

**Evolving Time and Attendance:  
Foundation for Workforce Management Improvements**

February 2008

## Executive Summary

A growing number of organizations are implementing workforce management systems, and time and attendance now finds itself in the middle of this movement. The rising interest in automated time and attendance systems is driven by the difficulty in tracking what has become a rapidly moving target. Organizations must respond to constantly changing market and industry conditions, try to manage an increasingly diverse workforce, and increasingly disperse workers.

This report, a compilation of survey responses from 333 organizations (representing all sizes, industries, and geographies), provides a roadmap for organizations that desire to implement or upgrade a time and attendance system. It examines the strategies of Best-in-Class companies to provide the proper automation, integration, and access to make a time and attendance system pay big dividends: from more accurate data, to increased revenue, to decreased labor costs.

### Best-in-Class Performance

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Aberdeen used four Key Performance Indicators (KPIs) to distinguish the Best-in-Class from all other companies when it comes to capturing and acting on time and attendance data:

- 65% improved accuracy of time data (e.g., time theft, buddy punching)
- 60% increased revenue per employee
- 59% decreased overtime as a percentage of total labor costs
- 47% decreased labor costs as a percentage of sales

### Competitive Maturity Assessment

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Survey results show that the organizations that enjoy Best-in-Class performance with time and attendance systems share several common characteristics:

- 88% have partially or fully automated their time and attendance data collection
- 81% have standardized processes for collecting time and attendance data
- 76% have a single data repository for all time and attendance data
- 71% have fully integrated their time and attendance systems, using either single or multiple vendor applications

### Required Actions

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In addition to the specific recommendations in Chapter Three of this report, to achieve Best-in-Class performance, companies should:

#### Research Benchmark

Aberdeen's Research Benchmarks provide an in-depth and comprehensive look into process, procedure, methodologies, and technologies with best practice identification and actionable recommendations

"The geographic dispersion and diversity of [our] workforce makes it increasingly difficult to capture time and attendance in a single system and, subsequently, share the information with other applications for which the information could greatly enhance business analysis and then business performance."

~ Training Manager, US-based Software Development Company

- Standardize the processes for collecting time and attendance data from various sources and locations
- Train managers how to properly collect and verify time and attendance data
- Integrate time and attendance data with other workforce management systems
- Provide real-time access to time and attendance data to aid in scheduling and forecasting

*Send to a Friend* 

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## Chapter One: Benchmarking the Best-in-Class

### Aberdeen's Analysis

“Time is money.” There is perhaps no more accurate analogy in business. Unfortunately, if there is one thing that we all have difficulty managing, it is time. That includes the ability to accurately measure and manage the time and attendance of staff.

Sure, most organizations have been tracking time worked for basic payroll functions for some time. But using time and attendance data for long-term labor forecasting, short-term staff scheduling, or overall labor cost reductions are functions that have eluded most but the top performing companies.

Still, the picture is changing. Whereas time and attendance use to be one of those ho-hum topics, good for figuring out paychecks, but not sure what else, it is now viewed as the launching point to improve staff scheduling, workforce planning, and labor cost savings.

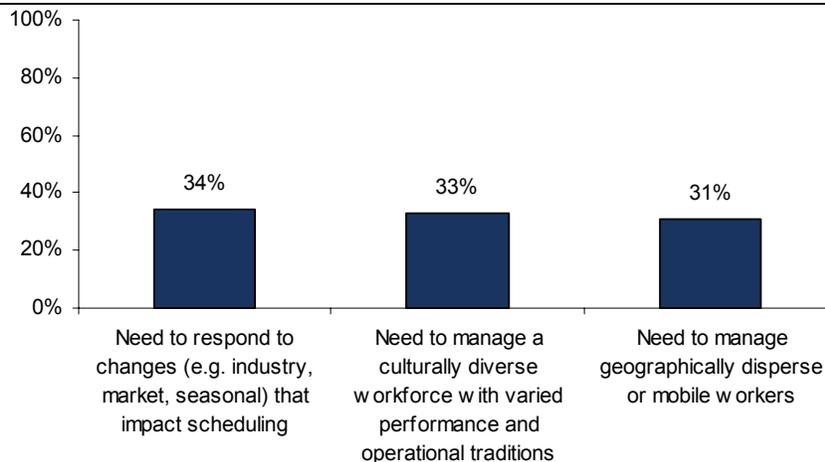
Indeed, new research from Aberdeen Group reveals that time and attendance systems are now the very cornerstone for laying a foundation of effective workforce management systems. No wonder, then, that a growing number of companies are adopting, and upgrading, time and attendance systems.

### Change Can Be a Demanding Friend

If there is one overall theme that can be attributed to the reasons that companies are investing in time and attendance systems, it is change. But individual companies define that pressure differently — whether as market change, industry trends, regulatory changes, seasonal demands, or, of special note, diversity and geography.

Companies are going global, expanding domestically, and hiring a more diverse workforce. This presents challenges of capturing data on more workers, in more locations, in more time zones, and with diverse work traditions (Figure 1).

