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Workforce Management Experts

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Workforce Management

Benefits and Satisfaction Survey

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Overview

Axsium has undertaken a broad study of industry-leading companies who have implemented one or more components of an enterprise Workforce Management (WFM) solution over the past several years. The study focused on companies who have successfully implemented at least one of the following WFM modules:

- Time and Attendance
- Scheduling (including labor forecasting and budgeting)
- Leave Management
- Attendance Management

The objective of this study is twofold:

1. Analyze payroll data from time periods both before and after the solution implementation to identify the reduced labor spend; and
2. Gather anecdotal feedback via survey to assess the end-user satisfaction, productivity improvement and other non-quantifiable benefits.

Axsium's Workforce Management Benefits and Satisfaction Survey found most organizations that implemented enterprise WFM solutions realized significant reductions in their overall labor spend within 12 months of software deployment. As well, the study found most organizations are not devoting enough attention to training, change management and communications to ensure the solution delivers the maximum benefits possible to end users. With more emphasis on preparation, training, and user interface/process design, most organizations could generate an even greater return on investment, both in terms of reduced labor costs and end-user satisfaction.

Main Findings

Axsium's investigation found that most companies generate hard-dollar, labor cost savings in the years following the deployment of an enterprise WFM system. In some cases, truly dramatic savings in both total labor cost per employee and labor cost per dollar of revenue (LCDR). However, that was not the only finding of the survey.

The majority of companies were, as expected, satisfied or indifferent to their new WFM systems. However, more surprising were the number of companies that were decidedly dissatisfied with the new system, or that believed the new system actually increased workload and administrative burden.

The survey also found significant room to improve end-user adoption, to the point where end-users are comfortable performing tasks in the new system. Adoption and end-user satisfaction are interrelated concepts in enterprise software; without strong rates of adoption within weeks of

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deployment of the new system to production, end-user satisfaction over the short, medium and long terms will most certainly suffer. Both adoption and satisfaction depend on designing a solution that is intuitive and which improves employees' daily work experience, usually by streamlining or eliminating mundane and non-value-added tasks and responsibilities. Adoption and satisfaction are also heavily influenced by the amount and nature of training and communications; the more the organization invests in delivering convenient and effective training, the more receptive employees will be to the new system. The net result will be increased labor cost savings, enhanced productivity and faster payback periods.

Other findings included:

- Companies saved an average of **$1614** per employee in the year immediately following the implementation a WFM system;
- Companies reduced their payroll costs by an average **0.4%** in the year immediately following implementation;
- **88%** of users reported their new WFM system met or exceeded their expectations;
- **27%** of users were not satisfied with their new WFM system;
- **44%** of users did not fully adopt their new WFM system;
- **31%** of users took longer than two months to effectively master the skills required of the new WFM system;
- **41%** of users regularly make edits to employee timesheets – a time consuming, non-value-added task for any manager;
- The majority of respondents said it took them more time to complete tasks with the new WFM system than the old system;
- System usability and reporting capabilities were the largest sources of complaint by end users;
- Only **25%** of companies created a business case to calculate the return on investment for their new WFM system.

Labor Cost Analysis Summary

Axsium examined weekly employee payroll data from four companies of varying size:

Company	Industry	Number of Employees	Revenue (Post implementation)
1	Professional Services	1,200	$323,620,000
2	Healthcare	11,866	$1,411,347,272
3	Manufacturing	29,500	$13,652,100,000
4	Manufacturing	61,700	$24,829,000,000

On average, the four companies realized total payroll savings of 1.2% in the first full year of deployment of the WFM system:

Company	Average Total Labor Cost Savings	Average Labor Cost Savings Per Employee	Labor Savings as a % of Total Labor Spent
1	$1,104,908	$921	2.3%
2	($3,149,612)	($253)	(1.1%)
3	$14,571,165	$510	1.32%
4	$77,224,405	$1,252	2.1%

The total labor cost savings varied significantly among the four companies. Company 2, a healthcare organization, actually experienced an increase in labor costs in the first year of WFM system deployment. This company also experienced the smallest increase in revenue over that period. Discussions with management have not, to date, pinpointed the exact cause of this increase; however, Axsium's analysis identified two factors most likely to have contributed to this cost increase:

1. Anticipating increased growth, Company 2 increased headcount in the year following the WFM implementation at a rate much greater than the increase in revenue. Hiring went up by 7%, while revenue only increased by 3%. This decision to "hire ahead of the curve" drove up the cost of regular wages by approximately $1,300 per employee.

2. As a result of the WFM implementation, Company 2 was able to significantly improve its level of compliance with collective bargaining agreements and both state and federal labor laws. The previous legacy system was highly manual, and compliance with labor contracts and laws was spotty at best. The new WFM system eliminated inadvertent and chronic underpayments to employees.

In Axsium's experience, enhancing the automation of pay and leave rules usually reduces labor costs, because employees are highly diligent (and vocal) when underpaid; in rare circumstances, such as Company 2, automation can increase labor costs for the reasons explained above. More often than not, increases in labor costs due to improved compliance are relatively insignificant and can be offset by reduced litigation-related expenses (legal fees, fines and penalties, etc.).

Each of the three remaining companies saw reductions in labor spend of between 1 and 2%, normalized for increases in revenue and headcount. Given the magnitude of each company's labor spend, and the archaic legacy systems and processes, savings of this size are well within acceptable margins.

Each of the remaining three companies saw reductions in labor spend, normalized for increases in revenue and headcount, of 1 to 2%. While pinpointing exactly how much of the total savings to attribute to the new WFM software is difficult, all three companies believe strongly that the methodology followed has sufficiently isolated the impact of the new WFM system on their labor costs Enhanced automation which eliminates data entry and gross pay calculation errors, consolidation of

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pay and leave practices and improved manager-level accountability over labor spend were cited as the most prevalent drivers of labor cost savings. In each company's case, their legacy WFM infrastructure was highly manual and susceptible to chronic and widespread errors in calculating: gross pay; leave entitlements; and holiday pay. Given the relative magnitude of each company's labor spend and the fragmented, archaic systems and processes that marked their legacy WFM infrastructures, the savings in labor spend realized should not be considered excessive or unusual.

Detailed Labor Cost Savings

To provide a deeper understanding of exactly how WFM drives down labor costs, it is necessary to examine the three principle streams of remuneration: *regular wages; overtime wages; and holiday wages*. The table below shows the savings achieved by each of the four companies in each wage category.

Company	Regular Wages Cost		Overtime Wages		Holiday Wages	
	Total Savings	$ Savings/Employee	Total Savings	$ Savings/Employee	Total Savings	$ Savings/Employee
1	$3,781,981	$3,151	($65,286)	($54)	N/A(1)	N/A(1)
2	($15,827,428)	($1,333)	$1,548,143	$34.30	($493,959)	($41)
3	$73,206,393	$2,561	($17,208,843)	($602)	$2,459,398	$86
4	$119,826,376	$1,942	$35,293,238	$572	$42,454,226	$688

[1] *Company 1 does not track Holiday Pay separately; hence a useful comparison was not possible.*

Regular Wage Costs

As the single largest pay category for most company, regular wages present the greatest opportunities for savings. An enterprise WFM solution can drive savings in regular wages in a number of ways, including:

1. *Reduction in overpayments:* As noted above, while most employees will report underpayment, very few will notice or report overpayment. Taken in isolation, overpayments may seem unimportant. However, when extrapolated across thousands of employees, the total cost will always be significant. Automated pay calculations, a central feature of most WFM solutions, can effectively eliminate overpayments.
2. *Automated time capture:* All of the companies studied (except for Company 2), introduced automated time clocks which capture start and stop times and feed that data directly into the WFM software; this allows for pay-to-the-minute and pay-to-schedule practices which greatly reduces situations where employees are paid for time not worked.
3. *Tracking meal and break times:* Automated time clocks can also help reduce the amount of "paid non-work time" that can arise from longer than scheduled meal and break periods. For large companies, eliminating just a few minutes each day of paid non-work per employee can translate into millions of dollars in annual labor cost savings.
4. *Proactive management of labor:* By enabling real-time reports, dashboards and alerts, line management has more insight into the effectiveness of the labor deployment. This allows

managers to adjust staffing levels in real time, making the most effective use of the labor spend.

Overtime Wage Costs

Overtime is typically necessary when one or more of the following conditions exist:

1. The supply of labor isn't sufficient to meet demand in the short-term. For example, if Manufacturer A has a rush of orders that requires production to run 10 hours a day for the next 2 weeks and they are only staffed to run 8 hours per day, the extra 2 hours can only be met by paying overtime.
2. Ineffective and inaccurate tracking of time worked. Manual or duration-based systems of tracking time worked provide an easy way for employees to overstate their hours worked, which effectively reduces the threshold employees must reach before crossing into overtime pay territory.
3. Manual interpretation of pay rules. When managers, supervisors or payroll personnel are forced to manually calculate time worked and gross pay, mistakes are inevitable and tend to favor the employee. As a result, organizations with highly manual WFM infrastructures will usually experience chronically or abnormally high levels of overtime.

