



KRONOS iSERIES CENTRAL SUITE

Absence Management Solutions Guide

Take Control of Employee Absenteeism



MINIMIZE THE IMPACT of Employee Absences

Fifteen percent of your payroll goes to people who aren't even there. That figure reflects only the direct costs of paying absent workers, including benefits payout, salary continuation, and insurance premiums. And the indirect costs of absenteeism — including overtime, temporary labor expenses, and lost sales attributable to lost productivity — can double or even triple that amount.

It's difficult for managers to understand the scope of the problem because, absence trends are not clearly visible to them. That's what makes absenteeism a serious concern. Most organizations are unaware of what it's costing them in revenue and profitability. And rarely do they have the means to find out.

In addition, employee absences take many forms — illness, vacation, short-term and long-term disability, workers' compensation, FMLA leave, and even tardiness. And in many cases, employee absence data has multiple owners and is managed through multiple databases, paper-based files, and isolated processes.

Of course, there are administrative costs involved in recording absences, revising schedules, reviewing benefit and entitlement policies, and replacing absent employees with temporary labor or overtime. But even worse are disruptions to your organization in terms of productivity, service, and quality, which is the reason why absenteeism is such a serious concern.

UNDERSTANDING Absenteeism

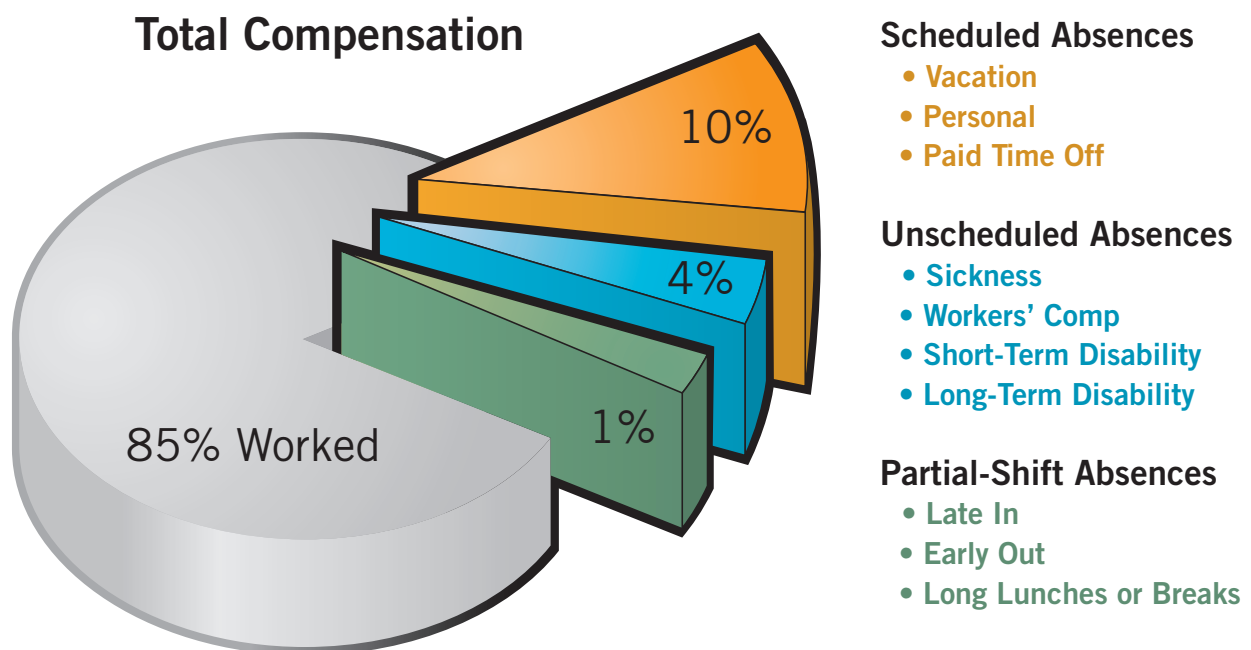
Every employee absence presents an operational burden and associated cost. For example, scheduled absences granted in advance give managers time to prepare. But if this paid time off is not calculated or recorded properly, employees may receive more time off than they should.