**Figure 1: Top Pressures Driving Time and Attendance**



Source: Aberdeen Group, February 2008

### Fast Facts

- ✓ **65% of Best-in-Class** companies improved accuracy of time data (e.g. time theft, buddy punching)
- ✓ **60% of Best-in-Class** companies increased revenue per employee, with an average 10% improvement rate

“The benefit is that it's automated and it eliminates some paper. It makes managers and staff more accountable. Not a drawback, but the change in behavior and the learning curve has to be experienced until high efficient levels are attained. It's a process.”

~ Vice President of Human Resources, US-based Financial Services Company

These conditions make it more challenging to capture time and attendance accurately, and use it effectively. What clearly distinguishes Best-in-Class organizations is an aggressive approach to automating time and attendance data collection, and integrating that effort with other workforce management systems. In that manner, Best-in-Class organizations are able to improve scheduling, reduce overtime payments, and better match available workers to needed projects. The Best-in-Class are able to optimize labor costs and improve productivity in ways that other companies are unable to achieve.

Growing interest in workforce time and attendance systems is reinforced by data collected in Aberdeen's 2007 Integrated Human Capital Management: Over-hyped or Over-due? According to that report, the number one reason that companies are pursuing Human Capital Management (HCM) strategies is to increase the productivity of the organization's workforce — cited as the number one pressure by 67% of Best-in-Class. The top strategic action most used to achieve that goal is to link pay to performance (cited by 66% of Best-in-Class); and the solution most commonly used to aid in that effort is a time and attendance system (cited by 79% of Best-in-Class).

### Aberdeen Insights — Overtime and Compliance

While issues related to change, diversity of geography impact companies in all industries, some companies are feeling the pinch of overtime costs of compliance regulations. Indeed, both research data and anecdotal reporting reveal that for many organizations, these are the number one concerns driving the adoption of time and attendance systems.

Pressures from overtime costs are obviously affected by the number of hourly wage employees a company has, state labor regulations regarding overtime payments, and union or association restrictions on schedules or overtime compensation.

A time and attendance system integrated with a scheduling application, and featuring automatic alert capability, can provide managers with advance warning when individual employees are nearing overtime hours or are being scheduled for work hours which conflict with any restrictions on their scheduling.

### The Maturity Class Framework

Merely improving the accuracy of payroll is an obvious benefit from a time and attendance system. Large benefits are measured by the system's ability to impact the company's bottom line.

To measure the return on investment (ROI) of time and attendance systems, Aberdeen collected performance data against nine metrics assigned to distinct workforce management elements, including improvements seen in the areas of revenue, scheduling, payroll, overtime tracking, and labor costs. The four (4) performance criteria selected measure efficiencies realized, as well as productivity gained, across the workforce management spectrum:

- Accuracy of time data (e.g. time theft, buddy punching)
- Revenue per employee

### Fast Facts - Scheduling Benefits

√ The desire to improve payroll accuracy has traditionally motivated many companies to adopt a time and attendance system. Beyond that benefit, organizations that integrate a time and attendance application with scheduling can expect to see the quickest return on investment. That is important, since a concern raised by many survey respondents is how to effectively measure the ROI of a time and attendance solution.

- Overtime as a percentage of total labor costs
- Labor costs as a percentage of sales

**Table 1: Top Performers Earn Best-in-Class Status**

Definition of Maturity Class	Mean Class Performance
<b>Best-in-Class: Top 20%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 65% improved their accuracy of time data (e.g. time theft, buddy punching)</li> <li>▪ 60% increased revenue per employee, with an average 10% improvement rate</li> <li>▪ 59% decreased overtime as a percentage of total labor costs</li> <li>▪ 47% decreased labor costs as a percentage of sales</li> </ul>
<b>Industry Average: Middle 50%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 21% improved their accuracy of time data (e.g. time theft, buddy punching)</li> <li>▪ 21% increased revenue per employee with an average 7% improvement rate</li> <li>▪ 24% decreased overtime as a percentage of total labor costs</li> <li>▪ 24% decreased labor costs as a percentage of sales</li> </ul>
<b>Laggard: Bottom 30%</b> of aggregate performance scorers	<ul style="list-style-type: none"> <li>▪ 9% improved their accuracy of time data (e.g. time theft, buddy punching)</li> <li>▪ 3% increased revenue per employee, but with minimal improvement measured</li> <li>▪ 7% decreased overtime as a percentage of total labor costs</li> <li>▪ 2% decreased labor costs as a percentage of sales</li> </ul>

Source: Aberdeen Group, February 2008

### The Best-in-Class PACE Model

Using time and attendance solutions to achieve corporate goals requires a combination of strategic actions, organizational capabilities, and enabling technologies, as illustrated in Table 2.