For many organizations, overtime is a necessary evil in order to meet unexpected peaks in workload. Rather than hiring additional part-time or temporary staff to make up the difference, it's often easier to pay existing staff overtime (at a rate of time and one half, or more). For short-term management of workload peaks and valleys, this approach, while reactive in nature, can be effective. For long-term management of workload, however, an over-reliance on overtime is both costly and unproductive.

Two of the companies studied, 1 and 3, actually experienced increases in the cost of overtime in the year following the implementation of their WFM systems. One major reason for these increases is that both organizations saw revenue increase at much faster rates than headcount during the year in question. Assuming revenue is a proxy for workload or output, this means that workload increased faster than headcount. When that happens, the cost of overtime pay will most certainly increase on a relative basis. For both of these organizations, however, the reductions in regular wages and holiday pay more than offset the increased cost of overtime. Assuming both organizations are able to adjust staffing levels to more appropriate levels going forward, one would expect to see a reduction in the relative cost of overtime.

Companies 2 and 4 experienced the expected reductions in the cost of overtime, as a result of one or more of the benefits of the new WFM system cited above: improved ability to match labor supply with labor demand; improved accuracy of pay calculations; and improved accuracy of time capture.

Holiday Wage Costs

For most organizations, holiday pay policies are complex and cumbersome. Federal and state

regulations, corporate policies and collective bargaining agreements all impact holiday pay. In general, holiday pay is comprised of two distinct calculations:

- *Eligibility:* Determining an employee's holiday pay eligibility requires the tracking of multiple variables. These include employment status (full vs. part-time vs. temporary; exempt vs. non-exempt), hours worked before and after the holiday and length of service.
- *Hours and rate:* Once eligibility is determined, it is necessary to identify the number of holiday hours worked and the actual rate. This can be further complicated by other factors, such as employees who work the actual day of the holiday and floating holiday policies.

It should come as no surprise, then, that manual WFM systems produce a high incidence of holiday pay overpayment. Modern enterprise WFM systems can help immensely with this problem. This was the case for Companies 3 and 4, which both saw significant reductions in this pay category.

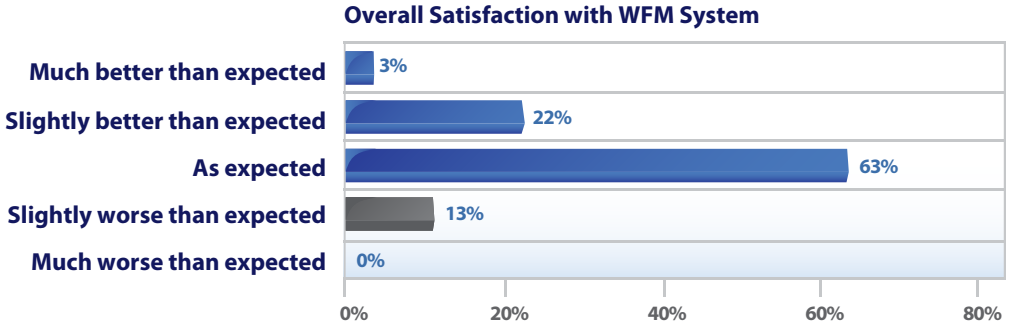
Detailed Survey Findings

Managers and supervisors were asked to rate the degree to which the new WFM system met their expectations. The questions focused on overall system satisfaction as well as the level of satisfaction for each software module. The respondents were also asked to assess the level of satisfaction of individual end users.

In general, the majority of respondents said they were satisfied with the WFM systems implemented by their organization. In other words, the systems met or exceeded the expectations of most managers and supervisors. However, the survey did find discrepancies between the level of satisfaction of the respondents (managers and supervisors) and end users. The majority of those, in the opinion of the respondents, did not feel the WFM system met their expectations.

Overall System Satisfaction - Managers/Supervisors

The survey showed that **88%** of managers and supervisors believe the system met or exceeded expectations of their organizations. Increased flexibility and scalability (system performance) allowed

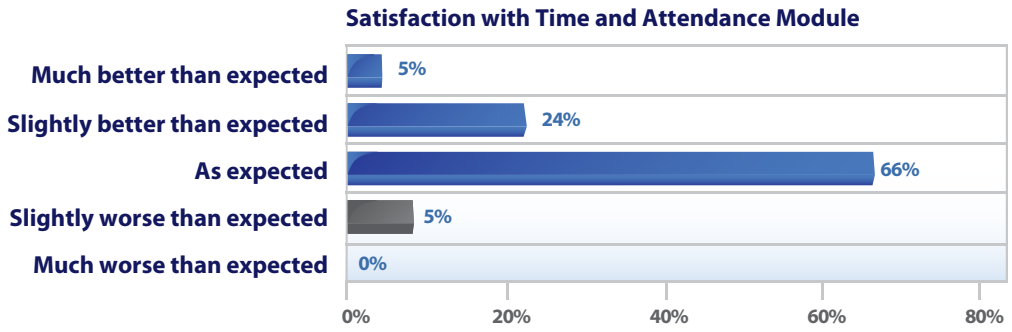


respondents to better track employees' time worked, and identify incorrect pay practices. Increased flexibility meant the new WFM system could support more diverse and complex pay calculations, which most respondents viewed as positive.

Automated Time and Attendance

The highest level of satisfaction among managers and supervisors **(95%)** was reported on the Time and Attendance module. This is almost certainly due to two main factors.

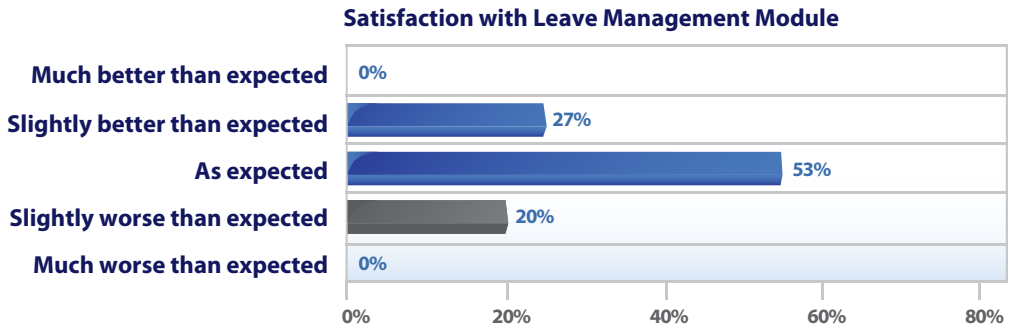
First, Time and Attendance is the foundation of all WFM software applications. As such, it is the most



visible WFM software application and affects the most end users. Second, Time and Attendance is, for most vendors, the most mature module in their suite and has therefore benefited from the most refinement.

Leave Management

The survey found that **81%** of managers and supervisors believe the Leave Management module either meets or exceeds expectations. However, this module also reported one of the highest (20%) rates of dissatisfaction.



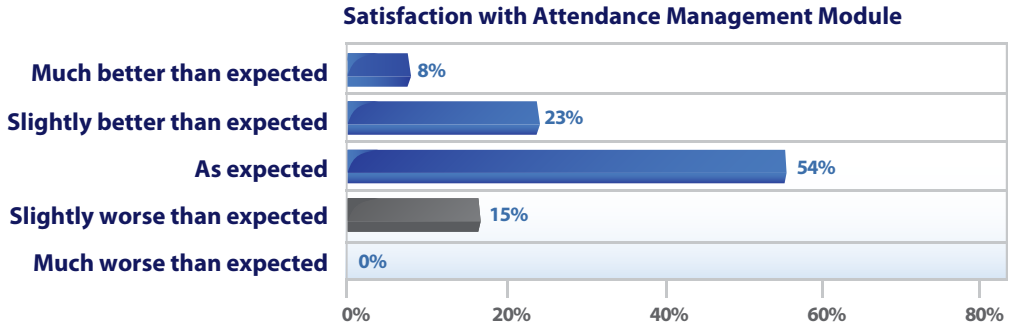
They also reported that functionality in the Leave Management module was not always flexible

enough to address complex leave accrual policies. This resulted in users and administrators having to perform a high number of manual work-arounds to identify the correct leave accruals and enforce the correct attendance rules. According to the respondents, Leave Management also failed to eliminate system rounding that often results in inaccurate accrual calculations.

This response speaks directly to the challenge faced by WFM solution vendors, which must walk a fine line between providing a product that is flexible enough to meet a client's unique needs, and creating a product that is overly complex and unstable. This can create a myriad of adoption and usability issues, especially for larger, complex organizations.

