Date: Tuesday, January 6, 2015
Time :6:35 pm
Place: City Hall

INFORMATION TECHNOLOGY COMMITTEE

A. ROLL CALL
B. CORRECTION OF MINUTES
C. BUSINESS
   1. CONSIDERATION OF ESTABLISHING TASK FORCE TO REVIEW AUTOMATED TIME AND ATTENDANCE SYSTEM(S)

      Preview attachment and possibly assign a cross-functional task force.

Individual Requesting Item	Alderperson Newcomer
Expected Length of Discussion	30 min.

      Documents: *D-Time_And_Attendance_Buyers_Guide.pdf*
D. BUSINESS PRESENTED BY MEMBERS

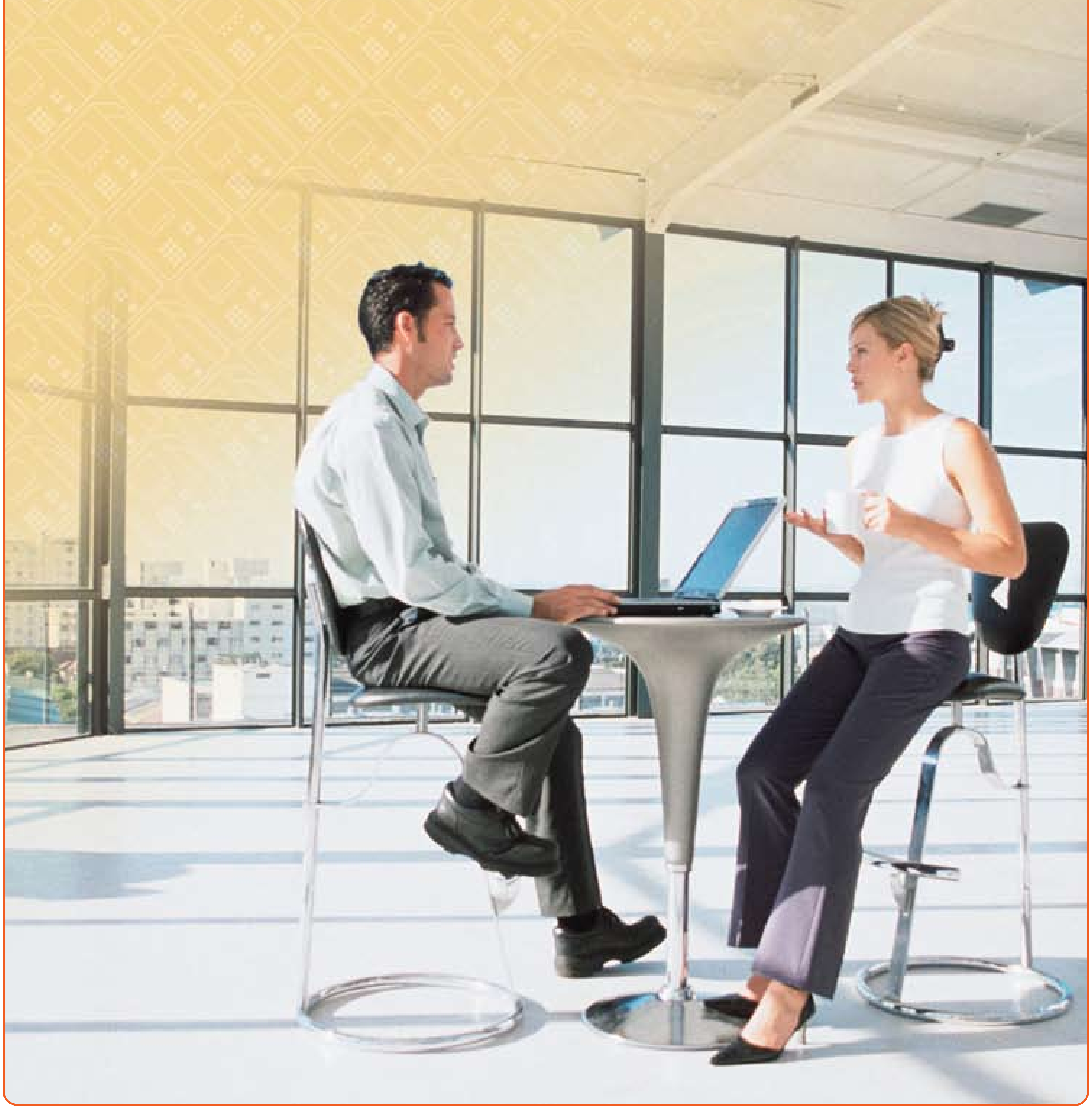
   May make brief informative statements or bring up items to be discussed at a future meeting.
E. ADJOURNMENT

Request from persons with disabilities who need assistance to participate in this meeting, including need for an interpreter, materials in alternate formats, or other accommodations, should be made to the Office of the City Clerk at (608) 329-2564 with as much advance notice as possible so that proper arrangements can be made.

Members: Chairperson Jeff Newcomer, Louis Armstrong, Daryl Rausch, Martin Shanks and Tammy Derrickson

WORKBOOK

Selecting an Automated
Time and Attendance Solution



Introduction

How this guide can help you

This guide is designed to take the pain and frustration out of choosing an automated time and attendance solution, and to help you select the solution that's right for your business.

The information in the guide comes directly from the experiences of our customers who, like you, converted manual or semimanual time and attendance processes into fully automated systems. While every organization is different, this guide represents most of their basic criteria for successfully screening and selecting a solution.

Why we wrote this guide

With thousands of installations, we've seen why and how organizations research, select, and buy time and attendance solutions. Whether you need a simple time and attendance system or a complete workforce management solution, we're the best choice.

We recognize that not every customer is looking for the same solution, but all customers are looking for similar results — better control over labor costs, minimized compliance risk, and improved workforce productivity. Only Kronos can help you achieve those results efficiently and cost effectively.

Table of Contents

Chapter 1 | Getting Started

Establishing a task force

Most businesses, regardless of their size, are under pressure to effectively assign labor resources and control costs. However, they also need to balance workforce complexities, competitive pressures, and limited budgets or IT support. This leaves very little margin for error in identifying a solution.

