



Global experts in Employee
Management Solutions

**The true value of implementing an
automated Time and Attendance System**

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Time and Attendance System ROI

OK, so your organisation has identified a need for an automated Time and Attendance system. You have started your search on Google, checked various websites, and maybe read some articles, whitepapers, or watched some online videos.

By now, you are probably an expert in listing the various Time and Attendance vendors and the features of their systems.

That's all good, but in reality when it comes to presenting your proposition to senior management, there will be one thing which will matter most to them - how much time, money, and effort can the organisation plan to save by implementing a Time and Attendance system?

Let's have a closer look at the example below, to gain a better understanding of the return on investment (ROI) an organisation could expect to achieve by implementing a high quality Time and Attendance system.



Sample Client

Company XYZ Pty Ltd is a Plastics Manufacturer with 120 employees working on average 40 hours per week.

AVERAGE PAY

80 Production Staff	\$20 p/h
10 Senior Production Staff	\$22 p/h
15 Admin Staff	\$23 p/h
8 Senior Admin Staff	\$25 p/h
6 Managers	\$30 p/h
1 Director	\$40 p/h
TOTAL AVERAGE PAY:	\$26.66 p/h

Now, we will calculate the return on investment (ROI) that XYZ Pty Ltd could reasonably expect in the first 12 months after installing an effective Time and Attendance system. This is based on the premise that the implementation of the Time and Attendance system will consequently reduce overpayment, human error, and administration costs.

On the other hand, if you are a larger company with a large workforce operating a wide range work patterns across multiple sites, you will need to ensure that the solution is scalable and flexible enough to meet your needs and deliver an acceptable ROI.

Overpayment

A good Time and Attendance system will significantly reduce overpayment. Once employees know that their attendance, start/finish times, and breaks are being monitored, overall attendance and timekeeping will generally improve.

It is possible that employees may be overpaid by up to 30 minutes per day due to lateness, early leaving, long lunch breaks etc.

If we assume a conservative 1% increase in attendance, then the following savings could be made each week:

Number of Employees:	120
Total Hours per Week:	4800
Total Weekly Pay:	\$127,968.00
Hours Gained Weekly:	48.00
SAVINGS PER WEEK:	\$1,279.68

While this is good and well for workers paid an hourly rate, what about salaried employees?

In our experience we have found that even organisations with salaried staff can benefit from tracking employee time and attendance. For example cost savings will still occur when employees stay at work over their standard hours, plus management can view detailed attendance and absence reports, enabling them to pin point potential problem areas before they get out of hand.

Human Error

With a manual punch card or timesheet system, there is greater potential for human error at each stage of the payroll process. Companies using a manual system are likely to be experiencing an error rate between 1 and 5%.

If we assume a Time and Attendance system can reduce this by a conservative 0.5%, then the following savings could be made each week.

Number of Employees:	120
Total Hours per Week:	4800
Total Weekly Pay:	\$127,968.00
Rate of Human Error Weekly:	0.5%
SAVINGS PER WEEK:	\$639.84

Administration Costs

On average it is estimated to take up to 7 minutes for Managers to manually calculate and edit each timesheet/clock card, and a further 2 minutes to manually enter data from each timesheet/clock card into a payroll application. An effective Time and Attendance system will eradicate these time consuming manual tasks.

If we assume that a conservative 5 minutes per timesheet/clock card for the calculation and data entry process could be saved, then the following cost savings could be made each week.

Number of Employees:	120
Calculation and Entry (hours):	10
SAVINGS PER WEEK:	\$266.66

Conclusion

Based on these figures, installing an automated Time and Attendance system could save XYZ Pty Ltd **\$2,186.18 each week**.

This equates to an estimated capital recovery of **\$113,681.36 per year**.

Now, what organisation wouldn't like to achieve those figures?

To see how much your organisation could save by implementing an automated Time and Attendance system – check out the ROI Calculator available online at www.mitrefinch.com.au

About Mitrefinch

Mitrefinch provide a range of intelligent Workforce Management solutions.

It all begin with an idea back in the early 1980s, when our developers set about leveraging advancements in IT to automate the manual process of “clocking in” to record employee time and attendance.

But we didn’t stop there. We’ve spent the last few decades developing a host of Workforce Management solutions and pushing the boundaries of what is possible with an automated time and attendance system. Along the way we have earned a string of awards, and more importantly built a large base of satisfied customers.

Currently, employees in up to 4,000 organisations around the world “clock on” using a Mitrefinch system, from concrete fabricators in Toronto to Zoo Keepers in Hertfordshire, and from the First Minister of the Scottish Government to students in Sydney!

This means that we are speaking to hundreds of organisations every week who are looking to improve the way they manage their work time data. We listen to concerns, take on board suggestions, make recommendations and answer questions.

Sometimes these organisations are taking their first steps to replacing a manual system, while others are looking to replace an existing system that simply doesn’t meet their needs.

This guide is based on our experience with these organisations – the questions they asked, the questions they forgot to ask and the questions they didn’t even know they needed to ask.

We hope you find our experience useful.



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