Unscheduled absences, on the other hand, don't allow managers to plan ahead. Employees calling in sick make it difficult for managers to effectively deploy the workforce in order to meet business needs, which can have a profoundly negative effect on productivity, profit margins, and employee morale.

Partial-shift absences — employees arriving late, leaving early, or taking longer breaks — are no less problematic. These types of absences can impact productivity, service, quality, and profitability. This type of absenteeism can be controlled with a streamlined technology solution.

Kronos can help address all types of employee absences. Our total absence management solution can provide clear visibility into absence trends and patterns, enabling your managers to make faster, better-informed decisions regarding policy enforcement and workforce deployment.

ABSENTEEISM OVERVIEW



Figures derived from the following sources: Mercer, 2004; ROI Evaluation Report, Nucleus Research, 2003. Sponsored by Kronos.

KRONOS

Total Absence Management

Our total absence management solution gives managers a single, clear view and the tools to easily track absences and manage leave. They know who's out, for how long and why, and how much it is costing the organization. Kronos' solution uses an integrated, configurable approach to managing absenteeism across your entire organization. Managers can also track absence trends and surrounding processes and take corrective actions, as well as better manage compliance and policy enforcement.

With total absence management and the Kronos iSeries Central suite, you can rest assured that absence-related data and actual time and attendance, and scheduling information are in sync because all applications share a common database. And our intuitive, graphical interface means you can optimize staffing processes by having complete visibility and control of available resources.

And since Kronos iSeries Central applications are web-based and data storage is centralized, our solutions are simple to implement, maintain, and integrate with other business systems.

Stay informed and in control

Kronos' total absence management solution makes it easy to identify absence trends and patterns of abuse over time. It gives you the information you need at a glance in order to stop employees from taking leave for which they are not eligible, thus allowing you to prevent unauthorized absences and control leave liability. It also offers easy-to-use reporting tools to support planning, scheduling, budgeting, and performance reviews.

Because our rules engine is highly configurable, our solution lets you manage and update your own attendance and leave rules, including overlapping policies, and apply them consistently across your organization with less time, effort, and expense. Kronos can even handle highly complex leave policies for a diverse workforce.

KRONOS iSERIES ATTENDANCE AND KRONOS iSERIES LEAVE

are key components of Kronos' total absence management solution. By integrating these solutions with our time and attendance, scheduling, and other applications, you can benefit from the industry's most complete workforce management system designed specifically for the IBM iSeries server: the Kronos iSeries Central suite.

Reduce administrative and payroll costs

Eliminating paperwork and manual processes can reduce your administrative costs and headaches, but automation also enables you to consistently enforce attendance and leave policies. This can reduce unauthorized paid time off resulting from employees taking long breaks, arriving late, or leaving early — unproductive time when many people are still being paid.

Automating attendance and leave can eliminate this payroll inflation. This is significant, because on average this can cost a company .72 percent of their payroll — even more for larger organizations. Just one extra day off a year per employee can equal as much as .5 percent of your total payroll.¹

Reduce noncompliance risks

Noncompliance with such federal regulations as FMLA, state labor laws, union contracts, and other work rules can add up to an administrative nightmare with penalties too severe to ignore. Kronos can help you streamline the many time-consuming and error-prone processes of compliance. Again, through automation our solution can track intermittent leave and scheduled absences balances down to minutes.

But more importantly, Kronos' solution stores all the data on multiple types of leave in a centralized database with a single, enterprise-wide view. Kronos iSeries Central makes it easy for you to access, organize, and analyze the up-to-date information you need for audit and reporting purposes.