In interviews with Kronos and in surveys conducted by Nucleus Research,[1] our customers cite competitive pressures and the need to control costs as their most critical business issues. They also uniformly agree that controlling payroll and workforce-related costs are key concerns. They advise that since time and attendance is a function that affects every department, it's important to gain cross-functional participation and support before changing the current system.

Participating customers recommended establishing a cross-functional task force as the critical first step in selecting an automated system. This allows decision makers to share vital information and feel involved in the vendor selection process from the beginning. As logical as this advice seems, many businesses we polled did not start their selection process by creating a task force, and only after some false starts did they recognize the need.

The task force organizes information about the needs of various departments and the current process. The members also promote understanding within and cooperation from each department, which are vital when successfully changing over to automation or updating an outdated system.

Who's on the team and what do they do?

A typical task force is made up of three to four people. You should appoint a chairperson to coordinate the committee's activity and oversee all aspects of the selection process. Seek out participants who have the time and motivation to do a good job. And make sure you have a representative cross-section of managers, IT staff, and payroll staff. Some companies augment the task force with an employee advisory group to encourage and incorporate a wide range of ideas from everyday users. This also helps foster acceptance of the solution after it is implemented.

Formulating a project plan

As early as possible, your task force should conduct a kickoff meeting and formulate a project plan. The written plan should include due dates and clear definitions of individual responsibilities.

[1] Nucleus Research is a global provider of investigative technology research and advisory services. Building on its unique ROI case study approach, Nucleus Research has delivered insight and analysis on the true value of exploiting new technology. Learn more about them at www.nucleusresearch.com.

Typical automation project plan

	Task owner	Due date	Task
1.			Conduct a situation analysis: • Define your current manual processes • Determine your current policies
2.			Establish specific goals for the new automated system: • Corporate goals • Technology goals • Process goals • Other goals
3.			Prepare preliminary analysis showing potential cost savings
4.			Go/no-go decision: Do we continue to pursue?
5.			Create a list of potential vendors
6.			Review and compare offerings to pare down the list to three or four competitors
7.			If necessary, solicit proposals with a Request for Proposals
8.			Define detailed product requirements so you can evaluate offerings
9.			Select two or three finalists
10.			Determine the cost of each solution
11.			Determine the potential return on investment
12.			Conduct company background checks
13.			Conduct a services capability survey, including the following: • Visit customer sites • Check references • View demos/presentations
14.			Select a vendor
15.			Develop an implementation plan
16.			Manage implementation
17.			Take the plan live!

Chapter 2 | Conducting a Situation Analysis

Defining your current manual process

The first step for your task force is to conduct a comprehensive review of your current time and attendance processes. This is often called a situation analysis. There are three basic goals for a situation analysis:

- Learn exactly how the system works now
- Pinpoint problem areas that automation can correct
- Identify opportunities for direct time- and cost- savings benefits

When you examine the processes, you're looking for indications of:

- Redundant data entry
- Inefficiencies
- Employee and/or manager dissatisfaction with the processes
- Unacceptable error rates in payroll
- Rising administrative costs

When you research the current manual processes, be sure that you capture the entire picture. Don't forget remote operations and individual work environments. Do you have on-site and off-site workers? The best way to conduct this research is to interview department heads and payroll staff.

Then create a detailed written document or flow chart detailing your current time and attendance process and specific problem areas.

Next, the task force should talk with hourly employees to gain an understanding of the problems they are experiencing under the manual system. How time consuming is the process of recording hours? How often are paychecks late or incorrect? Ask for suggestions about features they think should be included in the new automated system. For example, they might want visibility of accrued vacation time.

This employee feedback serves two worthwhile purposes:

- It provides practical frontline information that can help you assess the potential for cost savings and improved employee satisfaction
- It creates a sense of real participation in the selection process, which can foster acceptance of the solution after it is implemented

By asking the right questions, the task force will come away with important information about the current manual system and suggestions for an automated system — information you'll refer to often throughout the vendor selection process.

"Many days of the payroll process were spent interpreting unreadable timesheets, searching for missing timesheets, recalculating incorrect totals, and returning unsigned timesheets. It would take up to eight days' turnaround time to gather and check the information then enter the data into the state system with this process. Once we converted to Kronos' solution, the time spent transferring data to payroll was less than one day."

Heidi Baechle, Payroll Specialist
Milford Exempted School District

Your current process

Describe your current time and attendance process or create a flowchart. Here's a list of questions to get you started. *Check off each question as you answer it.*

General questions

- ☐ Who manages the process and who else is involved?
- ☐ Is the process centralized or do different locations handle this function using different tools/systems?
- ☐ How long does each step take in terms of man-hours and elapsed time?
- ☐ How is data entered into the module/system and how does the information flow?
- ☐ Is the same data entered into multiple systems?
- ☐ How is historical information stored? How much history do you keep?
- ☐ What is the error rate and how do you fix errors?
- ☐ What is the cost associated with the process?
- ☐ What are the interfaces to other systems?
- ☐ Are there security concerns related to data access?
- ☐ Are there compliance issues related to this process, and are you at risk?

