their jobs have become highly popular. Two-thirds of all workers say they can be just as productive working outside the office, and having a choice in how they work is so important that they would take a lower-paying job just to get that flexibility.

The model of the ideal workplace environment is changing for employers, too, as they embrace the definition of work as what employees do, and become less concerned about where they perform that work. Managers increasingly understand that distributed team members — whether in different buildings, cities, or countries — can work together as effectively as if they are all sitting in the same office.

Technologies like telecommuting, video conferencing, telepresence, and groupware applications are already helping organizations and employees to collaborate across time and distance. Unlike 50 years ago, it is not an alien concept today to work closely with people you've never even met face-to-face.



“Virtual” organizations are using this technology to create a more fluid workforce that can be structured according to existing needs — pulling resources from inside the enterprise, as well as bringing in a cohort of contingent workers such as part-time, temporary, and seasonal workers, as well as independent contractors, freelancers, and consultants who usually work offsite, wherever that may be.

**The contingent workforce is here to stay**

The fastest growing labor market segment is the temporary help services industry, which has added 54% of all jobs created across all sectors of the economy, according to the Bureau of Labor Statistics. Historically, the majority of contingent workers were hired for jobs in relatively low-paying industries like construction, clerical, and manufacturing, but this is no longer the case. Since the recession, temporary jobs have increased dramatically across all sectors of the economy, and companies in industries that have usually not employed contingent workers — including employers in high-skilled, well-paying industries such as engineering, information technology, sales, accounting, and healthcare — are now hiring more professional workers on a contract basis.

In the past, companies chose to hire contingent workers rather than permanent employees at times of economic uncertainty, and only were offered full employment when the economy improved.

Today, however, organizations increasingly use contingent workers — regardless of the economy’s ebbs and flows — to achieve greater flexibility and efficiency. The reality is that contingent workers are no longer “temps” — they’re here to stay, and they will continue to be a major, permanent component of the workforce.

**Tracking today’s dispersed workforce is an imperative**

Because globalization, technology, and shifting demographics are driving the change in how and where we work, executives must make it a priority for their organizations

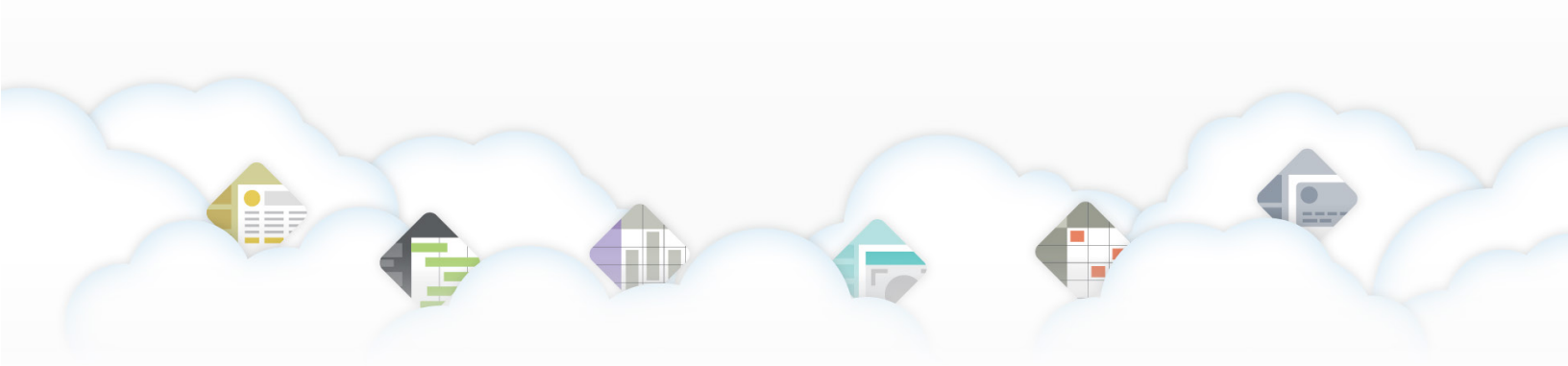
to effectively track and manage their dispersed workforce. In addition to the sheer need to catch up — and keep up — with rapidly changing labor trends, there are also many bottom-line consequences to consider.

**Manual systems create organizational vulnerabilities**

Many organizations are still relying on manual systems to try to track such things as time, attendance, vacations, sick leave, project status, or billing with paper-based systems or Excel spreadsheets, but the problem with this is that these systems are hopelessly outdated. They simply cannot track employee time by different billing rates or hourly rates, provide an audit trail, or scale as your business grows. Plus, employees usually feel that old-fashioned paper-based processes are too onerous, which leads to underreporting of time, while supervisors find that it is too time consuming to review each individual piece of paper.

This is a challenge that companies must address, because without the proper tracking of your dispersed, on-the-go employees you will lack visibility into whether they are working on the right projects, which directly affects your organization’s productivity. And if you cannot track employees’ hours accurately, how will you know whether they are over reporting their actual time worked, or under-reporting their vacation time taken?

