Benefits of a Time & Attendance System

The employee is the heartbeat of any business. They drive your sales, carry out the labor, and ensure that everything is running smoothly in the business. This is why proper employee management is important for any business, and if your business involves a large number of hourly employees, then a proper time and attendance system is also a must to manage the labor of your business.

Scheduling is a huge part of managing hourly employees, as every employees' own obligations outside of work vary greatly. This can complicate things as creating a consistent and reliable schedule while also allowing for flexibility can be challenging.

This week we wanted to talk about the importance of setting up a proper time & attendance system for your business, calculating your gross revenue to payroll percentage, and some of the challenges that come with managing your employees' labor.

Benefits of Building a Time & Attendance System

Labor can be one of the biggest costs of running a business and often accounts for as much as 20 to 40 percent of costs in more labor-intensive industries like retail, restaurants, or theme parks. This is where using a time & attendance system can be beneficial in tracking how much you spend in labor and visualize where you are over or under spending in labor.

Ideally, you only want to be hiring the employees you need for your business's labor needs, under or over hiring could have some serious negative impacts on your business's profits. Any seasoned manager also knows that you need to hire just a few more employees than you actually need to account for employees who will inevitably phone in sick, quit, or become unable to work for other reasons.

Calculating Gross Revenue to Payroll Percentage

This is where a scheduling system that you run in house, or outsource, can come in handy in allowing you to calculate your gross revenue to payroll percentage. Take the number of your payroll costs from your time and attendance system then divide by your gross revenue into a percentage. So, say if your revenue is $500,000 and your payroll is $100,000, then your payroll percentage would be 20 percent of your total revenue.

Challenges in Labor Scheduling

We've put together a list of some of the biggest challenges that come with managing labor. The good thing about every one of these challenges is that they can all be solved with a proper time & attendance system:

- *Time Theft*– This is a huge issue that we could spend a whole other article discussing, but for now the gist of it is when an employee accepts pay for work that they didn't do. This can occur on the job in a number of ways, such as extended break times, employees using technology for personal use, or excessive socializing. Of course, you can't expect your employees to be working at 100% efficiency, so it's best to not be too overzealous, but a good balance must be met to ensure that your employees aren't running up the clock on your dime.
- *Flexible Scheduling*– Every employee is unique and so are their obligations outside of work. Working with employees around their schedules can help with moral, but it can also put you in a difficult position if you don't have coverage for certain shifts. This is where a holistic view of your labor can allow you to see where you need coverage making you more flexible for your employees' own schedules.
- *Employee Burnout*– Being understaffed can lead to overworking the employees you do have and also lead to increased expenses in lost productivity and overtime payout. Having enough employees to cover your labor needs allows you to avoid burnout by keeping your staff refreshed.

- *Predictive Scheduling Laws*– Recently there has been a rise in popularity of predictive scheduling laws. These laws are currently limited to a few cities and states across the US, but that could change in the future. These laws make it to where employers must post work schedules a set number of days in advance. However, once posted employers are penalized for making any scheduling changes. Knowing your local laws is important for avoiding any fines or legal issues, so it is best to watch how these laws get adopted in the future.

Are you having issues with managing your employee labor? Do you find that your labor costs are eating into your profits? Have Pinnacle handle your time & attendance systems to better manage your labor. We provide a state-of-the-art system so you can focus on what matters—growing your business!