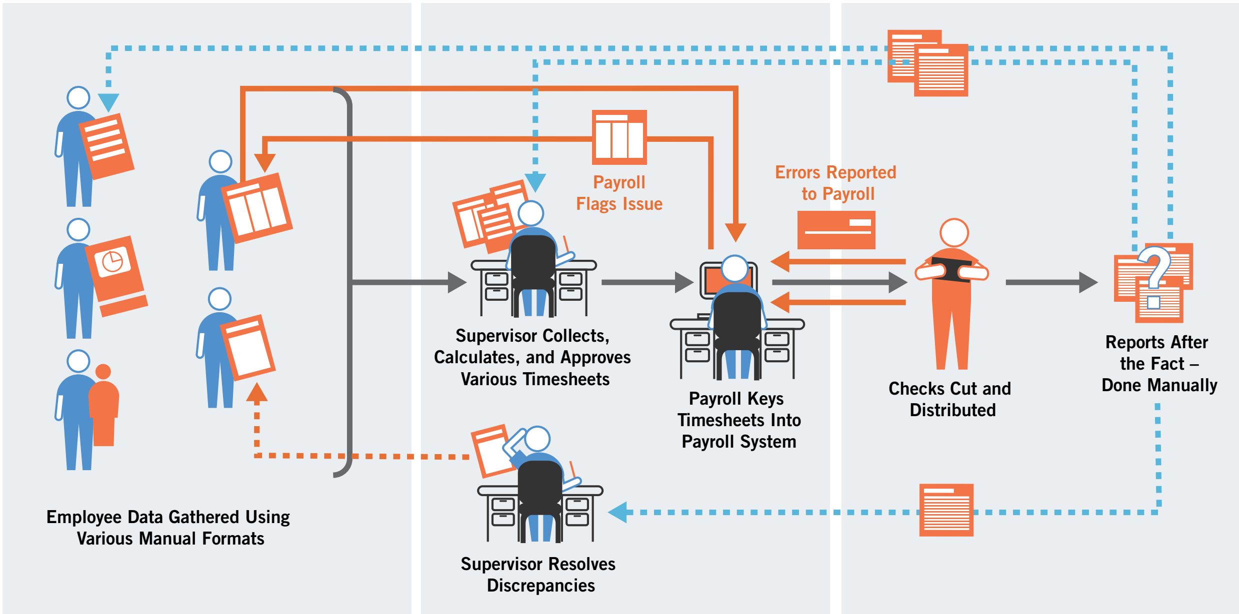
Usage questions

- ☐ What is the annual volume of transactions?
- ☐ What is the volume per pay period?
- ☐ What is the volume of employee inquiries per pay period?
- ☐ How is data updated, changed, and deleted?
- ☐ How is the system accessed?
- ☐ Is there Internet access?
- ☐ What features of your current process are most useful?
- ☐ What are the limitations of your current process?
- ☐ What improvements would you like to see?
- ☐ What are the risks of not changing this process?
- ☐ What are the risks of doing nothing?

Reporting questions

- ☐ What reports do you have?
- ☐ What additional reports do you need?
- ☐ How are reports generated? How often? What is the distribution?
- ☐ Do managers have access to standardized reports, ad hoc reports, and sophisticated analytical tools?
- ☐ Is information available in real time?
- ☐ How accurate is the information in the reports?
- ☐ How is the information used?

Typical Manual Process



Determining payroll policies

The next step is to examine timekeeping and payroll policies. A complete set of defined and approved pay policies is needed for system installation. If you do this research now, you will have better-informed discussions with potential vendors.

Attracting and retaining qualified, highly skilled employees is difficult for any business. As a result, many companies have introduced a wide range of special incentive pay policies and rates to attract and keep quality people. These incentive programs (majority time, differential rules, travel time, etc.) have dramatically complicated the manual payroll preparation process as well as the tracking of labor hours.

The complexity of these incentive pay structures increases the opportunity for inconsistent payroll policy application. Many companies we surveyed noted that once they automated their time and attendance processes, they were able to clearly see where their old manual systems had masked payroll inconsistencies from department to department and from pay class to pay class. These were problems that had gone undetected for months and sometimes even years. Pay policy inconsistencies can result in costly payroll errors, noncompliance with wage and hour regulations, and inefficient use of administrative time.

Companies that successfully implement automated systems tell us that achieving consensus on a common set of payroll policies for all employees is critical. Consensus must be achieved before you proceed with automation. When all departmental inconsistencies are uncovered and resolved, a smooth transition from a manual system to an automated system can begin.

Root causes of payroll inconsistencies

- Lack of real understanding of complex pay rules
- Different interpretations of pay policies from department to department
- Sporadic enforcement of pay rules
- Communication breakdowns
- Intentional errors (buddy punching, gaming the clock, etc.)

Identifying pay policy inconsistencies

Create a table to identify pay policy inconsistencies. There might be inconsistencies between the ways on-site and off-site employees are treated, or perhaps managers in different departments have interpreted the rules differently. Interview managers and ask, "How do you actually manage your full-time and part-time employees with regard to overtime, leave, etc.?" Experience tells us that you will see many discrepancies in the ways policies are being interpreted.

Pay policy worksheet

	Dept. A	Dept. B	Dept. C
How long does it takes to run payroll, and what is your current error rate?			
What is your policy regarding overtime?			
What is your policy for applying shift differentials?			
What is the process and policy for tracking intermittent leave?			
Do you have a disciplinary attendance policy? How is it tracked?			
What is your policy regarding calculation of leave accruals/PTO? How is it managed?			
What are your scheduling policies and procedures?			

Defining specific automation goals

At this point, your task force has defined your manual time and attendance process, has identified problems and opportunities, and is working to ensure the uniform enforcement of your payroll policies. You've probably also uncovered some areas for cost savings.

The next step is to develop goals or criteria for your automated system. These goals will guide your choice of products, services, and vendors. You will evaluate vendors' proposals based on their ability to help you meet your goals. Goals might be stated in terms of system capabilities and features or in terms of benefits your company expects to derive from the new system. Here are some typical goals that may be relevant to your organization.

Corporate goals

- Decrease overall labor costs
- Shrink the gap between payroll policy and actual practice
- Comply with government and/or union regulations
- Reduce administrative overhead by eliminating time spent on manual timecard calculations
- Find a solution that can expand as the business grows
- Solve anticipated downstream challenges, such as absence management or scheduling

Technology goals

- Leverage the company's existing IT investment
- Interface with payroll program (or service bureau) as well as other systems such as HR or ERP
- Provide audit trails
- Produce timely and accurate management reports by employee, department, and pay-rate class for all pay periods
- Improve data security
- Be easy to install and maintain with current staff

"The ability to manage our entire organization's staffing, scheduling, payroll, and time and attendance with one fully integrated solution has allowed us to run a more efficient operation. Once we implemented Kronos, we saw the immense possibilities of how it could help us in our mission."

Christian Ehrhardt, IT Manager
The Arc of Baltimore

Process goals

- Reduce time spent on overall process
- Eliminate redundant data entry
- Apply complex pay rules consistently and accurately across all functional departments
- Accurately record, collect, and report time and rates for standard and incentive pay-rate classes, shift differentials, and productive and nonproductive time
- Provide an effective means of distributing reports for departmental review and editing

Other goals

- Enable the organization to shift responsibility for managing labor costs from payroll to department managers
- Gain universal acceptance of the solution by making it easy for employees and managers to use

In addition to specific automation goals, you will have many requirements related to the vendor. For example, you may require that the vendor have a local presence or be experienced in your industry. We will discuss vendor-related issues in Chapter 8, Evaluating and Selecting a Vendor.