These inefficient systems not only lead to errors but, even worse, they expose you to the risk of time theft and other financial repercussions. An example is keeping track of paid time off (PTO). Using paper-based or other manual processes means that there is no oversight of whether the record keeping is up-to-date or accurate. When this time is under-reported or not reported on at all, then that time is left on the books. This can have major ramifications for your organization — not least is that you will have no assurance that your quarterly financial statements are accurate.



Ask yourself this: Is it possible for your company to effectively manage projects and track time and expenses when your processes are inefficient, and you lack access to the most up-to-date employee work information? If you don't have an efficient way to control and ensure accurate entries, you also cannot discourage time-theft, or reduce balance-sheet irregularities and liabilities.

**The perils of non-compliance**

There is an additional reason that executives should be wary of employing simple time tracking tools, and this is because their lack of sophistication can put the organization at risk of non-compliance with specific employment laws. For example, manual time tracking tools cannot flexibly adjust as your company expands geographically. This is relevant because companies working in more than one state or country need to be cognizant of the laws regulating labor issues in those other localities, which all might have very distinct requirements that you have to meet.

The state of California, for instance, has unique employee overtime rules that must be complied with. Without an advanced tracking system in place, it will be much more difficult to account for these hours. This is an especially troublesome issue for smaller companies scrambling to track and account for completely different state regulatory requirements as they grow their businesses — as well as for large multinational companies striving to meet any number of country-specific employment regulations.

In the United States alone there is no shortage of government regulations policing all sorts of things — from maternal and health leave allowances under the Family and Medical Leave Act (FMLA), to the Fair Labor Standards Act (FSLA), to Sarbanes-Oxley (SOX) which mandates financial reporting accuracy, including all employee-related costs.

Under SOX, in particular, the way an organization arrives at the financial numbers it reports is almost equally important as what the numbers actually are, so accurate accounting is absolutely critical.

What's more, compliance issues are particularly acute when it comes to tracking contingent workers — who

often work off-site or outside regular 9-5 hours. Contingent workers are paid differently than “regular” workers — in that they often work per ad hoc hourly rates, receive alternate benefits plans, are taxed differently, and are governed by different employment rules — so they absolutely must be tracked accurately with the best available time tracking tools. Otherwise, employers can expose themselves to potentially expensive litigation over such things as access to health care and other benefits if job descriptions and employment contract language overlap or conflict.

Clearly, time tracking is one of the most important management activities any company must undertake. The bottom-line consequences of not doing so properly are sobering. In these times of economic uncertainty, can your organization afford accounting irregularities, regulatory non-compliance, and the imposition of steep penalties?

At a high level, executives today must think about the critical factors that will affect the ability of their organizations to successfully:

- ▶ Track and manage geographically dispersed employees and contingent workers
- ▶ Comply with employment/labor regulations and requirements
- ▶ Ensure that quarterly financial statements are accurate
- ▶ Eliminate time theft and buddy punching
- ▶ Reduce costs, streamline processes, and achieve greater productivity



## The benefits of modern cloud-based technology

Now is the time for organizations to think about how they can keep up-to-date with the latest modern technologies and implement the best choice for their needs. Savvy executives make it a priority to seek the most efficient tools available to help managers effectively track and manage their flexible, mobile, contingent, and multi-locational workforce. What is critical to take into account is that only cloud-based solutions are robust enough to meet various company-instated time and attendance policies, as well as ensure compliance with government-imposed labor laws

While it is not uncommon for individuals and organizations to resist the wholesale adoption of new technology — especially when they are comfortable working with what they are already used to — sophisticated options, such as cloud-based technologies, can help to simplify operations, increase dexterity, and gain real-time insights that reduce uncertainty and ensure more effective decision making. What's more, they're not just for big enterprises — companies of all sizes that have a dispersed workforce and want to implement the most up-to-date technology are looking to the cloud.

### Facilitating self-service and compliance in the cloud

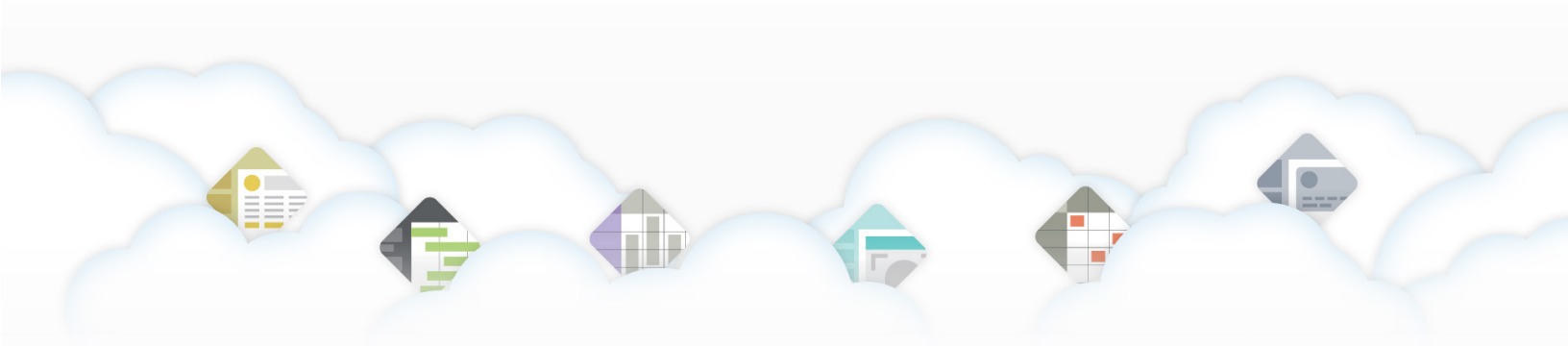
Innovative cloud-based time tracking software is changing the nature of how companies bill clients, manage projects and programs, track time and expenses, and manage compliance risk. Cloud-based solutions enable managers and workers to stay on top of projects and billing, reduce inefficiencies, and have access to the most up-to-date company information. Other advantages are that such solutions can provide analytics, reporting, and forecasting features so companies can better align workers with projects by matching work needs with the best skilled available resource.

