INFOR™

Best Practices Guide

WORKFORCE MANAGEMENT: AN OPPORTUNITY TO SAVE

All organizations have processes for scheduling, managing, communicating with, tracking, and paying their employees. But these workforce management processes are often fragmented across the enterprise in functional and operational silos. Each process requires vast amounts of administrative effort that can be time-consuming and error-prone.

The goal of any organization is to ensure that the right people with the right skills do the right jobs at the right time—and at the lowest possible cost—to ensure the optimal balance between labor and demand in the workforce supply chain. Maintaining this optimal balance provides compelling return on investment (ROI) by eliminating inherent inefficiencies in managing and deploying labor forces—still one of the largest single expense items for many organizations.

THE WORKFORCE MANAGEMENT CHALLENGE

Workforce management processes are time-consuming and often fragmented because of disparate systems across the enterprise. These processes include tracking employee hours worked and calculating pay earned, assessing staff availability and qualifications for scheduling, generating and distributing schedules, managing FMLA and other employee entitlements, and handling travel requests and expense reports. The processes often involve administrative efforts that are prone to error with costly results such as correcting overpayments, understaffing of critical jobs, and poor customer service.

If you can optimize supply and demand of your entire employee population by implementing a workforce management system, you can yield a substantial cost-savings opportunity. The benefits you can gain are comparable to other enterprise software technologies such as enterprise resource planning (ERP) and customer relationship management (CRM). Enterprise workforce management solutions have proven to reduce costs, increase revenue, optimize business processes, improve employee satisfaction, and reduce turnover. These solutions provide an integrated, automated way to bring together silos of data, people, and processes for improved management.

Figure 1: Efficiency gains from workforce management
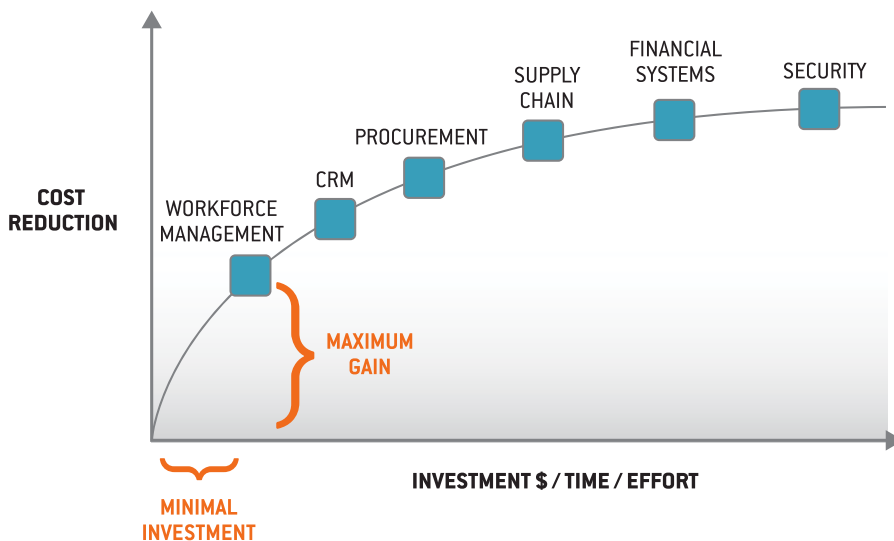
GAINING TANGIBLE RESULTS

Organizations are under increasing pressure to cut costs, improve workforce productivity, and increase revenue. CFOs need to increase profitability and find new ways to enhance decision-making capabilities. HR is automating cumbersome and costly employee HR functions to focus more on strategic tasks. And Payroll looks to eliminate payroll errors, meet critical deadlines, and reduce

administration through automated processes. Supervisors within these departments need to spend less time on employee time and attendance administration and focus on maximizing employee productivity and improving customer service.

To meet these overall goals, you need technology with flexibility—easily configurable—to automate and manage employee processes across all business functions without relying on custom code. With systems that are also preconfigured to meet specific industry needs, you have the benefit of reducing customization and total cost of ownership, as well as ensuring fast user adoption.

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BUILDING YOUR BUSINESS CASE

The most common component of the business case for internal technology expenditures is ROI. For any technology initiative, you need to generate a compelling ROI to justify investment. Although the business case is unique for every industry and organization, there are several major drivers of ROI common to all workforce management initiatives. In addition to cost and productivity savings through streamlined and automated processes, you can also gain a wealth of soft benefits.