Identifying the potential for savings

To evaluate the project financially and prioritize it against other projects your company wants to invest in, the task force should determine the potential for savings. Most of our customers find that automating time and attendance brings a very fast return. The key areas of savings are listed below. These savings are described more fully in Chapter 7, Determining Return on Investment.

Where can savings come from?

- Reducing payroll errors
- Reducing total payroll processing time
- Reducing unauthorized leave time
- Eliminating unplanned overtime and nonproductive hours
- Reducing payroll inflation
- Improving labor reporting

Kronos has developed a slide rule tool that can help you determine how much your business could save by addressing your payroll error rate. To get your ROI slide rule, please contact us at **(800) 225-1561** or **www.kronos.com**.

Why do companies automate?

Our research shows that companies are initially motivated to automate their time and attendance processes not for the potential cost savings, but because of frustrations with their manual systems. These frustrations are impossible to quantify, but at the top of the list are a lack of accurate, timely reports and a lack of data integration with payroll and other systems. Companies also mention that they face increasing complexity due to a growing employee population and other business changes. When you evaluate time and attendance solutions, remember that the least expensive system will not be the best system for you if it fails to meet your business needs. You need a solution that can easily and cost effectively be adapted to address changes in your business.

It's important to look down the road. Many organizations automate but soon realize that the vendor's solution has major feature limitations, does not integrate well with other systems, or requires additional customization as business changes — all of which increase the total cost of owning the solution. The moral of the story: **Try to anticipate your future business needs.**

Indirect savings

You may achieve additional savings by automating your time and attendance processes. Although these indirect savings are more difficult to quantify, you should keep them in mind when you are evaluating costs and benefits.

Redeployed payroll FTEs. Because the data entry process is eliminated, automation enables you to reassign people in payroll to more value-added tasks. Many of our customers report that they were able to handle growth in employee census without hiring additional payroll staff.

Improved labor management. When managers have real-time access to information about employees, they are better able to proactively control and manage workforce attendance, absenteeism, and productivity. This leads to more efficient operations and better customer service.

Improved compliance. Companies of all sizes must comply with government regulations and union contracts. Grievances, audits, and fines can be expensive, so providing proof of compliance by using an automated system can minimize business risk and costs.

Milestone: Go/No-Go Decision

Now that you've articulated your top-level goals and identified your potential cost savings, you have enough information to decide if it's worth pursuing this initiative. You may need to package it as a formal business case to executive management for approval.

If you decide to move ahead, the next step is to build a list of vendors to consider. To find vendors that can meet your needs and still stay within your budget, we recommend that you:

- Research on the Internet
- Attend trade shows such as the American Payroll Association Annual Congress
- Ask colleagues and other business associates for recommendations
- Read industry magazines
- Research buyers' guides

Chapter 4 | Preparing the RFP

Why do an RFP?

Many companies begin their vendor assessments by preparing a comprehensive vendor survey, commonly referred to as a Request for Proposals (RFP), to solicit bids. Using an RFP is a practical way to ensure that all vendor proposals will be submitted in the same format, so you can make comparisons easily.

What goes into the RFP?

The RFP initiates a dialogue with the vendor. In the first section, you provide background information on your company, such as annual sales, number of employees, how many employees must be supported on the system, and the size and number of locations. Describe your company's automation goals and time line. Since you have already done this work, it's simply a matter of organizing your ideas and listing them in order of priority.

Having set the stage, you then list your specific needs related to time data collection devices, time and attendance software, and interfaces with other applications. See Chapter 5, Defining Product Requirements, for more information on what to include in the RFP.

In the RFP, you also request information on pricing, including:

- ☐ Hardware costs
- ☐ Software costs
- ☐ One-time installation costs
- ☐ Training costs
- ☐ Recurring costs

However, be aware that vendors may not be able to quote accurately until they learn more about your needs. See Chapter 6, Determining Your Costs, for more information.

In the last section of the RFP, ask the vendor to provide information that will enable you to evaluate its attractiveness as a business partner. Relevant information includes experience, reputation, and general financial stability. Two checklists — a company background check and a vendor capabilities and services survey — are included in Chapter 8, Evaluating and Selecting a Vendor, to help you choose among vendors offering comparable features and benefits.

Before you release your RFP, review it carefully. Are the product features you are requesting in alignment with your goals? Is it clear how the vendor should format its reply? Have you included contact information? Have you included a deadline by which the vendor must reply?

Chapter 5 | Defining Product Requirements

Whether or not you send out RFPs, you should prepare a comprehensive list of the requirements for your automated time and attendance system. This exercise will help you select a system with the right capabilities and features for your needs. Your task force should determine your company's specific needs for time data collection devices, time and attendance software, and interfaces with other applications in use at your business.

Most companies list their detailed requirements as a series of capability questions and then indicate if each vendor:

- Currently has the feature in its standard product
- Will have the feature by a specified date
- Can make the feature available on a custom basis for an additional cost

Required product features and functions

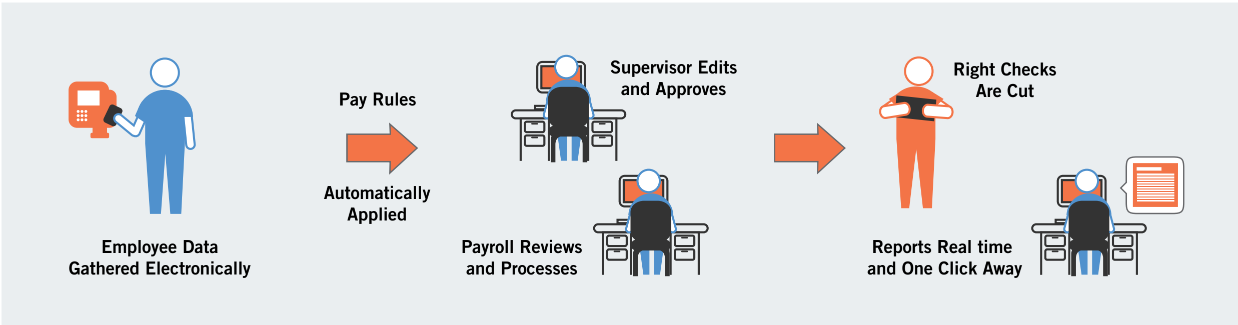
- Architecture and technical requirements, including security, accessibility, compatibility with specific databases, Web technology, reporting, record management, etc.
- Integration with payroll, employee master files, and other systems
- Expectations for services, including implementation, training, staffing, support, consulting, and maintenance

The typical automated process diagram illustrates how employee time and attendance data is captured and validated in an automated system.