Engage employees, improve morale

All of Kronos' solutions feature self-service capabilities designed to empower both employees and managers. For example, employees can easily check leave balances and attendance points occurrences using our Kronos iSeries Employee application on a desktop PC or a data collection terminal. This gives employees more control and encourages them to plan their leave more effectively.

Managers, in turn, can easily respond to requests and manage administrative tasks. For example, managers can reduce the time spent handling time-off requests by 25 percent using a Kronos solution,² freeing them to focus more time on value-added activities. Managers applying policies consistently across the board also promotes a greater sense of fairness in the workplace, which improves employee morale.

^{1,2} Source: *ROI Evaluation Report*, Nucleus Research, 2003. Sponsored by Kronos.

KRONOS iSERIES ATTENDANCE

Apply and enforce attendance policies

Kronos iSeries Attendance is a powerful, web-enabled application in Kronos' total absence management solution. Alleviating the burden of administering complex rules manually, Kronos iSeries Attendance can reduce the direct and indirect costs of unscheduled absences by helping to ensure the consistent application of attendance policies across your entire organization.

Because it is tightly integrated with Kronos' timekeeping and scheduling applications, Kronos iSeries Attendance enables you to leverage real-time employee absence data in your efforts to get labor costs under control. Through its flexible, building-block approach, Kronos iSeries Attendance interprets multiple layers of rules to achieve consistent policy enforcement.

Automate policy administration

Kronos iSeries Attendance streamlines the entire attendance policy process, from tracking and enforcement to alerting managers about the need to administer disciplinary actions and rewards. This means managers spend less time tracking attendance exceptions and interpreting policies. This simplifies the job of taking corrective actions with employees or rewarding those with exemplary attendance.

You can easily configure your policies according to attendance events, actions, time periods, and more, and update them quickly as labor agreements and other factors change. This dynamic and flexible system is essential for multifaceted organizations with diverse workforces requiring management of multiple attendance policies or in which labor agreements change frequently.

Better visibility equals better decisions

To maintain optimal productivity and quality, finding the best replacements for absent employees means knowing what skills and certifications are needed, what resources are at hand, and what the cost structure is. It's not an easy task when managers lack the necessary visibility and control.



Absence management best practices

- Record and track all absences as they occur
- Enforce time-off tracking across the enterprise
- Maintain accurate, easily accessible records

Through its single centralized view, the Kronos iSeries Central suite allows you to access all this information instantly when scheduling shifts. This makes it easier to replace absent employees with people who are qualified to cover a particular job or process, thus boosting productivity, quality, and employee morale. Our solutions also provide information about covering shortages at the lowest costs by avoiding the use of overtime or agency labor if possible, further improving your bottom line.

Leverage business intelligence and reports

Kronos iSeries Attendance provides you with complete, real-time visibility into who's in, who's out, and how the work gets done. It gives you actionable information right at your fingertips. In fact, you can manage employees by exception so that you are notified when certain disciplinary levels are reached, allowing you to take action in the most timely and effective manner.

An audit trail documents your organization's attendance details and absence patterns, while on-demand reporting makes it easy for you to identify absence trends and manage them proactively. Moreover, these reports reflect accurate data captured in real time at the source, creating a pool of actionable intelligence you can rely on for both day-to-day and strategic decision making.

Kronos iSeries Attendance features include:

- **Flexible tracking periods** — configure attendance to accommodate rolling or calendar tracking periods, as well as progressive discipline or step policies
- **Attendance calendar** — calendar views make it easy to identify absence trends and patterns of abuse over time to aid policy enforcement and performance reviews
- **Attendance summary** — indicates an employee's attendance status, reflects actions that need to be taken, and maintains a history of disciplinary actions and rewards

**MORE THAN 30 PERCENT OF EMPLOYEES SAID THAT THEY
are unsure if their supervisors would know whether or not they arrived late at work.**

“Working in America: Absent Workforce” survey, Harris Interactive, 2004. Sponsored by Kronos.