Attendance Management

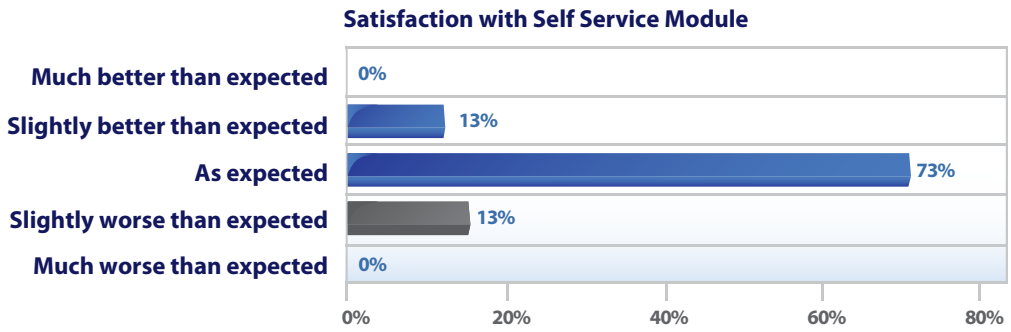
Many of the managers and supervisors admitted that prior to implementation, they did not know much about the benefits of an automated attendance management solution. However, after it was implemented, **85%** of respondents found it was extremely useful and met or exceeded expectations.



The respondents were particularly satisfied with the automated messages sent to managers and supervisors to highlight attendance problems. There were reports, however, that the solution was not sufficiently flexible to handle all the business rules governing attendance management. In some cases, the respondents were still using manual processes to supplement automated attendance programs. This reduced some of the expected benefits.

Employee Self Service

Employee self-service features are typically among the most popular elements of a WFM solution. This popularity can be attributed to the fact that self-service is driven by simple user interfaces that produce data for employees in easy-to-read formats. Not surprisingly, **86%** of our respondents said the self-service functions met or exceeded expectations. When there were complaints, issues such as password renewal and response times were the most frequent complaints.



Most Frequent Users – Satisfaction Results

Managers and supervisors, along with key employee groups like timekeepers have unique insight into the performance of a WFM system because they are the heaviest end users. In large part, this is because in most organizations, they are chiefly responsible for payroll cost control. They are also the group most sensitive to the performance of the new WFM system; if there are problems with response time or accuracy of data, the productivity of managers, supervisors and employees like timekeepers will be most severely affected.

As end users, **84%** of managers and supervisors, reflecting on their own experiences using the WFM system, were satisfied or more than satisfied. However, on a module-by-module basis, the levels of satisfaction vary. For example, while **16%** of all managers and supervisors were more than satisfied with the overall WFM implementation, only **5%** were more than satisfied with the Time and Attendance module, the backbone of the WFM system. In addition, a significant portion **(38%)** was somewhat unsatisfied with the module. This could reflect the fact that although this group feels comfortable with the system in general terms, they are not convinced it helps them with specific daily WFM tasks.

This is not the only evidence of mounting dissatisfaction among this key user group:

- A large number of users reported it took them longer to complete daily tasks using the new WFM system;
- A alarming **44%** of users have not fully adopted the new system;
- Respondents listed system slowness and inability to complete basic tasks as the chief complaints about the new WFM system.

These numbers represent a recipe for disaster, both for a specific system and the reputation of WFM solutions in general.

In the rush to implement a new WFM system, end-user opinions are not always considered. Generally, end users do not experience a new WFM system until the training stage, at which point the system is locked down and it's too late to make changes based on their feedback.

However, if an organization maintains its focus on ROI, there should always be time to consider this feedback, quantify the benefits and make high-value changes.

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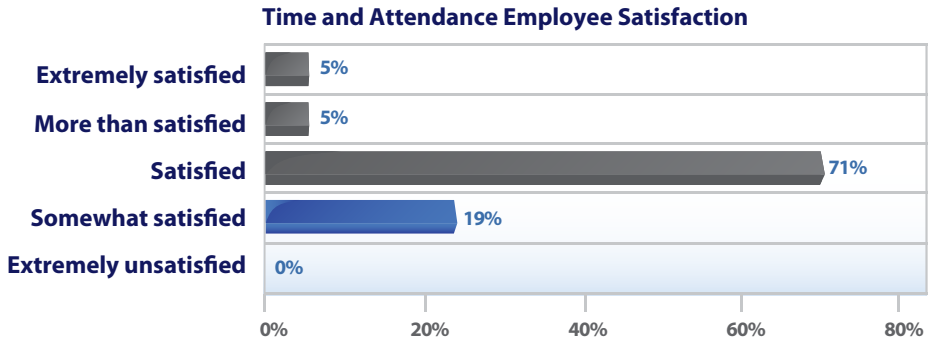
Overall System Satisfaction - Employees

After examining overall system satisfaction results from the point of view of managers and supervisors, we now turn to the responses of employees. Perhaps not surprisingly, the survey found a difference of opinion between management and the actual end users.

In some respects, the end users were less satisfied with some elements of the WFM implementation than their managers and supervisors. Overall **17%** of end users reported being dissatisfied, up from **13%** when the organization's leadership was asked the same question.

Automated Time and Attendance

Overall, **81%** of end user respondents were satisfied with the new time and attendance functions. It is not unusual for automated time and attendance to create the greatest problems with end users.



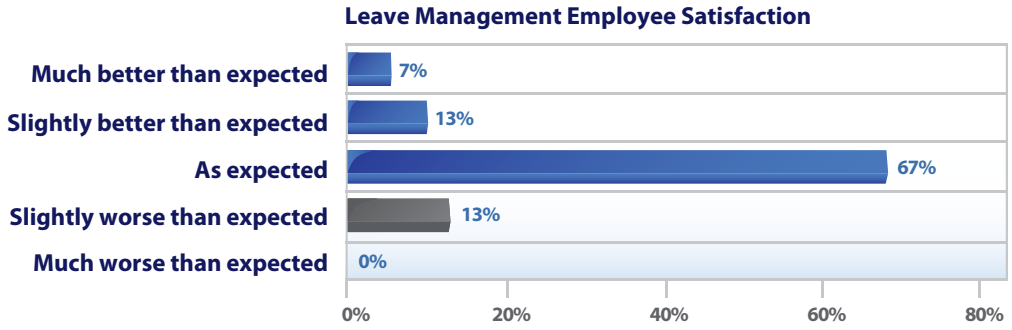
Although the satisfaction numbers were quite respectable, it was not surprising that this category generated the highest dissatisfaction numbers, with **19%** of respondents somewhat unsatisfied with this feature. None of the respondents were "extremely unsatisfied" which was a positive outcome.

The respondents identified a number of concerns, including limited functionality, poorly defined functionality (such as password security) and inaccurate data.

Employees also complained about a lack of training and change management prior to implementation. When an organization is under the gun to take a new WFM system live, training and change management often take a back seat. Other companies simply do not believe in the value of change management programs. Those organizations that refute or ignore these steps will increase the likelihood of project failure. It is instructive that employee dissatisfaction was greater than estimated by managers and supervisors. If the organization's leadership were more in tune with the actual level of dissatisfaction, perhaps more attention would be paid to both training and change management.

Leave Management

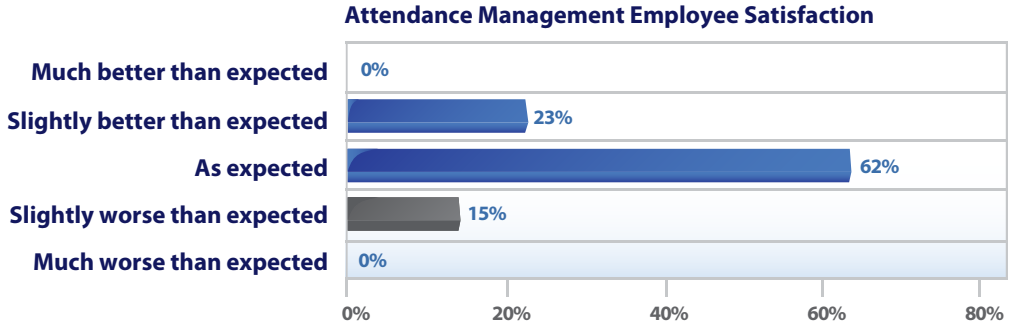
It has long been thought that granting employees access to current leave balances provides them with a feeling of control over their work lives that translates into greater job satisfaction. Axsium's survey substantiated the theory that Leave Management is typically one of the most popular features with employees, with **87%** of end user respondents expressing some degree of satisfaction. More importantly, only **13%** were somewhat dissatisfied, and none of the respondents were extremely unsatisfied.



The satisfaction generated by Leave Management is not restricted to end-user experiences. Self-serve functionality, a key element of Leave Management, means HR and payroll employees field fewer complaints and inquiries. This streamlines processes and, consequently, makes both departments much happier.