"The officers of the company are happier because the information we provide them is current and easily accessible. We can run numbers on anything they want and provide whatever information they need."

Susan LaBelle, Payroll Manager
New Era Cap Company

Typical Automated Process



Employees scan their badges on a data collection terminal, phone in using an interactive voice response system, or use a PDA. Time and attendance software automatically collects the time data, calculates complex pay rules, and consolidates the data for distribution and reporting. Data can also be electronically distributed through interfaces with other programs (for payroll processing, personnel records, staffing decisions, financial analysis, and more).

Data collection options

The automated process begins with data collection. Your employees can use a data collection terminal, telephone-based interactive voice response system, or PDA to record their time and attendance data. By automating the process of data collection, you can eliminate mistakes, reduce the time managers spend processing timesheets and preparing payroll data, and eliminate intentional errors like buddy punching. Automation also increases compliance by enabling fair and consistent application of pay rules and policies.

The accuracy of recorded data depends largely on how employees accept and use the data collection option your company chooses. Because the data collection option is your hourly employees' contact point with the system, their confidence in its ease of use and accuracy is key.

Many of our customers tell us that it's essential for employees to have some tangible indication that their data is being recorded, such as being recognized by name. The ability to access data such as accumulated hours also reassures them that their data is captured correctly.

If buddy punching is an issue for your company, you will want to make sure the vendor you select offers biometric and intelligent terminals. With biometric fingertip recognition technology, you can virtually eliminate time fraud, helping to ensure that the right person is clocking in and out.

When looking for a data collection solution, most companies need options to address all their workers, whether they are on-site hourly workers or remote workers. If you have a variety of worker types, you'll want to look for a vendor with an array of data collection options such as terminals, PDAs, Web browser, and the telephone.

Ease of use is a critical feature of time and attendance systems. Is clocking in a simple one-step process of swiping a badge or do employees have to push multiple buttons to record their hours? As with most sophisticated computerized products, the internal complexities should be invisible to employees and the system should be easy to use.

You may also want to reduce the amount of time managers are forced to spend answering questions about schedules and accruals and manually processing time-off requests. Offering more of these self-service options to your employees right at the terminal can save you time and increase productivity.

Another main concern for the data collection system is reliability. What happens to the data collection network if the computer fails? Are employees' activities stored? Can employees continue to punch while information is being sent to or withdrawn from the terminal? Are validation lists supported by the terminal? If an employee enters invalid data, what does the clock do?

Time and attendance software

The time and attendance software that totals and categorizes the hourly punch is the most critical element of your system. You need a system that is easy to use but can handle even your most complex pay rules.

Flexibility and ease of use are essential to your ability to gain support from employees for the new processes and applications. Flexibility is essential because your pay policies and staffing programs are complex and unique. Look for a system that offers the flexibility to accommodate different hourly rates for overtime, shift differentials, work, as well as employee types. The solution should also be extremely simple for your payroll and other employees to learn how to operate. Carefully examine the software screens for built-in ease-of-use features such as wizards and alerts.

Questions to ask about a time and attendance solution

Ease of use

- ☐ Is there one central menu from which to choose applications?
- ☐ Does the software require multiple keystrokes to move between applications or just a single keystroke?
- ☐ Can routine operations be set up to run automatically without operator intervention? How efficiently do these operations run?
- ☐ How easy is it to find the exact employee data you want?
- ☐ Does the application allow you to easily and quickly identify exceptions?
- ☐ How easy is it to edit punch information?
- ☐ Can increments of work time be further defined by using descriptive codes (e.g., breaks, driving, etc.)?
- ☐ Does the system include automatic notifications and email alerts of approvals or actions required?
- ☐ After implementation, how many people will it take to support the solution?

Flexibility

- ☐ Does the system allow individual employees to have multiple pay rates, multiple jobs, and multiple account assignments?
- ☐ Can reports be customized?
- ☐ Can you establish any pay period or only regular pay periods?
- ☐ Can you include salaried employees on the system with hourly rate employees?
- ☐ Can you export data from or import data to other departments easily? How about outside locations?
- ☐ How easy is it to upgrade the system?
- ☐ Can you interface easily with other technologies such as your payroll, HR, or ERP system?
- ☐ Can you easily configure, customize, and program rules or does the system require you to depend on the availability of your software vendor's engineers to reprogram or rewrite software code? (If you do require a customized feature, make sure the specifications are well-defined up front.)

Reporting and editing

Employee labor hours data is a valuable asset for your company. In addition to its use in payroll processing, the data can be used to generate reports to help you manage your business.

In order to help your department heads and supervisors manage their people and budgets more effectively and proactively, your automated system should allow you to configure and customize reports. It should also provide real-time data so managers have ready access to the answers they need to make informed decisions. For example, labor monitors allow managers to see which employees are approaching overtime or are absent at the start of their shifts, so the managers can react immediately to correct the situation. Leave monitors help control unauthorized time off and your leave liability.

It is important to evaluate ease of use when looking at reporting options. What sorts of filters are available? How many preconfigured reports are available out of the box? Are there wizards to streamline common reporting tasks or do reports have to be run individually when you want to access data?

Interfacing with host payroll system

Open architecture is a requirement for many businesses. This design approach provides maximum flexibility for integrating time and attendance information with existing data processing programs. When you are looking for a time and attendance solution, you should make sure there are proven, reliable interfaces with your existing technologies. For example, if your paychecks are currently generated on an in-house host system or by a payroll service bureau, you'll want a time and attendance product that will interface with your existing system.