**Table 2: The Best-in-Class PACE Framework**

Pressures	Actions	Capabilities	Enablers
<ul style="list-style-type: none"> <li>▪ Changes (e.g. market, industry, seasonal) that impact scheduling</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integrate time and attendance system with other HCM systems (e.g. payroll)</li> <li>▪ Provide visibility into time and attendance data</li> </ul>	<ul style="list-style-type: none"> <li>▪ Documentation of procedures for collecting time and attendance data</li> <li>▪ Standardization of processes for collecting time and attendance data</li> <li>▪ Collaboration between HR and operations on collected time and attendance data</li> <li>▪ Overtime policies clearly communicated to shift-based and project-based workers</li> <li>▪ A single data repository for all time and attendance data</li> </ul>	<ul style="list-style-type: none"> <li>▪ Reporting tools</li> <li>▪ Tools that track "leave" and attendance</li> <li>▪ Tools that track when employees are not working (e.g. FLMA and benefit time used)</li> <li>▪ Tools that enable real-time updates in employee scheduling</li> <li>▪ Employee self-service portal for viewing labor schedules, hours worked, and requests for time off</li> <li>▪ Tools that distribute overtime to qualified employees in accordance with configurable rules</li> </ul>

Source: Aberdeen Group, February 2008

## Big Benefits Start With Better Data

While nearly all other pressure areas were within a few percentage points of the others among the Best-in-Class, Industry Average, and Laggard respondents, there was a sharp difference in how the three categories cited employee retention as a key pressure: 16% of Best-in-Class cited employee retention and satisfaction as a top pressure. That number rose to 23% among Industry Average companies, and to 29% among Laggards.

What accounts for this clear differentiator? The Best-in-Class are able to more accurately capture time and attendance data, to more equitably pay workers, to more easily and efficiently make changes to employee schedules, and to make changes known to employees earlier in the cycle. As a result, Employees at Best-in-Class organizations benefit from more accurate and equitable pay, and improved communication about their schedules and time worked. That, in turn, aids in employee satisfaction and retention.

### Strategic Actions

Collecting better time and attendance data is the first step in the process. Since this data will also impact other workforce management systems, the data needs to be “good.” Bad time and attendance data will produce bad scheduling data, and bad labor forecasting data. Any perceived gains may quickly be offset by the time spent correcting errors after-the-fact.

The second step is to have better knowledge of what data you have collected, and how to access it. The majority of all companies surveyed, including 41% of Best-in-Class, plan to provide greater visibility into time and attendance data.

Best-in-Class organizations realize that keys to this effort include:

- standardizing the processes for collecting time and attendance data;
- documenting the proper procedures;
- measuring data on all employees regardless of job type or location;
- properly training employees on how to enter their own time and attendance data;
- adequately training managers on how to input, access and analyze collected data on all workers.

To these points, the Best-in-Class fully foster collaboration between HR and operations on collected data (78%), and provide a single data repository for all time and attendance data (76%), points that will be discussed in greater detail to come.

For the Best-in-Class, integration goes far beyond just tying various time and attendance data collection tools to each other. It involves connecting time and attendance with other workforce management systems, to enable improved data to be used in more ways (Table 3). This enables them to better schedule staff and to match individual skills to specific work or project needs.

“While integrated for payroll purposes, [our] time and attendance does not provide basic employee info for supervisors (address, phone, emergency contacts). [We] can’t deploy HRIS to all supervisors for security reasons, so we must provide alternatives for supervisors.”

~ Director of Human Resources, US-based Travel and Hospitality Company

### Fast Fact

√ As noted in Table I of this report, our research has found that **Best-in-Class** organizations achieve performance gains that are otherwise unattainable by organizations that do not have an automated and integrated solution for time and attendance. In fact, our research finds that Best-in-Class are more likely to achieve performance gains in most areas typically measured in Human Capital Management.

**Table 3: Time and Attendance Integration with Other Modules**

Workforce Management Element	Best-in-Class	Average	Laggard
Payroll	86%	79%	66%
Scheduling	79%	53%	34%
Compensation	78%	67%	50%
Workforce planning	71%	37%	37%
Employee performance management	70%	55%	36%
Labor budgeting	68%	53%	25%
Workforce analytics	59%	27%	22%
Learning and development	53%	39%	32%
Competency and assessments	35%	23%	13%

Source: Aberdeen Group, February 2008

Immediate gain comes from increased scheduling capabilities. In follow-up interviews conducted with survey participants, the most common “other” workforce management system that time and attendance data is tied to is payroll. But the most desired additional capabilities are to tie time and attendance to scheduling and labor forecasting tools.

### Benefits and Drawbacks with Current Systems

The most cited early benefits of a time and attendance system include greater accuracy of collected data; and a more equitable system for paying employees, when used in conjunction with payroll systems. In the next chapter, we will see what the top performers are doing to achieve these gains.

**Table 4: Benefits and Drawbacks of Time and Attendance Systems**

Benefits	Drawbacks
<ul style="list-style-type: none"> <li>▪ Accurate data collection</li> <li>▪ Ease of access by managers and employees</li> <li>▪ Equity of pay to employees</li> <li>▪ Real-time opportunities to analyze data</li> <li>▪ Ability to align with scheduling systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ Poor or cumbersome reporting capabilities</li> <li>▪ Data entry is time intensive</li> <li>▪ Opportunities for fraud by remote workers</li> <li>▪ Limited flexibility and customization options</li> <li>▪ Integration challenges with multiple applications</li> </ul>

“[The] benefits are accurate pay and overview of resource per location versus service levels. Also, tools are integrated with pay systems. [The] drawback is the time to develop the system (one year for development and testing).”