Attendance Management

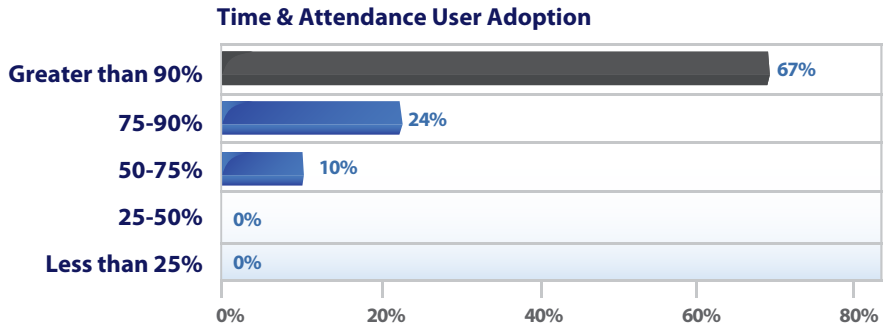
Employee satisfaction with the Attendance Management module was high at **85%**, reflecting a dramatic reduction in HR inquiries and the fact employees had more control over their own schedules.

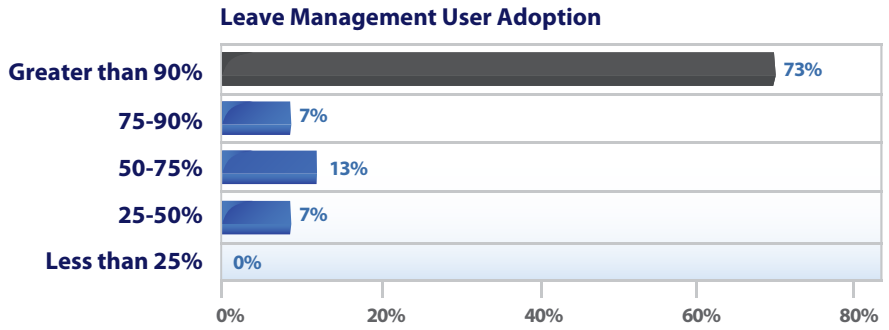


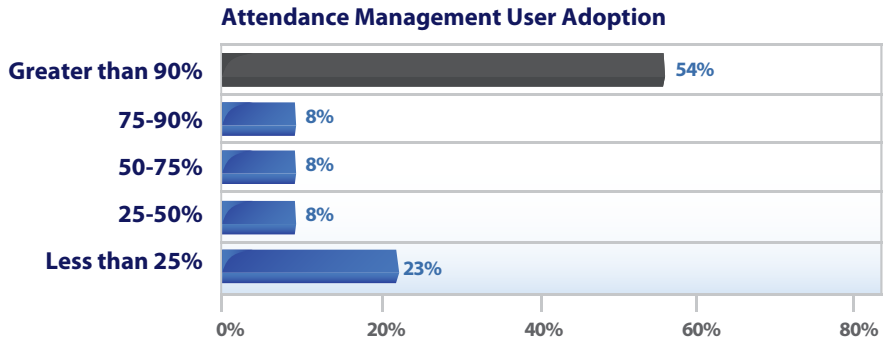
User Adoption

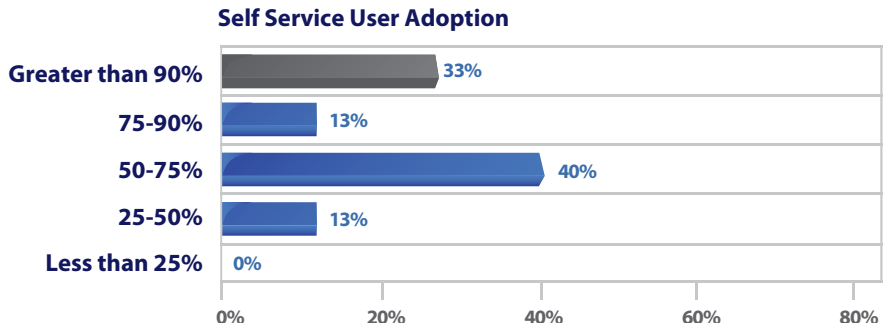
One of the most surprising results was the disconnect between satisfaction and user adoption.

With relatively high satisfaction ratings, respondents indicated they were still slow to fully adopt and integrate the new WFM system. In fact, the survey found that **44%** of respondents had not fully adopted the new system. Low user adoption can seriously erode the ROI of the new system.



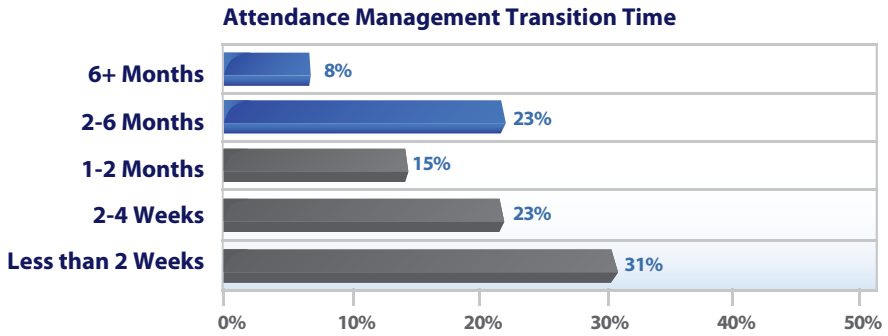


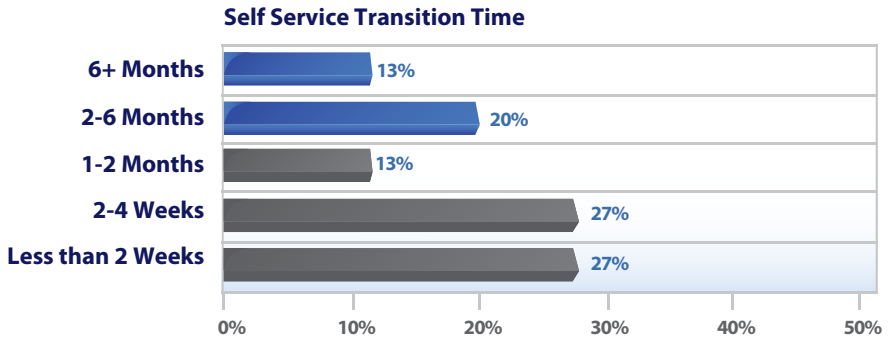




The main cause of low user adoption is a poorly executed or insufficient change management strategy. Change management should include efforts to follow up with end users after the deployment to help those that are struggling and to guide those that are using the system incorrectly.

User Transition Time





While the vast majority of respondents reported that they transitioned to the new system as intended within two months of deployment, there were still a significant number of end users who took much longer to accept the new system. Nearly one third **(31%)** of end users took between two and six months to transition to the new system.

The bright spot was, somewhat surprisingly, with the Leave Management module. All respondents transitioned to the new system within two months, and a remarkable **47%** had the Leave Management system mastered within two weeks.

Overall, however, having nearly one-third of all end users resisting adoption is a sorry trend, and one that will result in a significant loss of ROI.

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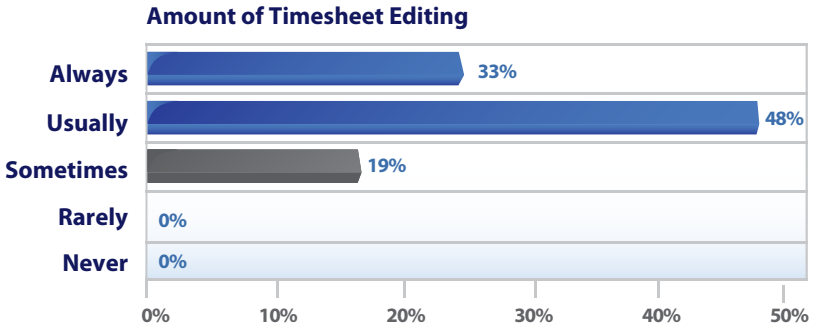
Task Completion

Timesheet Editing

The survey showed that many users **(41%)** were forced regularly to make manual edits to ensure employees were paid correctly. This wastes time and ehances the incidence of errors. One of the main benefits of an automated WFM system is that it automatically tracks and calculates employee hours



and pay. If manual edits are still required, this is an indication of either a problem with the WFM system itself, or a flaw in a business process behind the WFM task.

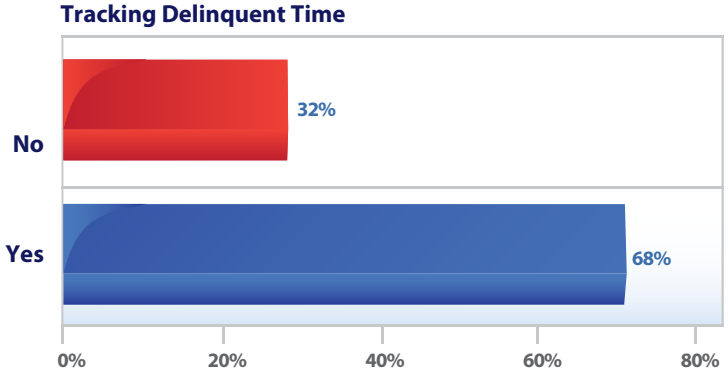
Holiday Pay

Calculating holiday pay usually involves special pay policies and typically requires extra processing. These policies are literally the exceptions to the regular pay roles, and may interrupt the normal flow of employee pay. This can result in extra workload for the payroll department.