Many vendors have already worked with well-known payroll services to develop and standardize the interfaces that connect their systems to these services. A few vendors have also developed standard interfaces with the most popular in-house payroll programs. Be sure to include the name and a detailed description of your current package when you communicate with vendors. Also look for vendors that have XML APIs (extensible markup language application programming interfaces) available to automatically import and export the data you need to and from the systems most critical to running your business.

If you believe a custom interface will be required, request a list of reference customers (ideally with a similar number of employees as your organization) for which the vendor has already developed custom interfaces. Then include a discussion of the vendor's engineering capabilities when you are conducting vendor reference checks. For example, how many custom programs have been written and how many software engineers are on staff? How many customers are currently using an interface with one of the applications critical to running your business? See Chapter 8, Evaluating and Selecting a Vendor, for more information.

Archiving payroll records

Paperwork and record keeping are often monumental tasks, especially if your current system is a manual, paper-based one. In addition to employee records, most state and federal labor laws require the archiving of employee payroll records for a specified number of years. With wage and hour lawsuits and audits a growing concern, maintaining accurate, easily accessible data is more important than ever.

Your automated system should have a convenient form for archiving information about hours from all previous pay periods. It should also offer a method that provides access to data from your PC. A solid records retention policy should be defined during your configuration so that you keep only the data that is relevant to your business while controlling the growth of your database.

Systems that share a common database between time and attendance and archived records save time and eliminate extra data entry. These systems automatically compress and store information to be archived at the appropriate time.

Security and data integrity

Security is typically handled in two ways: authentication that controls whether or not the user is a valid system user and authorization that determines what the user is allowed to do. Most time and attendance systems operate on a user name and password security system. A few authorized individuals may view and/or make edits to payroll data in the system. This arrangement usually provides sufficient security when payroll processing is centralized in the payroll department.

When determining what you need from a time and attendance system, it is important to think about the roles of the users and what you want certain individuals to see or not see. Make sure you include those questions in your RFP process.

Looking toward the future

As you evaluate your business goals, you may also want to look for a vendor that can help you tackle workforce challenges such as scheduling, absence management, and human resources. It is best to consider these future challenges now so you do not lock yourself into a solution that fails to meet all your business needs in the future.

Chapter 6 | Determining Your Costs

As part of your selection process, you will ask vendors for estimates of the costs associated with buying and implementing their solutions. Of course, vendors may not be able to quote accurately until they conduct a complete discovery process to understand all your needs.

For example, if you have a large facility, your vendor might recommend that you install more time data collection terminals than usual to reduce the amount of unproductive time it takes employees to walk from terminals to their workstations. Or the vendor may suggest using an interactive voice response system in conjunction with data collection terminals if many of your employees work remotely. Custom work such as unusual interfaces or report formats can increase your costs.

An important part of the due diligence related to costs is how you will deploy and pay for the solution. There are multiple options, and ideally you would like to find a vendor that gives you flexibility and choice.

Deployment options for a time and attendance solution include:

- You host the application at your site
- The vendor hosts the application
- A third-party hosting provider hosts the application

Financing options for a time and attendance solution include:

- Software license purchase
- Lease (often comes with a low-cost buy out option)
- Subscription (flexible per-employee per-month pricing, pay as you go)

**You can perform a side-by-side comparison of vendor costs.
To ease comparisons, bucket your costs as follows:**

Costs	Vendor One	Vendor Two	Vendor Three
Hardware costs			
Software costs			
One-time installation costs			
Training costs			
Recurring costs			

Hardware costs include detailed line items; software costs include a breakdown of standard and custom elements; one-time installation costs include time and programming; training costs include number of days allotted for your payroll staff, employee orientation, and training your trainers; recurring costs include maintenance, supplies, and software license renewals.

Chapter 7 | Determining Return On Investment

Automating your manual time and attendance processes can result in immediate, measurable savings. Nucleus Research, an independent research and advisory firm that helps businesses identify their returns on technology investments, determined that automating basic manual systems delivers a 3 percent reduction in payroll costs.

To calculate your return on investment (ROI), divide the incremental gain you expect to realize by the cost you expect to incur. However, when evaluating projects, remember to ask how long it will take before you realize a return. **A recent Nucleus Research ROI study found that Kronos customers achieved payback in five months, on average.**[2]

Using vendor quotes, you will be able to conduct a preliminary ROI. The primary areas where you are likely to gain benefits from automating time and attendance processes are listed in decreasing order of magnitude:[3]

- **Reduce payroll errors.** Payroll errors include overpayments due to errors in data entry and rules application. For the most part, these are attributed to human error, so automation can virtually eliminate this type of error. The ROI for payroll error rate alone pays for implementation almost six times over.
- **Reduce total payroll processing time.** Automation streamlines the entire process, so it takes less time for employees to fill out timecards, supervisors to review and approve timecards, and payroll to enter timecards. Also, since automation reduces errors, the time spent correcting errors is minimized, including the time spent cutting manual checks.
- **Reduce unauthorized leave time.** With a manual timecard system, it can be easy for employees to neglect to code time off when they fill out their timecards. Employees may take more vacation, sick time, or other leave than is permitted. After installing an automated system, our customers report significant reductions in the amount of unauthorized leave time taken.
- **Improve labor reporting.** Analytical reports help managers reduce the amount of authorized and unauthorized overtime. However, if you are facing labor shortages, your savings in this area may be limited. Improved labor reporting also allows managers to spend less time and money creating reports manually. (You should not claim this benefit if your managers do not currently run labor analysis reports.)

A study conducted by Nucleus Research on the benefits and returns of Kronos Workforce Timekeeper found that most organizations received payback on their solution within five months of implementation, on average. In addition, most users found that the solution paid for itself simply by eliminating payroll errors.

[2] *Kronos Workforce Timekeeper ROI Evaluation Report*, Nucleus Research (2006), Sponsored by Kronos.

[3] Nucleus Research (2006)

"We know how many hours are being spent in each department, at what rate of pay, and at what center, which is very valuable. Having an employee's information in one place, rather than on five paper timecards across multiple departments and centers, is part of what helped us cut our payroll costs by $1.5 million in less than a year."