~ Human Resources Manager, London-based Retail Company

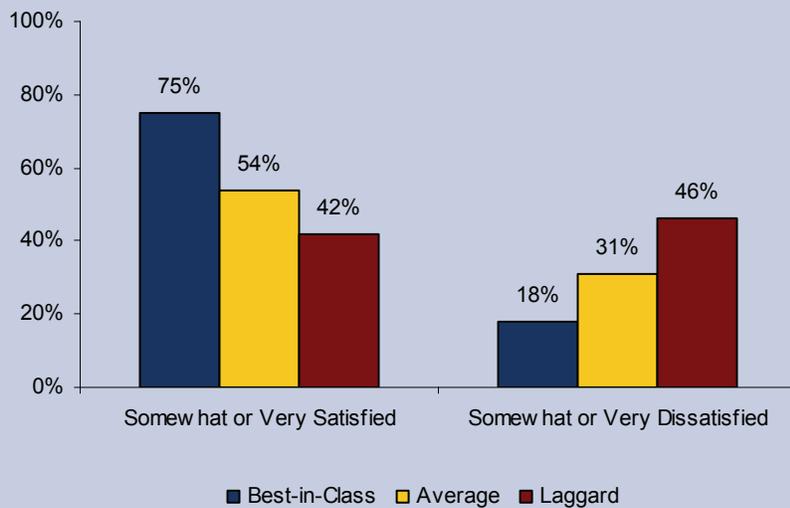
Source: Aberdeen Group, February 2008

### Aberdeen Insights — Satisfaction

Many of the benefits cited by survey respondents are clearly dependant on how a time and attendance system is used in conjunction with other workforce management systems. Both survey data and anecdotal responses make it clear that implementing a time and attendance system by itself is only half the story. It is the integration with other systems that yields the significant results and satisfaction.

That is clearly shown by the levels of satisfaction with time and attendance systems reported by the Best-in-Class, with 75% indicating they are very or somewhat satisfied with their time and attendance efforts. That percentage drops to 54% among Average companies, and 42% among Laggards. (Figure 2 below) The more a company invests in automating and integrating a time and attendance system, the more the company is able to do with the data in other areas, and the more satisfied everyone in the organization is with the results.

**Figure 2: Current Satisfaction with the System**



Source: Aberdeen Group, February 2008

In the next chapter, we will see what the top performers are doing to achieve these gains.

## Chapter Two: Benchmarking Requirements for Success

The most important elements in a time and attendance system that provides full functionality, and greatest satisfaction, are that it be easy to use by employees, easy to access by managers, and easy to analyze and act on. How well a company can master those tasks will determine what benefits it can expect to realize from investing in a time and attendance system.

### Case Study — Tennant Company

Tennant Company is one of the world's leading manufacturers of surface maintenance equipment and coatings. Last year, in an effort to streamline labor management and increase productivity, the company decided to enhance its enterprise system by integrating a time and attendance application from a leading workforce management solutions provider.

The company, headquartered in Minneapolis, MN, has worldwide operations and required a highly flexible time and labor management system to accommodate its uniquely complex labor rules. Seamless integration into their existing system, the ability to internally maintain changes including rules and evolving business needs, and the fact that the company's previous time and attendance technology was outdated were driving factors in the decision to go with the selected vendor.

Having 2500 employees at locations across the globe ranging from the United States to Asia, Latin America, Europe, Great Britain, and the Middle East and beyond, Tennant's primary goal was to find a system that had enough flexibility and user-friendliness to accommodate vastly different labor rules in its manufacturing plants. Also important were features such as self-maintenance, flexibility, and seamless integration.

Three, and soon four, of the company's manufacturing facilities in the United States and The Netherlands have deployed or will be deploying the system for workforce management time and attendance, data collection, tracking, and reporting capabilities.

Tennant employees simply clock into the system to track their time and attendance. Throughout the workday, employees confirm production order operations, which are transferred to the enterprise system in near-real-time, as well as labor charged against internal orders or various types of indirect labor.

*continued*

### Case Study — Tennant Company

Because the system collects the cost center information according to where the employees performed their labor, employees can easily rotate between work centers without any maintenance to the master data. The individual timecard information is transferred to the enterprise system for payroll processing and is booked to the specific cost centers and labor accounts based on the data collected. Cost center managers and supervisors then immediately manage the workforce through a variety of labor distribution reports using the time and attendance data.

The new time and attendance system offered Tennant the following capabilities and functionality — all made available in a single solution — optimizing the company's workforce management practices and improving productivity:

- Time card review
- Payroll lock
- Employee reassignment
- Time-off planning
- Group or team labor assignments
- Sending broadcast or message alerts about work-flow changes
- Costing
- Efficiency and error reduction

Tennant has used time and attendance tracking, production data, customized payroll rules, production schedules, employee self-service for vacation and shift information, and cost center reporting to streamline the company's operations. This has enabled supervisors to spend significantly less time on administration and more on actual production management.

The ability to perform efficiency reporting by capturing actual versus standard cost has released management from the tedious and time-consuming task of manual tracking. With a standardized time for every job, actual time is being automatically tracked and the data is delivered for immediate evaluation for things such as labor re-purposing or workflow changes, significantly reducing the chances of assignment errors.

The amount of time spent by each supervisor reviewing and approving daily timecards has been slashed from one hour per day to just a few minutes, freeing the supervisors to focus on managing their work groups.

