

Return on Investment Calculator for Time and Attendance Automation

Savings #1: Manual Data Entry-Audit Savings

Takes 7 minutes/EE to total timecards..

Goal: Eliminate 5.0 minutes/EE/payperiod

5.00 FOR EMPLOYEE			
Number of minutes	5.00		
Number of pay periods	52.00		
Number of minutes per employee per year		260.00	
Number of employees	100		
Total Time		26,000.00	
Divided by 60	60.00		
Total annual hours saved with automation		433.33	
Average hourly rate including benefits	\$14.50		

Total annual hours saved X Avg hourly rate equals Data Entry-Audit Savings \$6,283.33

Savings #2: Human Resources Audit Processing Savings

Takes 6 minutes/HR to total timecards

Goal: Eliminate 5.0 minutes

HR AUDIT			
Attend record cards	Number of minutes	5.00	
File cards	Number of pay periods	52.00	
Print cards	Number of minutes per employee per year		260.00
Review info	Number of employees	100.00	
Record Retention	Total Time		26,000.00
Time card calculation	Divided by 60	60.00	
Paysheet calculation	Total annual hours saved with automation		433.33
	Average hourly rate including benefits	\$10.00	

Total annual hours saved X Avg hourly rate equals HR Audit Process Savings \$4,333.33

Savings #3: Human Error Factor Savings

Goal: Reduce Human errors by .5% annually.*

Number of employees	100		
Hours per employee per pay period	40.00		
Total regular labor hours per pay period		4,000.00	
Total number of pay periods annually	52.00		
Total regular labor hours annually		208,000.00	
% error factor **	0.50%		
Yearly error factor		1,040.00	
Average hourly rate including benefits	\$10.00		

Yearly error factor X Avg hourly rate equals Error Factor Savings \$10,400.00

Savings #4: Lost Time Savings

Average employee consumes 5 minutes PER DAY coming in late, taking long lunches, leaving a few minutes late for overtime.

Goal: Recover 5 minutes per day per employee

Provide uniform policy enforcement

(5 minutes per day per employee/60 minutes per hour
250 work days per year=20.83 hours/year).

Hours per employee per year	20.83		
Number of employees	100		
Total hours lost		2,083.00	
Average hourly rate including benefits	\$10.00		

Total hours lost X Avg hourly rate equals Lost Time Savings \$20,830.00

Savings #5: Elimination of "Buddy Punching"

A national survey was conducted by a leading payroll company and estimates that in general, companies were erroneously paying between 3 and 5 percent of their annual payroll due to employees fraudulently punching for one another.

Goal: Eliminate Buddy Punching and recover 1% of the gross annual payroll.

Number of hourly employees	100		
Regular work hours per pay period	40.00		
Average regular hourly wage rate	10.00		
(Average hourly wage) X (Hours per pay period) X (Number of hourly employees)	40,000.00		
Number of pay periods per year	52		
Annual Payroll - Excluding overtime	\$2,080,000.00		
1% of Annual Payroll	\$20,800.00		

Cost savings through elimination of Buddy Punching \$20,800.00

SUMMARY

Savings #1: Manual Data Entry-Audit	\$6,283.33
Savings #2: Human Resources-Audit	\$4,333.33
Savings #3: Human Error Factor	\$10,400.00
Savings #4: Lost Time	\$20,830.00
Savings #5: Elimination of Buddy Punching	\$20,800.00

Total Annual Savings Potential \$62,646.67

Estimated cost of the system	\$20,000
Divided by Total Annual Savings Potential	\$62,646.67
Equals the Return On Investment in years	0.32
...Multiply by 12 for the number of months	4

* We've used HALF of the conservative Robert Half/APA average figure for this factor.

** According to the American Payroll Association