Judith Sol-Dyess,
Senior Director of Information Systems
YMCA of Metropolitan Chicago

- **Reduce intentional error.** Dishonest employees can take advantage of an honor-based paper timecard system, costing your company money and demoralizing employees who are honest. Automating your time and attendance solution can minimize payments for unworked time and boost employee morale.

- **Save timecard costs.** There are many costs associated with paper timecards, including storing, retrieving, and shipping. (Some organizations send timecards from local offices to corporate overnight.) Automation eliminates paper timecards and the costs associated with handling and storing them.

- **Have fewer payroll employees.** Reduce or reallocate payroll personnel to other projects or roles in the company.

Lesser yet still significant benefits cited by Nucleus Research include:

- **Apply union and wage and hour rules consistently.** Help reduce union grievances and minimize management's work to prepare for an audit.

- **Lower payroll service bureau fees.** Companies usually receive discounts from outside agencies when they automate their manual processes.

To maximize ROI, you must maximize gain and/or minimize costs. Having calculated your expected savings, you can now use your vendors' quotations to determine your costs and calculate ROI.

Chapter 8 | Evaluating and Selecting a Vendor

When you select an automated time and attendance vendor, remember that you're initiating a long-term business relationship. Most companies typically select from no more than three to five finalists. It's at this point that the vendor's capabilities, services, and information from customer reference checks could become deciding factors in selecting a vendor.

It is critical that you ask in-depth questions about the vendor's background — questions that go beyond the vendor's software and hardware capabilities. Two checklists — a company background check and a services capabilities survey — can help you make a decision among vendors offering comparable product features and benefits. Criteria can include corporate resources, the breadth and depth of services offerings, and support capabilities. Be sure to contact a few customer references when you evaluate vendors. Get a list of current customers that are of similar size to your company and in a similar industry to yours with installation dates, along with names, email addresses, and phone numbers of contact people.

Company background

To ensure that you feel comfortable with the vendor you select, you should compare the competing vendors' experience, reputation, and financial stability. If you cannot find this information in annual reports and other financial documents posted online, request it from the vendors. Your task force should make a list of criteria and rank them in order of importance.

Services capabilities

Ask about each vendor's service capabilities, because this will define the absolute limits of service the vendor can provide. But don't stop there. You want to mitigate risk and determine what level of service you are likely to receive. Here are five ways to gauge the level of service that you can actually expect to receive.

- How are the vendor's services professionals measured for performance? Are they incentivized for speed or are they responsible for high customer satisfaction ratings?
- Customer satisfaction ratings are a good gauge because they look at large numbers of customers over a long period of time. Look for high numbers and upward trends, but remember that it is almost impossible for a company to achieve 100 percent customer satisfaction.
- Has the vendor won awards or been recognized for its service excellence in the press?
- Contact customer references to validate vendor claims. Select companies that are similar to yours in size and industry. Ask specific questions about timing, costs, delivery, and how the vendor resolved difficult challenges. Customer references are an essential part of the selection process, and you can benefit enormously from the advice these veterans provide.
- Research the quality and scope of services available on the customer website by requesting a guest logon.

Some typical service and support questions are listed on the next page. One thing you're looking for is flexibility — you want a services plan that makes sense for your company and fits your budget. You should prioritize your list so that it reflects your needs.

A company checklist

	Vendor One	Vendor Two	Vendor Three
What is the company's history and philosophy?			
What are the product line and scope of services?			
How would you rate the financial stability of the company in terms of its ownership and financial strength?			
Are the vendor's sales and profitability trends healthy?			
How many years of experience in time and attendance does the company have?			
What is the total number of systems installed?			
How much does the company spend on research and development (as a percentage of income)?			
How many employees, especially in service and in engineering, does the company have?			
Where are the locations of the company's national, regional, and local support offices?			
What is the company's level of expertise, experience, and commitment to your industry?			
What is the vendor's experience interfacing with your other applications (e.g., payroll)?			

A services checklist

	Vendor One	Vendor Two	Vendor Three
What implementation services does the vendor offer? Consider the time and resource commitments required from your company to support the vendor's implementation, including project planning, business assessment, system build, certification and testing, and going live.			
What is the vendor's implementation plan? Is it an established written methodology that can get you up and running quickly?			
If you have limited resources, does the vendor offer remote implementations delivered by secure Internet access with phone and online interaction?			
How many installations has the vendor completed?			
What is the average tenure of the vendor's implementation team members?			
Is the vendor experienced with your platform and computer environment?			
What educational services does the vendor offer? Consider your need for both product and technical knowledge.			
Does the vendor offer multiple options to fit your budget and needs?			

	Vendor One	Vendor Two	Vendor Three
Does the vendor offer a variety of learning tools and methodologies?			
How is training delivered?			
Does the vendor offer self-paced computer tutorials?			
What tools does the vendor offer after training to reinforce learning?			
How would you rate the online help, manuals, and other supporting materials?			
Is ongoing training available in case you have personnel changes due to turnover and attrition?			
What support services (maintenance) does the vendor offer? Consider your need for live online support, customer forums, and 24/7 information such as quick tips and e-case management.			
Is the system easily customizable for self-changes, with resources available remotely at your convenience? Or will additional customization require another on-site visit, at additional cost and at the vendor's convenience?			
Will the vendor provide automatic upgrades to the system as part of the maintenance contract?			

	Vendor One	Vendor Two	Vendor Three
How much do upgrades cost?			
How easy is it to upgrade?			
How often are upgrades released?			

Demos and presentations

Vendors offer a variety of ways to view their products. Review your detailed product requirements and goals with vendors and ask them to address your needs directly in a demonstration. You can ask vendors to work from a demo script you've prepared in advance. During the demo, evaluate how the product performs key functions. Also look at things like ease of use, security and access, how information is displayed, etc. Daily users, managers, and IT staff will have different concerns, so be sure to invite them to the demo.

On-site visits

Site visits to one or more of the references listed by the customer are vital at this stage. You may request visits to the specific sites you contacted during customer referencing or you may request that site visits be coordinated based on geographical proximity or comparative size of the operation.