This is one area where automated WFM solutions should pay out the biggest ROI, and the survey bore that out. While **47%** of respondents saw no change in the time required to complete holiday pay tasks, one third **(33%)** saw reductions of up to 30 minutes and only a very small proportion **(7%)** saw an increase in the time required. Still, the fact that any of the respondents saw an increase in the amount of time needed to complete holiday pay tasks is worrisome, and speaks to the need to review either the performance of the WFM solution or other business processes.

Delinquent Time

Two-thirds of respondents **(68%)** found value in using the WFM system to track delinquent time. This includes incidences of employees arriving late, leaving early or missing their shifts entirely. This can



represent a huge cost to the employer, which is frequently required to scramble to find other employees or temps to cover off those unfilled shifts. In some instances, this may involve paying a wage premium to induce someone to cover a shift. This will erode morale and productivity.

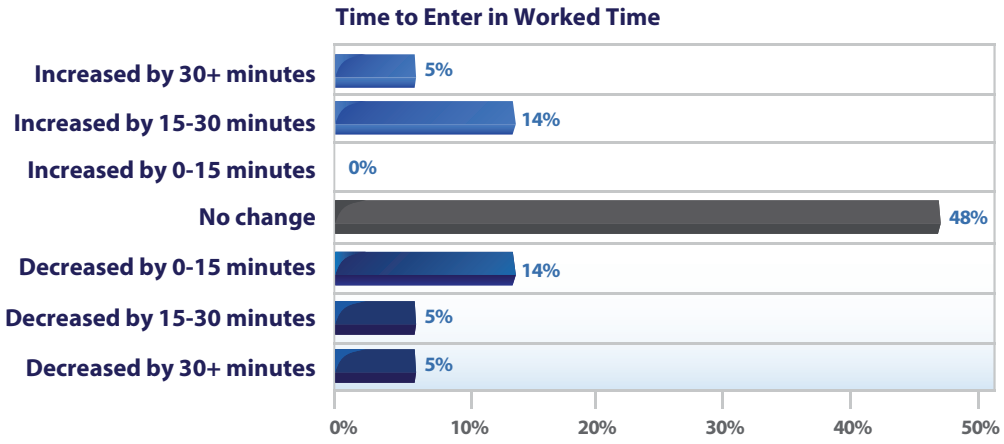
Not all respondents saw the benefits of this functionality. Nearly a third did not use the system to track delinquent time, and complained about limited functionality.

Time Required to Complete WFM tasks

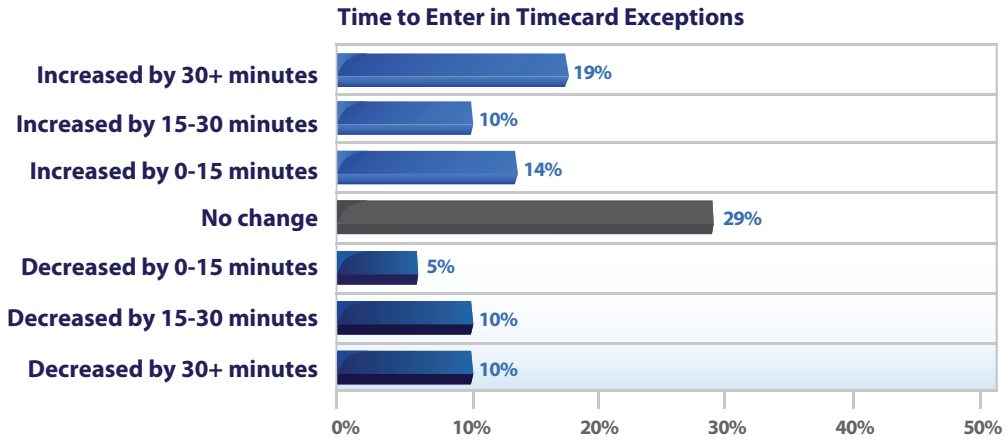
Respondents were asked to report the time it took them to complete six of the most common WFM tasks. Four of these tasks involved managerial duties related to completing time cards, and two involved WFM payroll tasks.

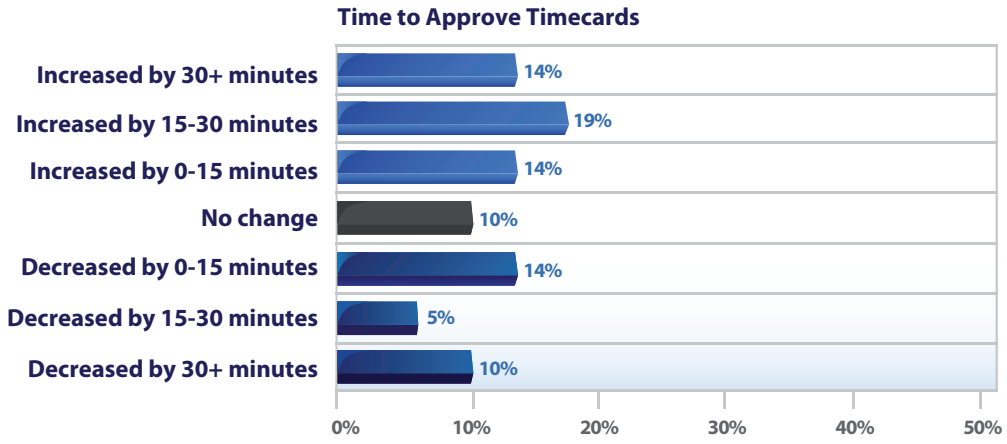
- Time to enter in worked time
- Time to approve timecards
- Time to process payroll
- Time to enter in timecard exceptions
- Time to make corrections to past periods
- Time to process off cycle checks

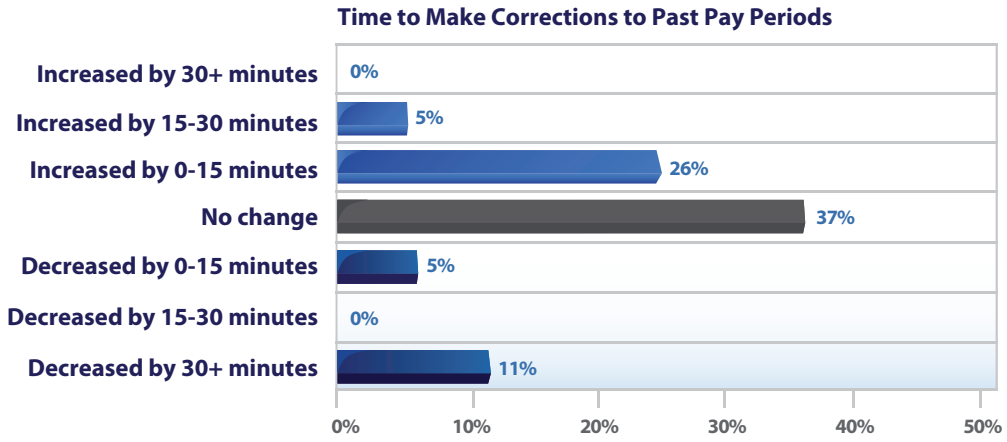
Overall, **25%** of resondents reported that it took less time to complete WFM tasks under the new system. However, **32%** reported it took them more time. This apparent anomoly can be explained by drilling deeper into the detailed survey results. For example, in the detailed results from managers, the survey found that **45%** reported needing more time to complete timecard approval. Another **29%** found the time required to complete this task decreased. Why the anomoly? In many organizations, timecard approval was a task downloaded to the payroll department. However, best practes in WFM suggest that this is a task better performed by managers, who are not only more familiar with the individual employees, but more knowledgeable about the nuances of their work schedules. Thus, when this task is more appropriately assigned to managers, it results in an increase in time needed to complete the task. It took these managers less time in the past because most of it was done by someone else.

