



## Time and Attendance $\neq$ Time Clock

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For any business, investment in time and attendance software often takes a backseat to improving patient care, customer retention, or finding new customer acquisition methods. The time clocks already in place can lead to inertia — an unwillingness to switch to a more efficient and cost-effective system despite obvious financial advantages.

## What Are Time and Attendance Systems?

- Time and attendance systems allow employees to clock in and out electronically via time clocks, internet-connected computers, mobile devices, and telephones.
- That data is then instantly transferred into software that can be seamlessly imported into your payroll solution.
- These systems do much more, though, than just track when employees come and go. They also:
  - Monitor mobile employees via geolocation and geo-fencing.
  - Give real-time data on who is working, who is not, who showed up late and who is nearing overtime.
  - Manage paid time off.
  - Create employee schedules.
  - Provide managers and business owners with detailed labor data.
- Time and attendance systems feature a self-service function that allows employees to handle many time-tracking tasks on their own, including reviewing the hours they've worked, their current and future schedules and paid-time-off details.
- Time and attendance systems are offered as a cloud-based or an on-premises solution.
- With on-premises systems, you pay all of your costs up front. You can expect to pay several thousand dollars for the software, licenses for each employee and installation. There aren't any monthly fees for the service after that. However, there typically is no ongoing support or software updates included in your one-time costs.
- Cloud-based services have recurring monthly costs. Most services charge a per-user fee that can range anywhere from \$1 to \$10 per employee, per month. Some services also assess a base monthly charge or a minimum monthly

charge. In addition, some providers also charge a one-time setup and implementation fee. Unlike on-premises systems, however, all software upgrades and support are included in your monthly expenses.

## What are the benefits?

The switching costs that come with a new system pale in comparison to the money lost using outdated and inefficient time tracking methods. According to a recent article in the *Harvard Business Review*, a study by AffinityLive concluded that the U.S. economy loses \$7.4 billion a day in productivity due to inefficiencies.

Moving to an automated time tracking system can improve your bottom-line. Here are five areas your company will see reductions:

**1. Recording hours.** As highlighted by the AffinityLive report, while the way individuals work has been revolutionized, the way those work hours are recorded has lagged behind. Paper-based time cards and even outdated swipe card systems leave too much room for mistakes – like system errors (when swipe cards are forgotten or paper time sheets are illegible) or even dishonesty. Between “buddy punching,” salary over-payments, and human error, there are too many ways employees and companies can lose track of recorded time. And only those who fill out their time sheets multiple times a day can say with confidence that their time sheet is somewhat or very accurate. Companies can save up to 4% of annual payroll expenses with an automated time and attendance system, according to the American Payroll Association.

For example, an RFID time clock allows workers with a unique ID badge to simply pass near an RF reader to clock in or out. Similarly, the Biometric Time & Attendance system can track arrivals, departures, breaks, and meals with just the press of a finger. One firm reported there used to be a 15-minute wait to clock in (and out) that was cut by 80% due to the implementation of an RFID system. Other benefits include less time spent inputting vacation hours and increased time card accuracy.

**2. Calculating hours.** The only task that takes more time than recording hours worked is calculating everyone’s payroll each week or month. An estimated 40% of U.S. businesses calculate payroll by hand, which can take hours each week. Another firm that used paper-based time cards and a punch clock to track the hours of over 150 employees reported that they switched to a Biometric Time & Attendance system and now finishes payroll about 70 percent faster than before, *from four days a month to less than one.*

**3. Wasted resources.** Not only are paper time cards a strain on the environment, but they're a limited resource that often needs reordering and restocking, particularly when human errors are made and corrections are needed.

Beyond wasted environmental resources, the most important resource of all — your employees' time and energy — is wasted performing manual tasks that can be better handled by using an automated process. Rather than bogging employees down with the time restraints of paper handling (including printing the time sheets, distributing them, filling them out, collecting them, calculating the information recorded, and then filing them), allow them to focus on the tasks they are employed to do.

**4. Legal issues.** In 2015, the IRS issued \$5.5 billion in penalties related to errors in employment taxes. According to the Department of Labor, an estimated 7 out of 10 companies fail to comply with wage-and-hour regulations, mainly due to inaccurate timekeeping, misclassification, and a lack of historical, well-organized payroll data. Workers have either taken notice of this fact, or the DoL's increased wage and hour investigations and enforcement actions in recent years are turning up more infractions than before. From 2004 to 2014, Fair Labor Standards Act (FLSA) collective actions filed in federal court increased by almost 500%. By switching to an automated timekeeping system, small businesses decrease the risk of crossing Uncle Sam or getting into disputes with workers — which can lead to FLSA lawsuits.

**5. Stress and health-related costs.** An outdated attendance system places unnecessary stress on payroll workers. The American Psychological Association estimates that stress costs U.S. businesses \$300 billion a year between absenteeism, reduced productivity, and turnover. Job stress, which can lead to longer periods of employee disability than any other illnesses or injuries, also affects medical and insurance fees.

## In Conclusion

In many ways, we've allowed the convenience and efficiency of technology to change the way we communicate and conduct business in the work place. Time and attendance tracking systems are one of the last bastions of the old guard, and for a small business, the financial ramifications