### Competitive Assessment

Aberdeen Group analyzed the aggregated metrics of surveyed companies to determine whether their performance ranked as Best-in-Class, Industry Average, or Laggard. In addition to having common performance levels, each class also shared characteristics in five key categories: (1) **process** (the approaches they take to execute their daily operations); (2) **organization** (corporate focus and collaboration among stakeholders); (3) **knowledge**

**management** (contextualizing data and exposing it to key stakeholders); (4) **technology** (the selection of appropriate tools and effective deployment of those tools); and (5) **performance management** (the ability of the organization to measure their results to improve their business). These characteristics (identified in Table 5) serve as a guideline for best practices, and correlate directly with Best-in-Class performance across the key metrics.

**Table 5: The Competitive Framework**

	Best-in-Class	Average	Laggards
<b>Process</b>	Integrate time and attendance data with employee scheduling		
	79%	53%	34%
	Integrate time and attendance data with workforce planning		
	71%	37%	37%
	Integrate time and attendance data with labor budgeting		
	68%	53%	25%
<b>Organization</b>	Have collaboration between HR and operations on collected data		
	78%	51%	44%
	Provide proper training of managers on reporting tools		
	54%	38%	29%
<b>Knowledge</b>	Have a single repository for all time and attendance data		
	76%	54%	57%
	Provide real-time access for managers to generate time and attendance reports		
	64%	50%	32%
<b>Technology</b>	Use the following tools to enhance time and attendance analysis and planning:		
	<ul style="list-style-type: none"> <li>▪ 78% reporting tools</li> <li>▪ 57% tools that enable real-time updates in employee schedules</li> <li>▪ 50% biometric tools that authenticate actual time punch</li> <li>▪ 47% workforce analytic tools</li> </ul>	<ul style="list-style-type: none"> <li>▪ 75% reporting tools</li> <li>▪ 51% tools that enable real-time updates in employee schedules</li> <li>▪ 32% biometric tools that authenticate actual time punch</li> <li>▪ 32% workforce analytic tools</li> </ul>	<ul style="list-style-type: none"> <li>▪ 56% reporting tools</li> <li>▪ 39% tools that enable real-time updates in employee schedules</li> <li>▪ 33% biometric tools that authenticate actual time punch</li> <li>▪ 15% workforce analytic tools</li> </ul>
	Are able to track employee time and attendance data on at least 75% of workforce		
	77%	67%	63%
<b>Performance</b>	Are able to track employee time and attendance data on a real-time basis		
	52%	31%	28%

“An accurate and reliable time tracking system was a key enabler to managing our labor pool. After an extensive selection process, we [selected an application that] was the most flexible and robust of all the systems, and it could best support our ever changing business.”

~ Marlee Sander, Senior Team Leader, Tennant Company

Source: Aberdeen Group, February 2008

## Capabilities and Enablers

The essential ingredients of a time and attendance strategy that produce top results include the proper mix of process, organizational knowledge, technology, and performance measurement.

### Process

A majority of the Best-in-Class have integrated time and attendance data collection with employee scheduling (79%), employee performance management (70%), and labor budgeting (68%).

The Best-in-Class have much greater ability to analyze time and attendance data for a variety of workforce management functions. These include increased flexibility in staff scheduling; effective matching of skill sets to project needs; better-targeted training programs; and more accurate long-term labor forecasts.

The degree to which any organization can expect to see gains in these areas depends on how many other workforce management systems it integrates with its time and attendance data collection.

### Aberdeen Insights — Process

As follow-up interviews with survey participants reveal, despite growing adoption of automated time and management systems, a substantial number of companies rely on “honor system” reporting of initial data. That is, the process of individual employees entering their own hours worked and attendance records.

Surveyed companies that rely on the honor system use a variety of means to capture employee data. Some ask employees to turn in paper-based work schedules, which are then entered into a system manually by their supervisor. Other companies give employees computer access to input their hours and days worked, and rely on the supervisor to confirm accuracy. Some companies automatically process standard attendance and time reports each week which assume a preset schedule for each worker unless manually adjusted.

Whichever honor system is used, survey participants confirm that practice adds to the possibility of inaccurate data. This, in turn, increases the time managers may need to spend on double checking the data, negating any time savings from automating part of the process.

“Reporting is hard to customize. Employees must be reminded frequently to track time accurately and on time — our standard, not always met, would be for time sheets to be entered and submitted on a daily basis. [The] problem with [the] existing system is that it is being moved to an online version which performs significantly different than the server version. This will be a big problem with re-education if we decide to go this route.”

~ Senior Manager, Ontario, Canada, Software Development Company

### Organization

Both survey data and follow-up interviews with survey participants have confirmed that how managers enter time and attendance data into a system, who they are able to obtain data on, and how they are able to access data from the system are all vital to realizing full benefits from the system. This involves capturing time and attendance data on salaried employees, hourly

wage workers, contract labor and consultants, and doing so at all units and facilities.

Another key strategy for the Best-in-Class is to seek strong collaboration between the human resources function and other operational units that collect time and attendance data. Most time and attendance data is initially collected within the various operational units in the company. Among Laggard companies, that data is then primarily used by human resources for payroll and benefits-related efforts, but is not acted on by the operational units for their own specific forecasting and workforce analytic needs.

That is another area where the Best-in-Class stand out, with 78% reporting that they have strong collaboration efforts between human resources and operational units, to use collected data for other human capital management functions.

