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Time & Biometrics

By Karen D. Schwartz, Contributing Editor

Fine-tuning labor management with time, attendance and identity technology

The clerk drives up to the store, ready to start his shift. Before he slips behind the counter to help his first customer, he approaches a futuristic device hanging on the wall. After entering his PIN number, he places his finger on the glass, enabling the machine to verify that he is indeed who he says he is, as well as the date and time. During the course of the day, the clerk will use the device to clock in and out for lunch, as well as when he leaves for the day.

For more and more retailers, automated time and attendance solutions - many including biometric readers - have become the method of choice for managing labor and payroll for hourly employees. By using such a system, retailers have been able to increase accuracy, better account for vacation and sick leave, improve employee scheduling and project time reporting, enhance labor analysis, and virtually eliminate the nagging problem of buddy punching - the process by which employees clock in and out for one another, which can lead to falsified time and attendance entries.

Standardizing the Format

For United Rentals Inc., North America's largest equipment rental company, moving to an automated time and attendance solution was key to standardizing the time and attendance format and related payroll and labor management processes. Prior to installing its current system, each of the company's 650 locations managed the process in a slightly different way, causing the company problems with accuracy and timeliness.

"Most of our locations had old-fashioned time clocks with punch cards," says Michael Marzulla, director of payroll at United Rentals. "In some cases, the branch administrator would key those hours into an Excel spreadsheet, which he would fax or e-mail to the payroll center for processing. We ended up with multiple versions of what a time sheet looked like. There was no standardization at all."

The company's vice president of security already had decided to switch to a biometric time clock from Control Module Inc. to deal with the issue of buddy punching. It only made sense, Marzulla says, to pair that clock with time and attendance software from Workbrain Inc. to acheive providing increased standardization and functionality.

Today, with the application rolled out to all 650 locations, all time and attendance information is transferred via network from the time clock to the Workbrain application, once it is approved by the branch administrator, and then to the appropriate payroll system. Because the system is automated, payroll processors no longer have to enter data into the payroll system, increasing accuracy and timeliness.

Accuracy is further enhanced at United Rentals by the addition of a host of rules and regulations the company has placed in the Workbrain system, such as statutory overtime requirements and union rules. "We no longer leave it up to the branches to interpret those rules," Marzulla says.

Pleasant Surprises

While most retailers turn to automated time and attendance systems for the basics - standardization and consolidation, better accuracy, better tracking of sick and vacation hours and elimination of buddy punching - many are pleasantly surprised by a host of additional benefits. For United Rentals, one pleasant surprise was the amount of control executives had over labor management, thanks to a host of available reports. An overtime projection report, for example, will allow a manager to decide whether to approve or deny overtime for specific employees. "It allows us to put a more accurate finger on the pulse," Marzulla says.

Florida-based City Furniture, with 13 retail locations, also moved to an automated time and attendance solution for the same reasons most retailers do - elimination of buddy punching, efficiency and accuracy, as well as the impending Y2K, which executives felt would compromise the company's existing manual punch card system. City Furniture settled on Corporate Edition time and attendance software from Stromberg LLC paired with the vendor's Cyber Series Biometric Time Clock. The system interfaces with an IBM AS/400 file connected to a Microsoft SQL server that collects the data, depositing it into a homegrown payroll system. The system's reporting capabilities have been especially helpful in managing and controlling overtime, says Steve Wilder, senior vice president and chief financial officer for City Furniture. In addition to retaining the history of an employee's time and attendance activity over a long period of time, the ability to conduct exception reporting has been particularly helpful, he says.

"You can establish exception criteria within the system, like flagging an employee's record as an exception if he or she is more than 15 minutes late," Wilder notes. "That way, you can go back in history and get a report of every time the employee was late during the past six months" - a helpful piece of information for employee reviews, he says.

For retailers, the move toward automated time and attendance systems shows no signs of slowing down. In fact, market research firm Giga Information Group predicts that time and attendance solutions in retail will grow significantly over the next several years, from slightly more than $250 million in 2006.

Automated Benefits

One of the most important benefits of the automated time and attendance system, Wilder says, is its ability to track labor hours and payroll costs throughout the organization via cross-punching. "An employee might stay in his home department until 2:00 p.m., when he may be called to leave that department to pull stock out of the aisles for an upcoming delivery," Wilder explains. "This system provides the employee with a system that can properly record when he left one department for another, which helps a lot when you want to allocate costs to various departments."

According to Giga, the return on investment for automated time and attendance is significant. A 2002 market report found that retailers can reduce timekeeping staff time and error rates by a factor of 70 percent or more while lowering hourly labor costs from 1 percent to 3 percent. In addition, payroll cycle timing issues can be substantially reduced, and more precise staff planning and scheduling can reduce labor costs by optimizing staff and minimizing overtime.

Realizing most retailers need these benefits, vendors have stepped up to the plate. In addition to Workbrain and Stromberg, leading vendors include Kronos, Timera, Park City Group, Tomax and Radiant Systems.

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