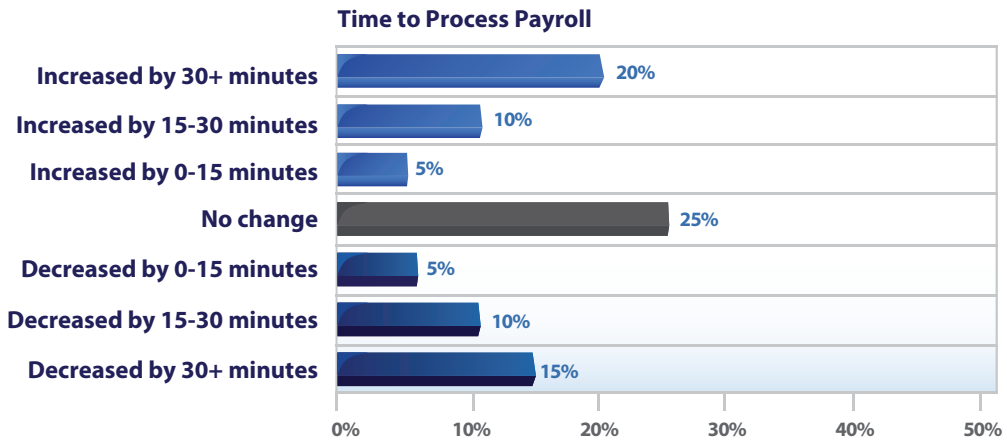


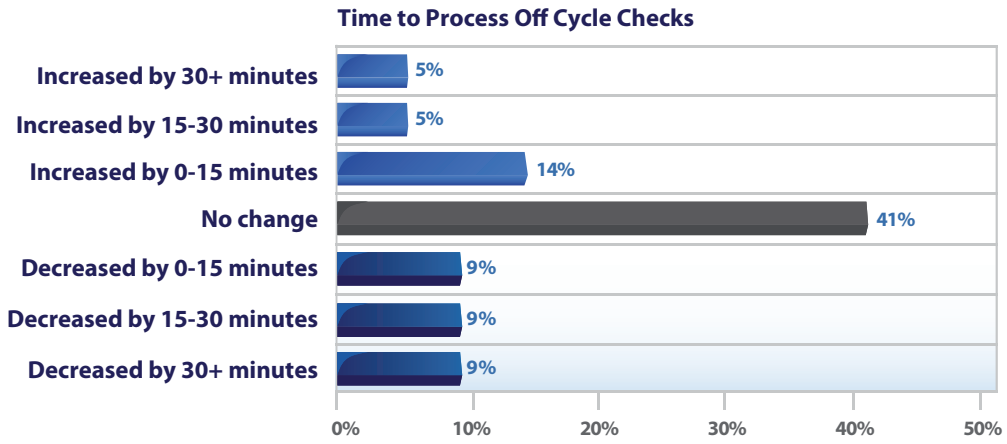
AXSIUM


Time to Enter in Timecard Exceptions
Increased by 30+ minutes
19%
Increased by 15-30 minutes
10%
Increased by 0-15 minutes
14%
No change
29%
Decreased by 0-15 minutes
5%
Decreased by 15-30 minutes
10%
Decreased by 30+ minutes
10%
0%
10%
20%
30%
40%
50%


Time to Approve Timecards
Increased by 30+ minutes
14%
Increased by 15-30 minutes
19%
Increased by 0-15 minutes
14%
No change
10%
Decreased by 0-15 minutes
14%
Decreased by 15-30 minutes
5%
Decreased by 30+ minutes
10%
0%
10%
20%
30%
40%
50%


Time to Make Corrections to Past Pay Periods
Increased by 30+ minutes
0%
Increased by 15-30 minutes
5%
Increased by 0-15 minutes
26%
No change
37%
Decreased by 0-15 minutes
5%
Decreased by 15-30 minutes
0%
Decreased by 30+ minutes
11%
0%
10%
20%
30%
40%
50%





The same holds true for tasks such as timecard exceptions. In the past, although managers approved exceptions, payroll personnel performed the actual adjustments. Best practices suggest this is another task best performed by a manager using an automated WFM tool. The time needed by managers to make payroll adjustments has increased, but the outcome is better and efficiency has been boosted company wide.

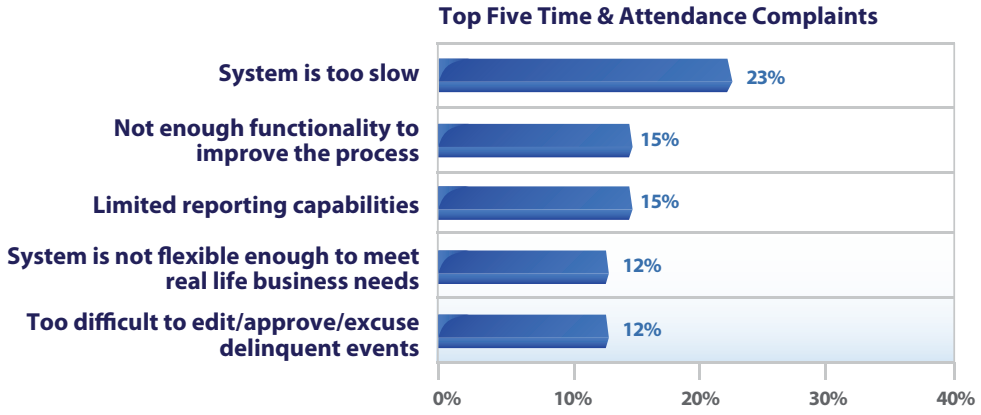
Turning to payroll personnel, **35%** of personnel found it took more time to complete their tasks. An almost equal constituency **(30%)** found it took them less time. As there is generally no appreciable increase in tasks assigned to the payroll department from the introduction of a new WFM system, this could indicate there are other intrinsic inefficiencies in this department that could be identified through a comprehensive analysis of business processes. This is the appropriate response whenever it is found that time needed to complete any task has increased in the wake of the deployment of an automated WFM system.

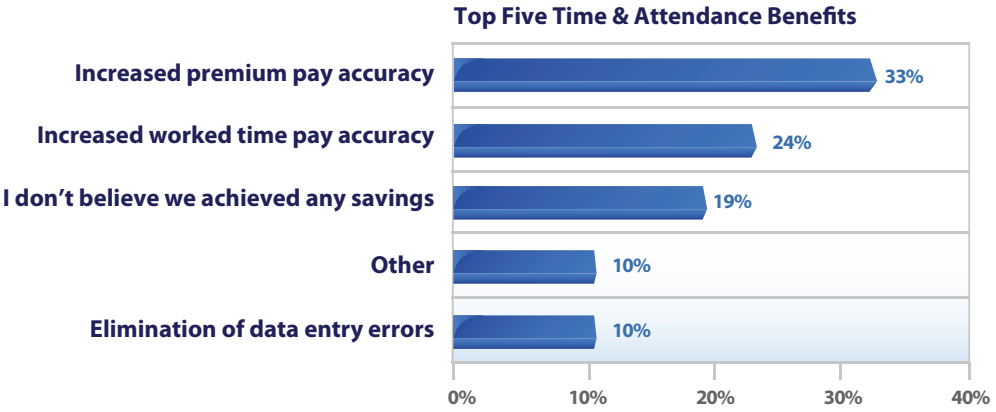
Benefits and Complaints

Axsium asked respondents to identify the top benefits they believe have accrued from the introduction of a new WFM system on a module-by-module basis. They were also asked to list their top grievances.

Time and Attendance

Time and Attendance is the foundation of all automated WFM systems, in large part because this module consistently produces the biggest cost savings. However, Time and Attendance also tends to produce the most complaints because, unlike other modules, it affects every single employee.





At the top of the identified benefits we find *Increased Pay Accuracy*, both for regular time and premium time. Improved pay accuracy, when applied across the totality of a work force, can produce significant

savings. Even when the mistakes identified in manual processes were very small.

Oddly, **20%** of respondents didn't find any savings from this module. In fact, many respondents do not know how to accurately quantify the savings from a WFM system. Sometimes the savings are simply not obvious. For example, not all WFM system implementations result in a reduction in overtime. However, there are significant savings from the reduction or elimination of "leakage," the cost of manual errors in calculating pay. The pennies saved on each employee may not seem significant, but they add up to a significant savings when applied to all employees and shifts.

Other times, the savings may not arrive because the system has not been fine-tuned. Many organizations believe the implementation of a new WFM system is the end of process. In fact, after the system goes live, it is often necessary to quantify and analyze system performance to ensure it is operating in an optimal fashion. If project implementation teams are working on a tight deadline with a limited budget, this analysis is often dropped from the project agenda. The good news is that it is never too late to fine-tune a WFM system and make modifications that can optimize performance. The largest complaints from the Time and Attendance module centered on things like the additional time needed to edit timesheets. While it may be true that there are too many steps to edit a timesheet, it is more important to find out why the timesheet is being edited in the first place. If you can identify and eliminate the problem that leads to the need to edit the timesheets, the time needed to complete this task will drop precipitously.

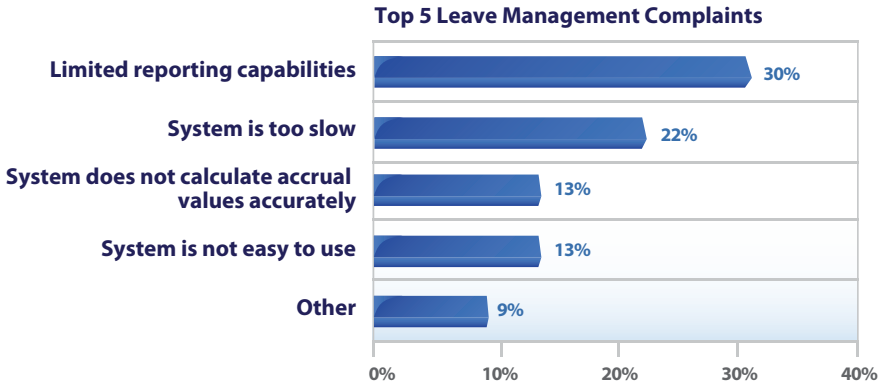
The second most common complaint dealt with sluggish system performance. This is likely a result of the fact that performance testing of new WFM systems is rarely done, or rarely done properly. Many organizations undertake performance testing with too few end users or insufficient test scenarios. Once the system has gone live, and all employees are signed on, many organizations discover performance suffers. Performance testing must be designed on the basis of peak usage.