KRONOS iSERIES LEAVE

Manage all types of leave

Kronos iSeries Leave allows you to track all types of leave automatically. It synchronizes absence-related data with schedules and timecards and updates them in real time. It allows you to enforce leave balances, limits unauthorized usage, and helps keep you in compliance. Using the system, managers are empowered by having anytime, anywhere access to accurate, up-to-date data, and employees are confident their balances, time-off requests, and leave benefits are being managed accurately.

But Kronos iSeries Leave does more than just automate the leave administration. It streamlines the entire leave management process by providing time and attendance information that is in sync. This means everyone in your organization can have the information they need, from eligibility, to entitlement, to on-leave compensation. The system can also provide visibility into trends and patterns that can point to and help reduce leave abuses, as well as facilitate decision making.

Monitor compliance and eligibility

To help you maintain compliance with federal, state, and union mandates, Kronos iSeries Leave simplifies the accurate administration and tracking of paid and unpaid leave policies. With FMLA in particular, there are a host of administrative tasks required to ensure compliance, and Kronos iSeries Leave helps you handle these requirements with ease and confidence.

For example, Kronos iSeries Leave automatically checks for FMLA eligibility based on employees' worked hours and hire dates. At the same time, it helps you determine eligibility for state leave policies, which can have different rules that overlap FMLA. Similarly, labor agreements may grant workers family and medical-related leave that must be accounted for in conjunction with these other mandates.

Kronos iSeries Leave also tracks concurrent and intermittent leaves, generates all necessary forms and documents, manages due dates, and issues reminders when key milestones are approaching — all of which support your compliance efforts while saving you significant time and money.

Make better decisions when planning for leave

When it comes to employees taking time off, Kronos iSeries Leave can help you do it all. You can manage intermittent leave as well as multiple types of leave benefits that must be managed concurrently for different segments of your workforce. You can identify absence trends and manage them proactively, and access a summary of outstanding leave cases.

Because Kronos iSeries Leave is tightly integrated with Kronos' time and attendance, scheduling, and other applications, you can make better decisions regarding workforce planning and deployment. Kronos iSeries Leave helps ensure that you won't be left either understaffed or overstaffed.

Additional benefits of Kronos iSeries Leave include:

- **Eligibility entitlement** — flexible rules confirm eligibility by checking hours worked and number of active days to qualify for FMLA, state, and local leave rules
- **Automatic alerts** — push automatic alerts and notifications to managers based on user-defined queries, document due dates, and leave requests
- **Document management** — create customized forms, response letters, alerts, and reminders that can be automatically routed through your approval process
- **On-demand reporting** — generate reports that you can use to analyze employee leave abuse patterns, absence trends, and to optimize scheduling

WHILE 64 PERCENT OF EMPLOYEES SURVEYED REPORTED

that their companies have a disciplinary attendance policy, 48 percent said it was not enforced consistently.

“Working in America: Absent Workforce” survey, Harris Interactive, 2004. Sponsored by Kronos.

ABSENTEEISM:

Why Should You Be Concerned?

1. ■ The majority of employers have limited ability to accurately and regularly track how much absenteeism is reducing their bottom-line earnings.