What's more, dispersed employees can also “punch in” to virtual cloud-based time clocks to record their time — anywhere, anytime — and the photo audit trail helps to eliminate time theft and buddy punching issues.

Time tracking in the cloud takes the stress out of one of the most important management activities any company must undertake, and it's painless on so many levels. For employees it becomes a snap to input such things as hours worked, vacation time, time off, overtime, sick time, and meal breaks. For supervisors, it's simple to review and approve the timesheets, and then for Payroll to process them. This not only reduces errors and inefficiencies, it also negates the risk of non-compliance with applicable labor laws.

Leveraging cloud-based time tracking software where every employee's hours can be correctly entered, reported on, and allocated to the proper departments can lead to substantial process improvements, and also reduce the risk of accounting irregularities, non-compliance, or penalties.

Automating time tracking also empowers employees to be accountable, ensures more accurate entries, discourages timetheft and fraud, keeps records and payroll straight, ensures that your quarterly financial statements are accurate, and reduces balance-sheet irregularities and liabilities.



GeoDigital International Inc., a mapping and visual infrared inspection company in Hamilton, Ontario, uses a few different tools to track and manage its 320 employees, which includes roughly 50 contingent workers. For example, they use ADP and Paychex for payroll, and Replicon to track contractors' time and attendance. Every other week, contingent workers input their hours to the cloud-based Replicon system, which automatically forwards the information to their manager for approval, and then sends it to payroll. According to Liza Scurr, GeoDigital's vice president of human resources, the entire process is automated and takes no more than two days to complete.

Along with making sure contractors are paid promptly, integrated data systems protect employers from inadvertent compliance violations, and enable them to track performance and cost metrics so they can identify high performers, negotiate better rates, and define delivery criteria. At GeoDigital, the HR team is using data from Replicon to establish performance metrics for contractors, such as the number of pages of data they should produce in an eight-hour day.

"We already know the number of people it takes to deliver specific activities, but we couldn't see the average daily output," Scurr says. "Through daily tracking we are starting to see patterns, and we can create benchmarks against our best people." This is one of the many ways contingent labor data can help companies improve efficiencies, as the intelligence gleaned from these systems can help executives plan, budget, and forecast for the future.

## Conclusion

Clearly, several drivers have ultimately contributed to the changing patterns of both the workplace and the workforce over the decades. In today's world the structure, content, and process of work are now more dependent on technological competence and mobility, and less dependent on geography. Due to breakthroughs in mass communication and the Internet, workers are more mobile and dispersed than ever before.

Organizations focused on the best way to increase productivity and ensure a competitive advantage are realizing that they need to do more than pay lip service to changing trends. The modern C-suite is increasingly focused on ensuring a better way to make it easy for employees to stay productive, connected, and accountable — wherever they are. Executives are proactively seeking out processes and solutions to reduce inefficiencies, and to gain better visibility into internal activities. Tracking the time and attendance of a global, dispersed workforce — and keeping in compliance with different local, state, provincial, or federal laws — are at the top of the list.

With cloud-based time and attendance software, companies can automatically and flexibly streamline processes, create accountability, increase transparency, and ensure compliance with time and attendance policies. These products and solutions have evolved in the past decade to help best-in-class organizations manage and track all facets of their on-the-go workforce. The old days of using manual processes such as Excel spreadsheets to track these things are going the way of carbon paper — in less than another generation no one will even know what they are.

Today's cloud-based employee tracking solutions deliver increased productivity, less overhead, greater visibility, and a competitive advantage — and these are business objectives that will never go out of style.



## About Replicon

Replicon is the leading provider of cloud time tracking applications. Our products are used by over 7,800 companies of all sizes worldwide to better manage workforce attendance, projects, professional services organizations and shared services resources. By providing complete transparency into time data, our technology reduces compliance risk, keeps costs down and provides unparalleled insight into the key drivers of business performance.

Replicon's award-winning products are delivered 100% in the cloud on a unified platform, and are hassle-free to deploy and use. Replicon is headquartered in Silicon Valley with employees in offices worldwide.

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