### **Knowledge Management**

Effectively integrating a time and attendance system with other workforce management systems also requires a single data repository, to which all devices feed collected time data, and from which all managers access the same data.

Again, Best-in-Class companies have been more aggressive in this strategy, with 76% of the Best-in-Class reporting that they have a single data repository, as compared to 54% of Industry Average, and 57% of Laggard companies.

The tools that companies use to collect time and attendance data play an important role in how the data can be integrated and accessed later for analysis. But anecdotal reporting from survey participants reveals that a major factor here is not the hardware device or software application itself, but the manager using it. Numerous respondents to our survey expressed satisfaction with the functionality of their time and attendance system and with the level of support provided by the vendor(s). But many respondents expressed major frustration — in severe cases, actual dismay — with internal processes.

In nearly all cases, blame was not placed on the vendor(s) which supplied the initial solution and technical training on the system. Instead, the problems were more often the lack of internal training for managers, or the lack of attention to detail by managers when inputting data. Even the most robustly automated system requires some initial manual data input. As numerous survey respondents pointed out, the analysis drawn from the system is only as good as the data put into it.

Many respondents cited careless or uncaring managers for the degree of bad data they were dealing with. One of the cited reasons for this included the cultural change needed to get managers to adopt a new inputting process. Another top cited factor was the unwillingness of supervisors to spend even the reduced time necessary to do manual data inputting with an automated system, despite substantial time savings to their workweek. Finally, many companies cited the failure of managers to verify the data entered by individual employees they oversee.

“We pay on a semi-monthly schedule, 86.67 hours per pay period. This is not an accurate reflection of time worked and it keeps us from using an automated time and attendance system that works in conjunction with our payroll processor.”

~ Human Resource Manager,  
US-based Financial Services  
Company

“Benefits [include] more accurate reporting of time; better tracking of overtime and penalty pay; employee accountability; wage and hour compliance. Drawbacks [include the] employee and manager learning curve during implementation of [the] system.”

~ Senior Human Resources  
Manager, US-based Healthcare  
Facility

## Technology

Merely automating the process of collecting time and attendance data should improve the accuracy of data, and payroll. For some companies, that is a sufficient advantage. However, some companies surveyed for this report cited inaccuracy of payroll as an ongoing major challenge even with an automated system. Causes for this include: the use of different data collection devices; the use of incompatible software applications; and the use of an “honor system” (see Aberdeen Insight – Technology at the end of this chapter).

The benefits of merely getting time and attendance data more accurate should not be understated. Those benefits include more accurate payroll for contract labor, stricter compliance with workforce regulations, and verifying that billings from consultants accurately reflect their efforts. Another advantage is to ensure equitable pay to employees based on the type of work they do.

Companies are pursuing a variety of technology solutions to help them better capture and analyze time and attendance data, and again, the Best-in-Class have been most aggressive in this area (Table 5).

## Performance

Fifty-two percent (52%) of the Best-in-Class can access time and attendance data real-time, whereas that number drops to 31% for Industry Average companies, and 28% for Laggards.

The Best-in-Class also do a better job at capturing most of their headcount in time and attendance data. Seventy-seven percent (77%) of Best-in-Class capture at least 75% of their workforce in time and attendance data, as compared to 67% for Industry Average companies and 63% for Laggards.

### Aberdeen Insights — Technology

Best-in-Class organizations have clearly been more aggressive in automating the time and attendance process, with 55% of the Best-in-Class saying they have an automated system in place. In comparison, among all companies surveyed for this report, the number drops to 29%. Similarly, while 56% of all organizations surveyed have fully integrated their time and attendance tracking tools, that number increases to 71% percent among Best-in-Class. These preferences have been well documented in data collected from several of Aberdeen’s 2007 Human Capital Management reports.

As to the actual systems, many companies surveyed for this report use a single vendor application for their time and attendance data storage and accessibility, but use a variety of devices to initially capture such data. Other companies are using applications from multiple vendors for storage and accessibility, and again, collecting data with a variety of tools (Figure 3).

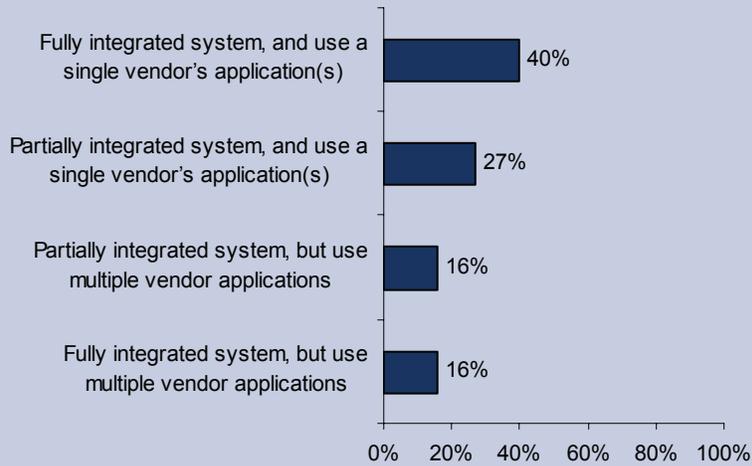
*continued*

“It is efficient and easy to administer. A disadvantage is that supervisors and managers don't always verify the information submitted by employees, which seems to be an organizational culture issue. Time reporting for project management staff is complicated because time is reported for multiple projects and across funds. We have exception reporting for managers and changes are not always recorded after the fact since time reports are submitted every two weeks, not daily or real-time.”