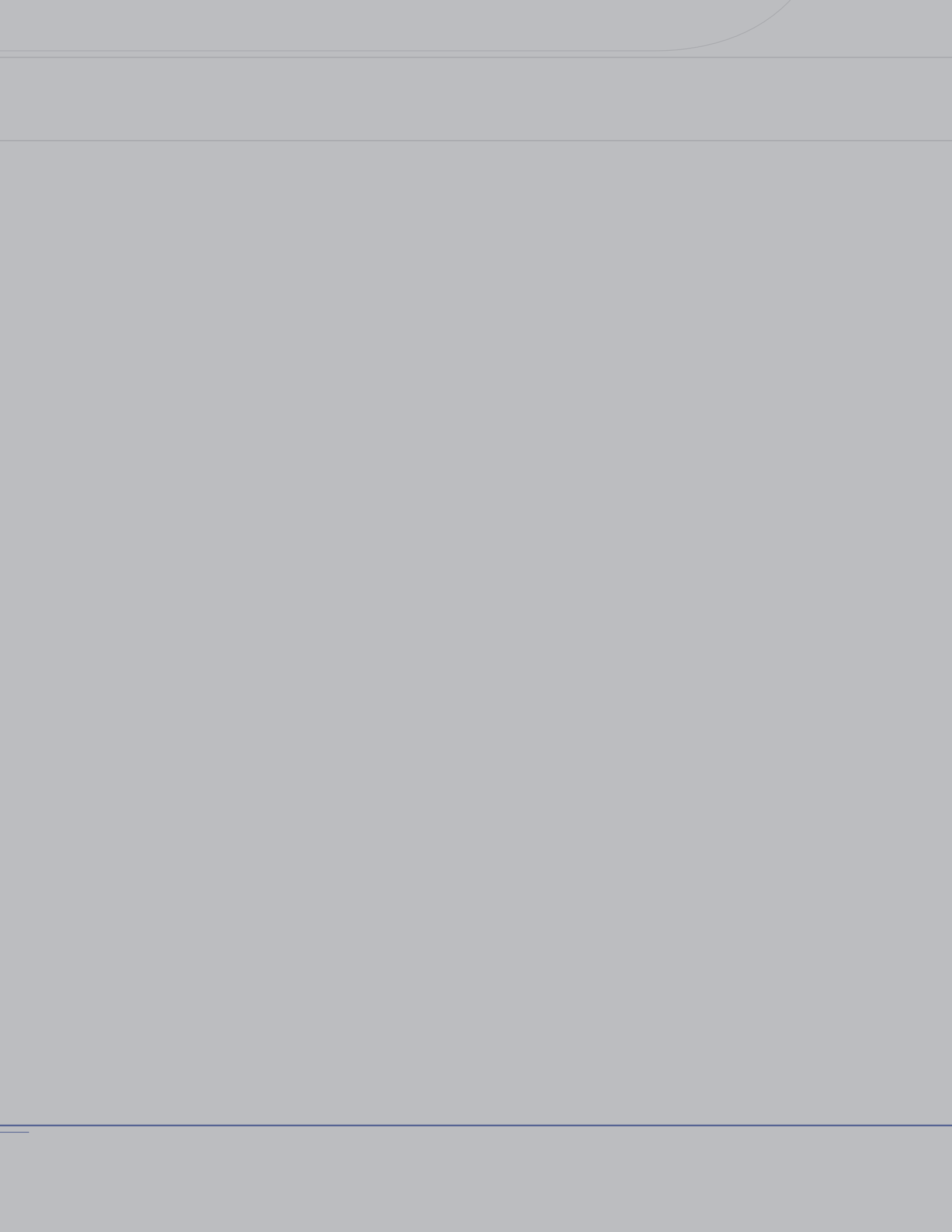
2. ■ Absence management systems track absenteeism, manage absence policies and work schedules, and control overtime, allowing management to recoup lost earnings.

3. ■ Reducing absenteeism helps employers better meet production and service demands without requiring an increase in head count.

4. ■ A company of 5,000 hourly employees has the potential to reduce costs by more than \$7.9 million per year, or 3.2% of total payroll.³



³Source: *Absenteeism: The Bottom-Line Killer*, Circadian Technologies, 2005.



Kronos Is the Right Company for Your Workforce Management Needs

Who is Kronos? We are experts who empower organizations like yours to effectively manage their workforce. With nearly 30 years of experience, we are solely focused on delivering an integrated suite of software and services that enables organizations to reduce costs, increase productivity, improve employee satisfaction, and ultimately enhance the level of service they provide.

We have successfully implemented tens of thousands of solutions in businesses of all types and sizes, all around the world. More than 30 million employees use a Kronos solution every day. Why? Because they work.

Put Kronos to work for you:
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Experts at Improving the Performance
of People and Business™

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