

# Does your Time & Attendance ROI add up?



Although **return on investment (ROI)** is frequently quoted and even the deciding factor in some issues, ROI is poorly understood and often misused. Most ROI calculators ignore the difference between **hard and soft dollars** and almost none provide a Net Present Value (NPV) calculation. Finally, ROI dollars are often left on the table and not taken advantage of when discussing payback of investment dollars.

**One of the biggest pet peeves of time and attendance ROI is treating soft dollars the same as hard savings. What's the difference you ask?**

## \* ————— SOFT SAVINGS ————— \*

A product, process or operation that results in the company or an employee spending less time is likely soft savings. **Examples:**

- Supervisors spend less time on time cards and can focus on their real jobs
- Automatic accruals and improved record keeping ensure employee receives only the PTO days they have earned



## \* ————— HARD SAVINGS ————— \*

A product, process or operation that results in the company spending less money can be categorized as generating hard savings – saving real, hard cash. **Examples:**



- Better employee scheduling reduces overtime
- More consistent enforcement of pay policies results in fewer grievances

The most frequently quoted statistic in time and attendance ROI calculations is the error rate when manually preparing time cards. The American Payroll Association (APA) and other studies estimate the **error rate averages .5% to 2.0%**. Even a small company can have an annual payroll of \$5 million. Reducing the error by 0.5% can save a company **\$50,000 in hard dollars!**