~ Director,  
US Public Water Utility

**Aberdeen Insights — Technology**

**Figure 3: Workforce Management System Integration**



Source: Aberdeen Group, February 2008

## Chapter Three: Required Actions

Whether a company is trying to move its performance in time and attendance measurement from Laggard to Industry Average, or Industry Average to Best-in-Class, the following actions will help spur the necessary performance improvements:

### Laggard Steps to Success

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- **Strategize.** Laggard organizations must first identify where human capital management investment can make an impact on business objectives. This starts with an understanding of the organization's critical pain points and their correlation to the workforce. Start from a high level and work down. Is it the ability of senior managers to do long-term labor forecasting? Is it the ability of middle management to do short-term staff scheduling? Is it the ability of payroll or human resources to improve the accuracy of payroll checks issued?
- **Standardize.** One of the greatest obstacles to being able to analyze and act on time and attendance data is a lack of standardization within the organization on what data should be collected, and through what processes. This is critical, since time and attendance data is usually generated by more than one person within the organization, and often from many sources. That can include numerous operational units, facilities, or even countries.
- **Document.** In addition to establishing standard procedures for collecting time and attendance data, organizations need to clearly document those procedures for the benefit of both employees and managers. This helps to eliminate confusion on what is expected of employees in terms of inputting their own time and attendance information, and confusion among supervisors on what data they should be acting on.
- **Automate.** The first step in improving the accuracy of collected time and attendance data is to automate the processes for gathering and storing that data. This can involve a variety of hardware devices, software applications, or collection points.

### Industry Average Steps to Success

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- **Collect.** A differentiator between Industry Average companies and the Best-in-Class is the job levels and job types within the organization that they tend to collect time and attendance data from. Collect time and attendance data from all workers connected to the organization, from salaried, to hourly, to contract workers and consultants.

#### Fast Facts

- √ **Best-in-Class organizations are 70% more likely** than other companies to have the ability to track employee time and attendance data on a real-time basis
- √ **Best-in-Class organizations are 86% more likely** than Laggards to provide proper training of managers on reporting tools

“Our current time management system is a component of the organization's overall records management system and allows appropriate and desired analytical capabilities.”

~ Director of Organizational Development, United Kingdom Law Enforcement Agency

- **Train.** Most organizations have a variety of collection points within the organization that capture time and attendance data. Increasingly, that involves wireless and remote devices or biometric measurement tools. Companies need to ensure that managers fully understand how to use the hardware and software tools in a time and attendance system, to eliminate the possibility of incomplete data entries or lost data.
- **Verify.** For too many companies, the primary cause of inaccurate time and attendance data is inadequately trained supervisors responsible for managing that data. That includes data that is input manually into a system in a careless fashion, and a poor understanding of how to use various data collection tools. Companies must stress to all involved with time and attendance data collection the importance of doing due diligence on all data that makes its way into the system.

“Our current time and attendance system has just been installed. The previous system had a hardware system failure which was no longer supported by the parent company. This caused us to have to spend appreciable time and money installing a new system. Benefits include ease of use for workers and [the] ability to check real time results with our PC system. Drawbacks are lack of software training and documentation.”

~ Senior Manager, US-based  
Metal Manufacturing Company

## Best-in-Class Steps to Success

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- **Integrate.** The greatest gains from a time and attendance system come when a company uses that data to drive its other workforce management strategies. Best-in-Class companies should integrate as many of their workforce management systems as possible with the time and attendance system, and automate the process as completely as possible, to provide seamless sharing of data for scheduling and project planning.
- **Provide visibility.** The best way to achieve benefits with a time and attendance system is to ensure that everyone who needs to have access to such data can do so in real-time. That requires that time and attendance data is stored in a central repository, from which all managers that need access to the data for any purpose can gain that access anytime, from anywhere.
- **Empower.** Having accurate and accessible time and attendance data is of little value if it is not acted on. Give managers the ability to use time and attendance in ways that immediately benefit their department, unit, or facility. That will enable managers to make immediate scheduling decisions to meet changing needs of the business, and to address whatever contingencies might arise.

### Aberdeen Insights — Summary

A successful time and attendance program is more likely to succeed when senior management clearly explains the need for a new, or an expanded, time and attendance tracking system.

The more new devices, applications, and steps added in the time and attendance data collection process, the greater the cultural change required to make it all work. Also, managers should be conscious of the sense of “big brother watching” that an expanded time and attendance system can foster. It is important that managers explain why employees should welcome, not fear, the changes.

When employees are made to believe that more accurate data tracking will improve the accuracy of their paychecks, and enable them to get early notice of schedule changes that impact them, they are more likely to buy-in to the change.

Likewise, when supervisors are made to understand the importance of diligent and accurate data gathering upfront, and how it should improve their own time management, they are more likely to produce the desired data gathering behavior.

*Send to a Friend* 

## Appendix A: Research Methodology

Between January and February 2008, Aberdeen examined the use, the experiences, and the intentions of more than 330 enterprises using workforce management solutions - including time and attendance systems.