Leave Management

The benefits and complaints dynamic of the Leave Management module mirrors the responses provided for Time and Attendance. This is not surprising given that Leave Management is often deployed in concert with Time and Attendance.

Decreased time to calculate annual accruals was identified by a third **(33%)** of respondents. This is a benefit that produces both hard and soft cost savings. Less time spent drawing up Excel spreadsheets to track employee accruals is primarily a soft cost saving. However, there is also a hard cost savings. Manual accrual calculations, and the errors they produce, often allow employees to take more leave than they are entitled to. An automated system that relies less on manual preparation of Excel spreadsheets will significantly reduce these errors, providing a hard cost saving.

The survey reflects the realization many respondents have about the benefits of automated Leave Management. Payroll departments know that as the work year progresses, an employee's leave



balance becomes hazy. Leave taken, or scheduled leave that is cancelled or rescheduled, can create a confusing picture. Managers often rely on the employees themselves to keep track of balances. An online leave request form with built-in automated checks to ensure consistency with corporate policy creates greater accuracy with less intervention by the HR manager.

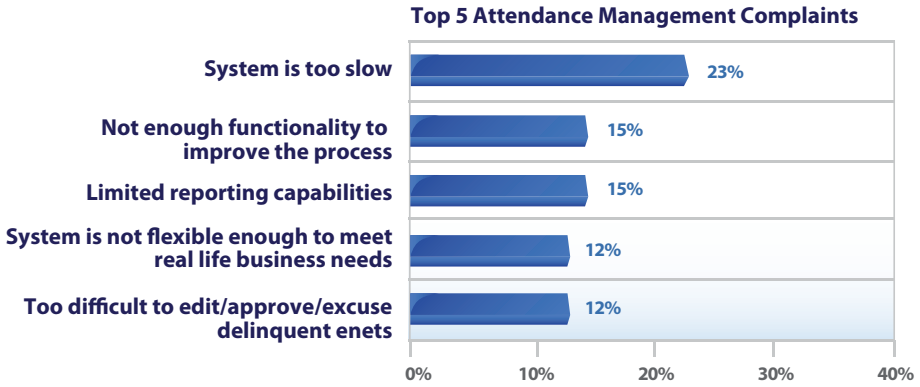
The top complaint of the Leave Management model is also the top complaint reported in the Time and Attendance and Attendance Management modules: limited reporting capabilities. This is a reflection of the fact that most WFM systems come with a core of pre-defined time and attendance reports. Many managers and executives, used to a broader array of customized reports produced by the legacy WFM system, find the new WFM system reports to be lacking in detail. As a result, there is pressure to customize the new reports to match the old system reports.

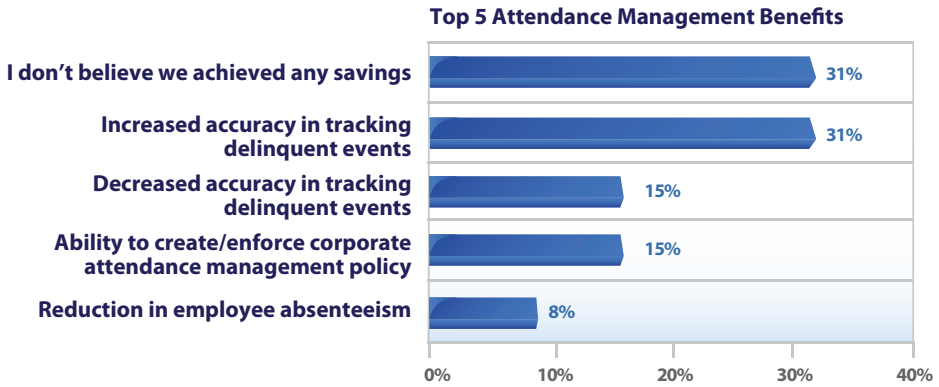
As a general rule, complex reports generated by a legacy system should not be imported to the new system without analyzing the need for the data. Any report customization should be justified on the basis of hard benefits, and not in an effort to placate small groups of end users. Spending too much time trying to replicate an old reporting methodology in the new system will obscure the need to identify the business benefits.

Attendance Management

Attendance Management is the least deployed WFM module despite the fact it can have a powerful impact on employees with spotty attendance records. The survey shows that respondents in those organizations that deployed Attendance Management saw tangible benefits. However, the results also shows that there is room for improvement.

Nearly one third of respondents **(31%)** believe there were no benefits realized from Attendance Management. However, a much larger number found tangible benefits, including **31%** that achieved greater accuracy in tracking delinquent employees, **15%** that decreased the time needed to track delinquent events and another **15%** that saw enhanced enforcement of corporate attendance policies. A total of **8%** of respondents saw hard reductions in employee absenteeism.





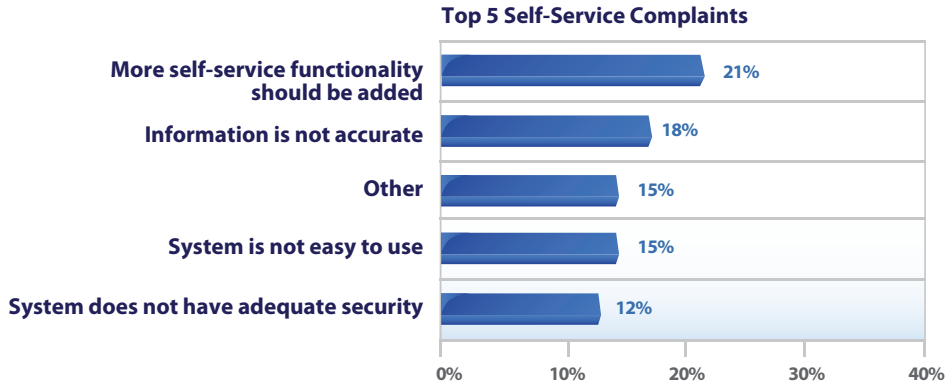
The chief complaint about Attendance Management programs mirror the comments made on other modules: the system is too slow **(23%)**. This becomes a problem when retroactive changes are made to

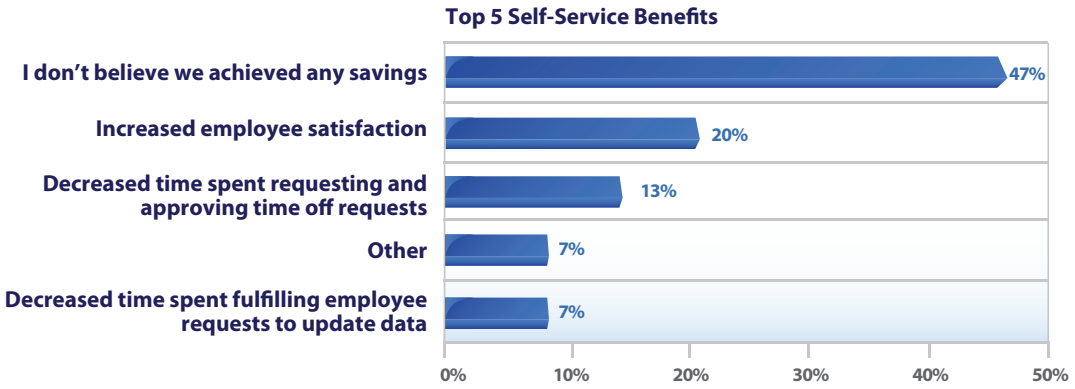
employee time. Attendance events have to be recalculated from the changed date to the current date. When changes are allowed to employee timesheets for a large period of time, system performance is usually noticeably impacted. Reducing the number of retroactive changes made to employee timesheets can minimize this issue.

The second most-common complaint **(15%)** was about limited functionality to improve the process. Along with concerns about system inflexibility **(12%)** there is a strong message here to vendors to improve Attendance Management software to be more flexible and generic.

Employee Self-Service

This module is not always seen as a critical part of a WFM system. In some cases, this is because employers are afraid to unleash a self-service program on employees who are not familiar or comfortable with personal computers. However, this may be an unfounded premise. Currently, more people use computers in their personal lives than ever before. It is no longer a skill limited to children and youth. This should encourage more employers to make use of Self-Service modules to give employees more control over their work lives.





A particularly high number of respondents **(47%)** believe they have not achieved any savings from the introduction of a Self-Service module. As is the case with other modules, this is probably due to a lack of understanding of exactly how this program generates savings. Employee Self-Service savings are generally found most in the HR department, where business processes are streamlined and made more efficient.

