

Time Off: An Essential Part of Time & Attendance Management



To most organizations, time off management is an essential part of managing their workforce. Whether scheduled or unscheduled, employee absences have a huge impact on overall productivity, and directly affect the bottom line. Calculating time-off accruals, administering end-of-year resets, and applying other rules and regulations can add to the administrative challenges for HR staff. Accumulated paid time off can end up being a substantial liability on your balance sheet, and can directly affect your cash flow. Unscheduled time off can throw a wrench into established employee schedules and can cause potential overtime compliance issues.

The facts:

- ▶ *A recent survey shows that failing to track time off accurately can cost firms up to 15% of their total operating costs.
- ▶ *Some researchers point out that the average PTO liability in the United States is \$1,700 per employee, with an average employee taking up to 3 days of unreported PTO a year.
- ▶ **Studies conducted to measure the effects of employee absences in organizations show that all forms of unplanned absences can negatively affect the payroll by as much as 9%.
- ▶ **Studies also show that unplanned absences can directly and adversely affect productivity by as much as 21%.

*based on a survey published in bizjournals.com

**based on the Whitepaper "The Total Financial Impact of Employee Absences" by Mercer Consulting

"Hyatt employees instantly understand their balances, identify at-a-glance who is away, and create a submission with one click of the mouse. Hyatt managers approve requests easily and generate reports in a few minutes."

Tara Sherman, Director of Human Resources,
Hyatt Hotels Corporation

The need for effective time off management

Examining the various studies conducted on how absences affect organizations, it would be an understatement to say that companies need to do a lot more to manage employee time off. Following manual processes that are inefficient, unreliable, and error-prone, or using an honor system, does not translate into effective tracking of employee time. Organizations that are not able to effectively manage time off have to confront several issues related to administrative overhead, productivity and compliance, as well as lack of visibility in ensuring adequate staffing, and other related issues. Automating time off management, along with time and attendance, helps organizations effectively tackle these pain points.

Streamlined process: With a manual system, activities related to accruals, administration, and other business rules can be a major headache for HR and administrative staff. An automated system for time off tracking eliminates all these issues so that users get a real-time view of their time off, and do not need to depend on HR or administrative staff for that information. Plus, having a centralized process for time off tracking increases the adoption rate and reduces errors.

Reduced liability: Unpaid or unused time off can be a major liability on a company's balance sheet. In many cases, companies that did not properly track time off data found unexpectedly high liabilities at the end of the year, which negatively affected their financial statements. In a study conducted to investigate the impact of PTO abuse on company financials, most CFOs surveyed did not know what their company's PTO liability was. When the figures were revealed, 82% said the liability was significantly higher than they anticipated.

With an automated system to manage time off, organizations can set up specific business rules for the maximum banked time off allowed and generate alerts for the employees to act upon, thus successfully taking care of the liability issue.

Improved productivity & scheduling: With an honor-based or manual system for employee time off tracking, unscheduled time offs can go through the roof, which can hurt productivity in a big way. Bringing in last-minute replacement staff can be very expensive as well, since they may not have the right skills or experience. Having an automated system to manage employee time off gives organizations and employees much needed visibility into how they need to plan their time off. Organizations can set specific rules regarding how much of their workforce can take time off during specific times, and require employees to follow them. Administration of these policies, once automated, will be more uniform and employees will have fewer concerns about unfairness or favoritism.

This, in turn, makes it easy for managers to ensure adequate staffing and adherence to internal policies, which can boost employee morale and lead to fewer disputes.

Better compliance: Another major issue that can arise out of not having a system in place for tracking time off is the inability to understand how your company is doing on the compliance front or to manage the risks that arise out of it. Unplanned absences can adversely affect well laid out workforce schedules, and cause potential overtime issues. Manually tracking FMLA benefits can be a nightmare and carry the risk of lawsuits. The inability to effectively track time off or to provide audit trails can put organizations in sticky situations when it comes to wage-and-hour compliance. By automating the time off tracking process, however, organizations get a better view into time off. This allows them to manage schedules better to avoid overtime compliance violations, while being assured that their policies are enforced uniformly across the workforce.

About Replicon

Replicon, the Time Intelligence™ company, has over 20 years of industry leadership and is pioneering a new approach to time management. Time Intelligence elevates time as a strategic asset within an organization, to improve operational productivity, performance, and profitability.

Replicon's Time Intelligence Platform offers solutions for global time and gross pay compliance, enterprise time management for ERP, professional services automation, and an SDK for continued development - expanding the company's award-winning portfolio of cloud-based products, including complete solution sets for client billing, project costing, and time and attendance.

Replicon supports thousands of customers across 70 countries, with over 400 employees around the globe including the United States, Canada, India, Australia, and the United Kingdom.

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"Replicon gives us timely, accurate time off information that our executives can use to assess our PTO liabilities."

Diane Willems, IT Project Manager,
WorldPAC