Aberdeen supplemented this online survey effort with interviews with select survey respondents, gathering additional information on strategies, experiences, and results.

Responding enterprises included the following:

- *Job title / function:* The research sample included respondents with the following job titles: senior management (CEO, COO, CFO, CIO, president) (23%); vice president (9%); director (21%); manager (29%); others (18%). In terms of functions in their respective organization, the majority of respondents (48%) were in human resources (including payroll, training and organizational development). Other functional areas represented included IT (13%), finance (11%), and business process management (8%).
- *Industry:* The research sample included respondents from a variety of industries. Hi-tech represented 12% of the sample, followed by the public sector (11%), finance / banking (9%), health / medical services (9%), and industrial equipment manufacturing (5%) and transportation / logistics represented 4% of the sample.
- *Geography:* The majority of respondents (86%) were from North America. Remaining respondents were from the Asia-Pacific region (6%), Europe (4%), Middle East / Africa (3%), and South / Central America (1%).
- *Company size:* 16% of respondents were from large enterprises (annual revenues above US\$1 billion); 41% were from mid-sized enterprises (annual revenues between \$50 million and \$1 billion); 43% were from small businesses (annual revenues less than \$50 million).
- *Headcount:* 15% had over 5000 employees; 20% had between 1000 and 5000 employees; 23% had between 250 and 1000 employees; 42% of respondents came from companies with less than 250 employees.

Solution providers recognized as sponsors were solicited after the fact and had no substantive influence on the direction of this report. Their sponsorship has made it possible for Aberdeen Group to make these findings available to readers at no charge.

### Study Focus

Responding HCM and business unit executives completed an online survey that included questions designed to determine the following:

- √ What is driving the adoption of workforce management solutions
- √ How time and attendance solutions are integrated throughout the organization
- √ Current and planned use workforce management and / or time and attendance systems
- √ The benefits, if any, that have been derived from the initiatives

The study aimed to identify emerging best practices for workforce management and to provide a framework by which readers could assess their own internal capabilities

**Table 6: The PACE Framework Key**

Overview
<p>Aberdeen applies a methodology to benchmark research that evaluates the business pressures, actions, capabilities, and enablers (PACE) that indicate corporate behavior in specific business processes. These terms are defined as follows:</p> <p><b>Pressures</b> — external forces that impact an organization’s market position, competitiveness, or business operations (e.g., economic, political and regulatory, technology, changing customer preferences, competitive)</p> <p><b>Actions</b> — the strategic approaches that an organization takes in response to industry pressures (e.g., align the corporate business model to leverage industry opportunities, such as product / service strategy, target markets, financial strategy, go-to-market, and sales strategy)</p> <p><b>Capabilities</b> — the business process competencies required to execute corporate strategy (e.g., skilled people, brand, market positioning, viable products / services, ecosystem partners, financing)</p> <p><b>Enablers</b> — the key functionality of technology solutions required to support the organization’s enabling business practices (e.g., development platform, applications, network connectivity, user interface, training and support, partner interfaces, data cleansing, and management)</p>

Source: Aberdeen Group, February 2008

**Table 7: The Competitive Framework Key**

Overview	
<p>The Aberdeen Competitive Framework defines enterprises as falling into one of the following three levels of practices and performance:</p> <p><b>Best-in-Class (20%)</b> — Practices that are the best currently being employed and are significantly superior to the Industry Average, and result in the top industry performance.</p> <p><b>Industry Average (50%)</b> — Practices that represent the average or norm, and result in average industry performance.</p> <p><b>Laggards (30%)</b> — Practices that are significantly behind the average of the industry, and result in below average performance.</p>	<p>In the following categories:</p> <p><b>Process</b> — What is the scope of process standardization? What is the efficiency and effectiveness of this process?</p> <p><b>Organization</b> — How is your company currently organized to manage and optimize this particular process?</p> <p><b>Knowledge</b> — What visibility do you have into key data and intelligence required to manage this process?</p> <p><b>Technology</b> — What level of automation have you used to support this process? How is this automation integrated and aligned?</p> <p><b>Performance</b> — What do you measure? How frequently? What’s your actual performance?</p>

Source: Aberdeen Group, February 2008

**Table 8: The Relationship Between PACE and the Competitive Framework**

PACE and the Competitive Framework – How They Interact
<p>Aberdeen research indicates that companies that identify the most influential pressures and take the most transformational and effective actions are most likely to achieve superior performance. The level of competitive performance that a company achieves is strongly determined by the PACE choices that they make and how well they execute those decisions.</p>

Source: Aberdeen Group, February 2008

## Appendix B: Related Aberdeen Research

Related Aberdeen research that forms a companion or reference to this report include:

- [Workforce Time and Attendance Gets a Whole Lot Sexier](#); January 2008
- [All Aboard: Effective Onboarding Techniques and Strategies](#); January 2008
- [Integrated Human Capital Management: Over-hyped or Over-due?](#) December 2007
- [The Looming Leadership Void: Identifying, Developing, and Retaining Your Top Talent](#) November 2007
- [The Strategic Development of Core HR Systems](#); September 2007
- [Beyond Time and Attendance: Agility Meets Efficiency in Workforce Management](#). November 2006

Information on these and any other Aberdeen publications can be found at [www.Aberdeen.com](http://www.Aberdeen.com).

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