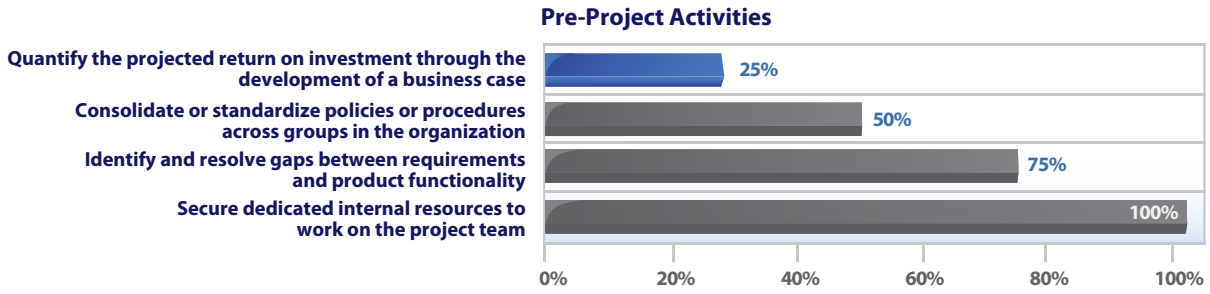
Other soft-cost benefits such as reduced employee turnover and increased productivity, tangible results of Self-Service modules, are not always accepted by CFOs as genuine cost savings. However, while it is difficult to quantify the savings from these benefits, there is no doubt there is a net boost to the bottom line.
The top complaint was about the need to enhance functionality. This is, once again, a shout out to vendors to improve these modules. However, for this module, there is a chicken-and-egg dynamic at play. Vendors do not want to invest the time and money to improve Self-Service modules because not enough of their clients deploy them. Clients don't purchase them more often because of limited functionality.

The second most prevalent complaint – inaccurate information – is not the fault of the Self-Service module. It is simply an interface for employees that rely on information mined from the core WFM system. If the information is erroneous, that is an underlying problem with the data. Sometimes, this is the result of lingering manual processes that ensure the system is not up to date. For example, if it takes a week for someone to fax papers to the HR department to update information, the employee may find out-of-date data through the interface. Instead of criticizing the Self-Service module, more time should be spent focusing on data accuracy and consistency.

Pre-Project Activities

Surprisingly, only **25%** of respondents indicated their organizations had completed a business case to quantify ROI from the new WFM system prior to implementation.

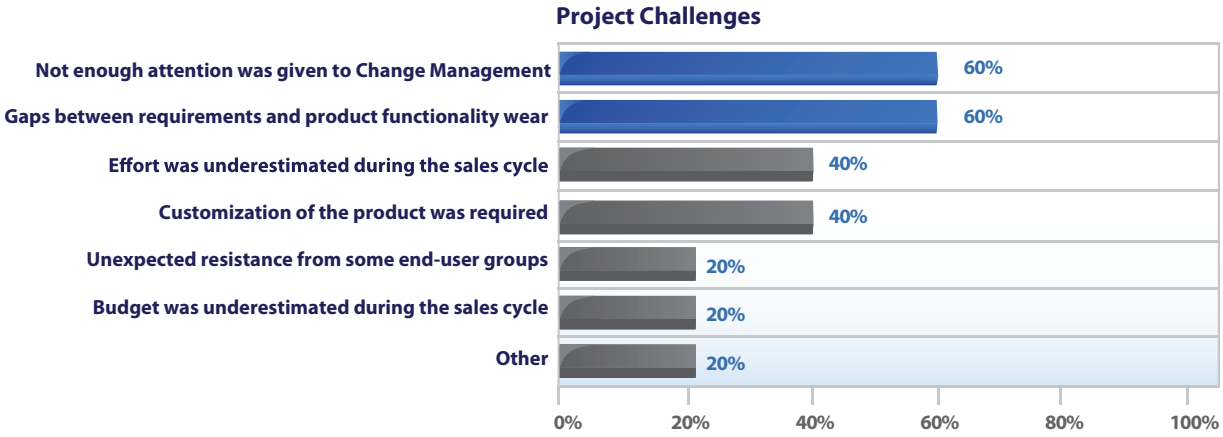
While some companies reported that the purpose of the implementation was not to generate savings, but rather to enforce company policies and enhance legal compliance, there is always a cost associated with labor policies. Quantifying the forecasted cost savings can be a powerful impetus for business leaders to support a WFM implementation project. Either way, the possibility of payroll savings is not something executives should ignore.



Only **50%** of respondents indicated their company used the WFM implementation to standardize policies and procedures. This is a huge missed opportunity, and one that will most certainly reduce the benefits realized from a WFM implementation. Standardizing policies and practices not only reduce the complexity of the WFM solution needed, but also reduce the cost of implementation.

Project Challenges

Not surprisingly, **60%** of respondents admit they did not provide adequate attention to change management. This is one of the direct causes of the negative survey responses from employees. Under stress caused by tight fiscal and time constraints, project implementation teams rarely feel they have the time or resources to worry about change management. Even if there was a change management component to the project, it is often abandoned as other more pressing needs overtake the implementation team. Many companies have simply ignored or forgotten the pain and anxiety felt by employees during the transition to a new WFM system. This can affect the time needed to transition to the new system, and the number of complaints raised after the system goes live. It is simply not enough to focus on training; employees need to be brought along slowly to the new WFM reality. Inattention to this issue may mean the difference between a successful implementation, and a spectacular failure.



A formal change management plan has to take shape long before the product goes live. This not only prepares employees for change, but also builds excitement about the potential benefits. As the modules are rolled out across a company, it is imperative to respond quickly and robustly to complaints from end-users. This will allow problems to be identified and rectified before a module is rolled out across the entire organization.

In terms of functionality, there will be gaps between what the client requires and what the vendor can support. During the software selection process, a vendor's sales team does the best it can to match needs with functionality, but sometimes gaps are never resolved. Companies can reduce the span and number of unexpected gaps in a number of ways, including:

- Step beyond the standard RFP and demonstration process and demand that specific demonstration scripts focus on your requirements, not what the vendor wants to show you;
- Engage objective third parties such as other customers that have real-world experience with a specific product to get another view on how it handles specific requirements;
- Consider running a pilot project to deploy a small-scale solution for one segment of your employee population. While a pilot project does take time and money, it is often a much better investment to spend a small amount on a pilot up front than waste money on a full-scale deployment that is fraught with problems.

Although vendors are generally quick to offer customized solutions to specific needs, companies should approach cautiously. Customizations may look good on paper, but may create long-term support problems. It is often better to study the vendor functions and use those to re-engineer business processes to match the product. These functions generally represent best practices and should, in most cases, become the new standard.

Methodology

The organizations surveyed in this study implemented a new Workforce Management system within the last five years, and have been live on their new system for at least two years. This was to ensure that one complete year of usage data could be studied and any transition or adoption issues that arose immediately after the deployment did not influence the survey results.

Axsium selected four organizations for inclusion in the study and the end user survey. These organizations cover manufacturing, healthcare and professional services industries and represent approximately 81,000 employees using Workforce Management systems at 162 distinct locations.

Axsium undertook an empirical analysis of each of the participant companies in order to quantify the impact of implementing an Enterprise WFM System on labor costs. The challenge was to eliminate the influence of other variables. Analyzing the changes in gross labor spend was not sufficient, since businesses change over time. Mergers and acquisitions, divestitures, inflation, price changes and organic expansion or contraction are just a few examples of the factors that can impact labor costs.

The focus should be on how labor costs change relative to the *output or production* of the organization; in other words, labor cost per unit of output. However, given the complexity of the outputs of the organizations included in this study, Axsium used revenue as a proxy for output and started by calculating Labor Cost per Dollar of Revenue (LCDR) or labor cost as a percentage of revenue using payroll data. Using the LCDR metric, Axsium extrapolated the results across the entire organization to arrive at an estimate of total labor cost savings and labor cost savings per employee.

The last step involved discounting the savings by 70%. All participants agreed this was necessary to eliminate unknown factors that were also affecting labor costs.

It should also be noted the study focused on the years 2006, 2007 and 2008, so the impact of the global recession did not have a material impact on the results.

Other points to note with respect to the methodology used to calculate the labor cost savings estimates:

- Each organization provided two years of payroll for analysis - one year *Pre WFM deployment,* and one *Post WFM deployment*;
- The data supplied was normalized to ensure the number of payroll cycles matched between the two years, and to remove any special or unusual events that could be quantified;
- The actual data analysis involved analyzing the primary time tracking codes used by each client to determine the hours paid for regular time, overtime, straight overtime, holiday time and leave time.
- Revenue figures were obtained either from annual reports for the public companies or other participant-supplied sources for the private companies. Axsium adjusted the revenue figures from financial year to payroll year to match with the data taken from each client.

About Axsium Group:
Axsium Group, a division of Knightsbridge Human Capital Solutions, is the leading workforce management consultancy. With a singular focus on workforce management, our clients gain access to trusted business advisors, industrial engineers, and technology experts with unmatched experience. Axsium Group has delivered world-class workforce management solutions for clients in all major industries.

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