Quantifying hard benefits

Your organization can expect to generate a variety of benefits after implementing a workforce management system:

- **Gross payroll reduction**—Declines in staff overcapacity, payroll errors, and overtime costs
  - A 3% overcapacity for absenteeism can save a company with 5,000 employees more than $2 million annually with a web-based shift-trading system.
  - A company with 10,000 employees and annual payroll of $500 million can see a 1% reduction in gross payroll, or $5 million savings annually, according to industry estimates.
  - A manufacturer, retailer, or call center business with optimized scheduling significantly reduces overstaffing levels for off-peak periods. One manufacturer, in fact, reported an "end-to-end transformation for 20,000 employees in less than 90 days."
- **Payroll management reduction**—End-to-end automation can result in 60% to 70% savings.
- **Business process automation**—Reductions in paper and distribution costs can amount to 20% to 80% savings, or hundreds of thousands to millions of dollars per year.
- **Reduced payroll-related IT costs**
- **Productivity savings**—Elimination of costly duplications in disparate systems by standardizing and centralizing processes can result in 50% to 70% time savings.
- **Revenue uplift**—Administrative time savings for retail and call centers translates to more customer-facing time.

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Additional gains

Several other important benefits may prove difficult to quantify, but they are often the driving forces behind workforce management investments. The following areas offer some of the greatest value:

▸ **Improved communication and decision-making**—By capturing and disseminating previously unavailable metrics in centralized systems, supervisors and managers can make more effective business decisions.

▸ **Increased employee satisfaction**—Employees and their supervisors have increased access to, visibility into, and accountability for employee-centric processes.

▸ **Improved customer satisfaction**—The right people with the right skills are matched with customer store traffic or call center queue.

▸ **Reduction in employee turnover**—Improved employee satisfaction, increased schedule flexibility, fairness in policy application and overtime distribution, and pay equity have proven to reduce staff turnover levels, thus cutting staffing costs.

▸ **Reduced absenteeism**—Ability to capture time and attendance data, report on it, and act in real time allows employers to address root causes of absenteeism.

▸ **Legal risk mitigation**—Ability to capture and audit relevant attendance and pay data and workflow enforcement of rules ensures 100% legal and contractual compliance.

> Organizations that have implemented workforce management systems with absence management have significantly reduced their use and cost of a contingent workforce, and have achieved a **23% higher sales-per-employee rate** than companies without absence management applications.[1]

Figure 2: Summary of potential savings and TCO

SAVINGS	TOTAL COST OF OWNERSHIP
A. Reductions in gross payroll	F. License fees
B. Reductions in payroll management	G. IT infrastructure costs
C. Business process automation	H. Implementation costs
D. Payroll related IT costs	I. Maintenance fees
E. Productivity savings	J. Internal maintenance costs
F. Revenue uplift	

$$ROI = \frac{(A + B + C + D + E + F)}{(F + G + H + I + J)}$$

Determining your total cost of ownership

Costs are unique for every organization, but the costs associated with implementing a workforce management system typically include license fees, IT infrastructure costs, implementation costs, maintenance fees, and internal maintenance costs. But implementing a workforce management solution can yield substantial savings that can reach into millions of dollars per year. Calculate your ROI.

1 *CedarCrestone 2009-2010 HR Systems Survey: HR Technologies, Deployment Approaches, Value, and Metrics, 12th Annual Edition,* p. 1.

CONCLUSION

Companies are launching workforce management initiatives to optimize their operational performance. They are gaining significant hard-dollar benefits including cost reductions and revenue uplifts, as well as intangible benefits via optimizing workforce management. By eliminating inefficiencies, they are achieving operational excellence that can provide a sustainable competitive advantage.

> "Infor WFM Workforce Management (Workbrain for Retail) has helped us streamline time and attendance, improve payroll accuracy, and provide our managers with easy-to-use reporting and analytics tools that help them make smart decisions to reduce costs."
>
> —BRAD FRIEDMAN, SENIOR VP OF INFORMATION SERVICES, BURLINGTON COAT FACTORY

About Infor WFM Workbrain

Infor WFM Workbrain thrives on solving the world's most complex labor challenges. Our integrated suite of Workbrain solutions helps automate and standardize your time and labor processes, helping you reduce costs, boost employee satisfaction, and adapt to changing conditions on the fly. The Infor WFM Workbrain solution suite includes Workbrain Data Collection hardware as well as five software modules: Workforce Planning, Workforce Scheduling, Workforce Time & Attendance, Workforce Absence, and Workforce Performance.

There is a better way.

At Infor, we work with a core belief. We believe in the customer. We believe that the customer is seeking a better, more collaborative relationship with its business software provider. And a new breed of business software: created for evolution, not revolution. Software that's simple to buy, easy to deploy, and convenient to manage. Our 70,000 customers in more than 100 countries stand with us. We look forward to your sharing in the results of our belief. There is a better way. For additional information, visit www.infor.com.

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