Milestone: Vendor Selection

Your task force is fully equipped to make a selection at this point. If you have clearly articulated the business problems you want to solve, compared the vendor offerings, and conducted due diligence to validate the vendors' claims, you should be able to answer these questions:

- Should we automate our current solution now?
- What are the likely cost savings?
- Which vendor will be the best partner?
- Which solution in the vendor's portfolio is the best fit for us now and into the future?

Chapter 9 | Developing an Implementation Plan

> *"Instead of spending all our time doing payroll and compiling spreadsheets from static data, we're able to use reports that are timely and give us more accurate information. We're able to provide information to whoever needs it and use that information to make the best possible decisions."*

Blaine Weeks, CFO
Geiger Ready Mix

Now that you have selected the automated time and attendance system and vendor that best suit your goals and objectives, you can start planning for system implementation. The vendor should provide a proposed implementation plan that includes an overview of the process and a time frame for each phase.

To expedite the process, many clients establish their own implementation team.[4] However, you may have limited resources available to manage the process on site. Make sure the vendor you select makes wise use of your limited resources. The vendor's expectations for time commitments by your team should be clearly spelled out.

The task force or a dedicated implementation team will assess the vendor's plan and negotiate any adjustments needed regarding the process, milestones, and time frames. The implementation team should meet regularly to make sure the project stays on track, work is done properly, and deadlines are met. The team will also manage changes to the project schedule, cost, and scope.

Not all vendors use the same implementation process, but your vendor should provide a written plan with checklists and milestones for each step. A typical implementation process is described below.

Step One: Plan

As with most business projects, the planning stage is the most important. In kickoff meetings, the vendor team and your team hammer out details of the scope of the project, schedule, and delegation of responsibilities.

You should ensure the readiness of your organization to proceed with the project. This includes logistics like having ample power and network cabling, providing system access for vendor consultants, and setting up a restricted-access workroom for your team. It also means documenting all pay policies and work rules. You should also have employee data, use-case scenarios, and integration requirements prepared.

[4] The organizations we surveyed recommend that the implementation team include some members of the original task force. Otherwise, the business goals you outlined as the motivation to automate could be overlooked. In many companies, the implementation team and the task force are composed of the same people, but perhaps the IT representative manages the implementation phase.

Step Two: Assess

In this step, you will identify and complete all documents defining the requirements for the product's configuration. The vendor completes in-depth discovery on business processes and requirements and installs software. The training plan is created, the deployment plan is written, and custom work that might be required is scoped and approved.

Step Three: Solution Build

In this step, the application and data collection terminals will be configured to meet your unique needs. Data collection terminals (if required) are installed. Any required interfaces are installed and developed. Operational procedures are documented, system maintenance plans are developed, and interface schedules, such as the interface with payroll, are identified.

Step Four: Test and Certify

Before you move to the production environment, your system should be tested. Review all configured components to identify any rules that do not meet the business requirements. In this step, the separate application functions are tested with scripted scenarios, and predetermined results are then compared to actual results.

End-to-end system processes are validated to show that individual work units are working together to provide a seamless process, helping end users conduct work tasks. Testing should include data, activities, and procedures, covering the entire process from input to output.

At the end of the testing process, as defined in your vendor's sales agreement, the system is certified. A sign-off by you indicates your agreement that the system has been installed, configured, and tested for employee data integrity and configuration accuracy, and that it meets the requirements as defined in the plan.

Step Five: Deploy and Support

When your payroll department is confident that the time and attendance system is calculating payroll accurately and consistently during the test phase, you're ready for general rollout to all departments. Make sure your vendor's implementation project team remains engaged until you have gone through at least one full payroll cycle, to ensure that you are up and running correctly.

At this step, end-user training is conducted.[5] Professionally designed training accelerates employee acceptance and adoption of your new system. Employee training can be handled by the vendor or you can opt for a train-the-trainer program. It's a good idea to include members of the task force to answer questions about why certain decisions were made.

As the project closes, your account will be transitioned from the vendors implementation team to your support team. The final tasks for your implementation team are to monitor progress against the vendor plan and compile progress reports for department heads and senior administrators. Sound communication and feedback ensure smoother implementation and help build confidence in the new automated time and attendance system.

A final report is normally issued four to six months after the implementation has occurred. The report should evaluate the results achieved and compare them with your company's originally stated goals. Many companies also include recommendations for future enhancements in the final report. In our surveys, we find that about half of new customers have plans for additional enhancements in the near future.

[5] Training at the time of implementation is important, but ongoing training or easily accessible tutorials are also important to handle training as new employees join your company.

Chapter 10 | Working with Kronos

Whether you need a simple time and attendance system or a complete workforce management solution, we're the best choice. We recognize that not every customer is looking for the same solution, but they're all looking for similar results — better control over labor costs, minimized compliance risk, and improved workforce productivity. Only Kronos can help you achieve those results efficiently and cost effectively.

How do we do it? It starts by automating all your business processes. That means your employees and managers spend less time correcting errors and more time doing what they were hired to do.

With our efficient implementation methodology and best practices born from thousands of implementations, we get you up and running fast so you start saving money sooner. And when the real world kicks in and you need to adapt, you can easily make and enable changes to your system. That makes our solutions easy to own and provides the lowest cost of ownership in the industry.

Finally, we give you quality information that is granular, in real time, and comprehensive. Information you can use to make decisions and understand the impact your people have on your organization.

At Kronos, we're proving that workforce management doesn't have to be so hard.

"Now all managers have the necessary information at their fingertips and are able to edit punches. The process is much more efficient and effective. It allows our managers to better manage their employees and track their labor costs to budget."

Jan Coulter, Director of Human Resources
Charleston County Park & Recreation Commission

Notes

Kronos helps organizations across a variety of industries manage their most valuable, and expensive, strategic asset — their workforce. How? By giving them the tools they need to help them control labor costs. Minimize compliance risk. And improve workforce productivity. The easy-to-own workforce management solutions from Kronos make complete automation and high-quality information a reality.

Our time and attendance, scheduling, absence management, HR and payroll, hiring, and labor analytics solutions give Kronos customers the edge they need to compete in the global marketplace. With thousands of installations in organizations of all sizes — including over half the Fortune 1000® — **we're proving workforce management doesn't have to be so hard.**

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