



Capturing HR & Payroll Data in a Distributed Business

The article examines the particular challenges when capturing HR and Payroll data in businesses that have a large number of remote operating locations, typically in the retail, leisure or service sectors. The use of new internet-based technologies to substantially ease this task is discussed.

The entry of variable data to a payroll system has always been a potentially time-consuming task. Variable data includes such items as hours worked, holidays, and sickness as well as monetary values such as attendance bonus and commission. HR also has an interest in this data for analysing absenteeism and ensuring Working Time Regulations are monitored.

With large distributed businesses this task gets more problematic. Examples include the retail and leisure sectors where it is not uncommon for a head office payroll function to require data from several hundred remote locations across the UK. The problem is compounded because many staff are employed on a part-time basis with an increasing trend towards minimum contracted hours, or even zero hour contracts. Staff turnover is usually higher, and payroll run frequencies of one or two weeks are still found. This places huge demands on the payroll department when compared to salaried staff that are usually paid a fixed monthly amount.

Traditional solutions to this problem usually rely on paper-based timesheets that are completed by the store manager weekly and posted or faxed to the head office. If the store manager has access to a PC the timesheet may be spreadsheet-based. In some instances the data collection system may take advantage of other installed systems such as point-of-sale.

In situations where the business has a large number of relatively small outlets (for example 300 stores each with an average of 15 staff) any investment in technology at each outlet multiplies up and becomes large when viewed at the company level. The investment does not stop with hardware – to install software on 300 remote PCs and then train the local staff on how to use it, and support them afterwards compounds the investment further.

Recent advances in Internet technology have led to the development of web-based systems that 'front-end' existing payroll and HR systems. These can be aimed at both managers and employees. All that is required at each remote location is a PC with web browser software, and the ability to connect to the Internet preferably through a broadband connection. This greatly simplifies the cost of deployment since usually no software has to be installed on the PC other than a web browser, such



as Internet Explorer. All the software is installed centrally on a dedicated web server that is linked to an application server that runs the 'back-office' payroll and HR system.

This gives the manager at each remote location the ability to view details of employees that work at that specific location. Using the typical environment referred to earlier means that there are 300 'windows' into the centralised payroll/HR database each one dedicated to a specific location.

The power of this type of system is realised when it is used to capture information concerning each location and feed it to the central database without further transcription. To control this flow of information most solutions have multi-level approval stages so that the information is electronically 'signed-off' at each stage of the process. A typical scenario relating to our typical 300 location retail business might involve the information being approved by one of 15 regional managers – they would receive e-mail triggers when one their outlets submitted data, so providing an automatic electronic 'to do' list. Once approved the data would be passed on to the next approval stage, HR for example. They might 'sign off' selected information such as pay rate changes before the data is passed to payroll.

Let's have a more closer look at the tasks that can be covered by such systems. Most outlet managers have the authority to recruit new employees, make changes to existing employees' pay and benefits, and process leavers. All these tasks have a direct impact on the head office payroll and HR team. The manager logs into the Internet, logs on to the system by entering their security details, and selects the required task from a menu. They can then enter the required information relating to the new employee with each item being checked as it is entered. For example, the employee's bank details can be checked for the correct account number and sort code and errors resolved at source. The pay rate can be selected from a pre-defined table, and the various stages of work permit checking controlled. The employee's contracted hours and work pattern can also be entered and when complete the form is submitted to the first approval stage. At this point the 'work flow' takes over until the data reaches payroll and HR where it is electronically transferred into the central database. Similar procedures would apply to changes to existing employees (e.g. pay increase, job change, address change, etc) and leavers.

However, it is the collection of large volumes of transactional data that realise the greatest benefits. The employee timesheet is a key document when variable and flexible hours are being worked. Regardless of the pay frequency timesheets usually cover one or two-week periods, and are usually the responsibility of the outlet's administration team. The main data captured are the hours worked or absence incurred by each employee at the outlet during the period covered. However, additional information relating to other items may be required by payroll or HR, for example, overtime hours and sickness details or pay adjustments such as commission, or a key-holding allowance.



To ensure data integrity the timesheet entry system highlights potential error conditions to the user, e.g. when an employee has not worked their contracted hours. The system may also need to cope with hours worked by employees 'borrowed' from another location.

The data is usually entered for each day of the week since this allows day-by-day monitoring of key performance indicators leading to a more responsive system. Daily entry means the data volumes relating to our typical business are large with 4500 employees potentially generating over 50,000 transactions per week.

More advanced systems are now available to 'front-end' the timesheet with planning and scheduling functions. This allows the staffing levels to be predicted for each day of the week based on the anticipated business levels in each department. This can be published as a 'staff roster' that informs employees of the work periods allocated to them in the week ahead. Of course what is planned to happen rarely actually happens so deviations from the roster need to be monitored. Using time and attendance (T&A) terminals to capture an employee's actual attendance times can provide this link between planned and actual events. Internet-based terminals are now available that support a range of technologies including proximity and biometric data capture methods. The T&A system can be used to build the weekly timesheet based on each employee's actual arrival and departure times.

Building the roster has to be based on each employee's availability to work so the system needs to be aware of holidays booked and other absences such as long term sickness or maternity leave. By booking the holidays through the system the employee's entitlement can be checked, and only authorised when the departmental workload permits it. For part-time and zero contract hours employees their 'availability to work' for each day of the week needs to be visible. For example, a zero hour contract employee may only be able to work on Saturday and Sunday up to 18:00 hrs, and cannot be rostered outside of these times.

The immediacy of the information gathered provides scope for improved reaction times for distributed businesses. If the data is being submitted each day staffing levels can be adjusted to cope with unplanned variations in demand. Budgets can be monitored on a daily basis, instead of having to wait for a monthly analysis from the accounting system.

Internet-based systems also provide HR functionality such as employee training, disciplinary and appraisal records that are created and maintained at each location. These are available to the Head Office HR function so that an overall business view is available in a consistent format.

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Face-to-face training across a distributed business is an expensive proposition, but to ensure the full benefits are realised from the systems training is essential. A cost effective way to deliver the training is to use eLearning techniques. This is delivered to the employee to be trained in the same way as the system itself – by the Internet. eLearning allows the user to undertake the training without incurring the cost of face-to-face training, and means it can take place at more convenient times, or split into shorter sessions. It incorporates a user test facility so that the users' competence can be measured.

In conclusion it can be seen that the Intranet provides a very cost effective and powerful way of bringing the remote locations of a distributed business much closer to their centralised back-office functions. The payroll and HR functions are supplied with timely information that directly updates the corporate database. Data is entered at source saving the high cost and potential errors involved with transcription. Formalised workflow techniques ensure that the data flows through each approval stage in a consistent manner. Key performance indicators are updated more frequently giving management more control over fast moving and highly variable businesses.

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