

## **Tracking Employee Time: It's Not Just For Payroll Anymore**

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When payroll executives implement time and attendance systems to automate payroll, they often miss the chance to facilitate greater profitability throughout the entire company. These executives are, of course, payroll experts. They are usually not, however, experts at project management or billing automation.

The time data they collect, if collected appropriately, can also be used to automate project management, project costing, project tracking and project estimation improvement, as well as for internal, external and reverse billing automation. Most payroll and HR executives know little about these subjects, but increasingly, they are being asked to rise to new challenges.

These new challenges are being caused by the tectonic shift from capital businesses to people businesses. This is a shift of valuing time as much as money. About 50 years ago, when most people twisted bolts in a factory, workers were not considered volunteers, they were not empowered, and managing the money of the company (i.e. the capital) was much more important than maximizing the time and knowledge of the worker. Such businesses are called capital businesses because power and wealth flowed from the capital.

Today, capital businesses are on the wane and businesses are becoming people businesses. Simple manufacturing has moved overseas. Software, entertainment, consulting, design and architecture exemplify people businesses, but increasingly, even traditional manufacturing businesses, like GM and Ford, win through design and intellect rather than through excellence in bolt twisting on the shop floor.

Shop floor businesses that want to lower laborer paychecks through excellence in punch rounding at break times have been well served for decades by companies like Kronos and ADI Time. These packages are great for shop floor oriented capital businesses, but can be less effective for people businesses.

People businesses, like software companies and architecture firms, don't track employee time to minimize break times, if they track time at all. They do it to understand costs and automate billing, and to a lesser extent, to track salary, paid time off, or to pay hourly knowledge workers correctly. The rise of the people business is challenging news for payroll and HR executives – and it makes their function more critical than ever.

If an executive team running a company is really a team, then the responsibility of a payroll or HR executive on that team encompasses more than just payroll. Systems that he implements must serve the whole company, not just automate payroll or hiring processes.

Time management systems that historically have automated payroll are an outdated concept for people businesses. Time tracking is now a core business process. It should automate payroll, billing and project management.

In many cases, automating billing or project management provides a much higher ROI to the organization and this can make the case that automation is both necessary and economically feasible. Many large organizations have employees filling out more than

one timesheet: one for project management, one for customer billing, one for payroll, and sometimes another for vacation/leave tracking. This is unnecessary and can damage morale. The right time management system can replace multiple systems.

An expertly developed and finely-tuned time management system can become a window into the real-time costs of any organization, especially if it provides:

- Access and a thorough understanding of costs at every level of the business — at a team level, a task level, a project level, a business unit level and a company level.
- Complete visibility into these costs for everyone in the organization who can impact them.
- Power to redeploy and shift time resource investments to optimize processes, reduce risk, thwart competition, drive revenue, and increase profits.

The benefits of such a system make the relationship of time and money crystal clear.

To understand time tracking as a core business process, first consider that time data feeds three fundamental business functions:

- Payroll
- Billing
- Project management

Popular time and attendance systems today only help with one third of those functions.

For example, the leader in the payroll automation space is Kronos, a company that focuses on managing manufacturing and healthcare workers' hourly time with the aim at lowering the cost of payroll by punch rounding, security lockouts, and other techniques. The audience for that software is the HR department. These packages are very well suited for managing payroll, but may be less suitable for project management or billing automation.

Billing software companies, like Timeslips, are great at automating billing for certain small companies, like law firms. Their audience is the accounts receivable department. However, they may be less effective at payroll or project management.

And project management companies, like Primavera, are great at tracking time for project management, but may not be as effective at payroll or billing automation. Their audience is the VP of research and development or the CIO.

The ideal solution is 100 percent Web-based, and offers the ability to automate time tracking for project management, billing, professional (i.e., salary) payroll, and increasingly, for hourly payroll. The Internet enables real-time communication and data sharing through automated timesheet systems that would have been prohibitively expensive beforehand.

That solution, which might be found among companies such as Clockware, Journyx or Unanet, will enable time tracking for all three purposes: payroll, billing and project management.

Studies <sup>[1]</sup> show that billing automation can increase your company's revenue by two to five percent, that project tracking automation can lower costs by six percent or more, and payroll automation can lower costs by one percent. By only automating payroll time tracking, companies miss out on most of those benefits. By taking advantage of those benefits, companies can increase profitability, sometimes by extraordinary amounts.

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<sup>[1]</sup> 2003 & 2004 survey whitepapers at [journyx.com](http://journyx.com)