

Seven Simple Rules for Reducing Overtime

Overtime for hourly employees is the No. 1 profit-killer for a business, particularly in service industries with thin margins and distributed workforces.

It's even more imperative now to get a handle on overtime as wages rise across the country and the cost of doing business becomes more expensive. For security contractors in particular, who need to employ (and pay) highly skilled and specially trained officers, overtime can be a very costly problem.

The secret to reducing overtime? Stop it before it starts. Fortunately, that's easier than it sounds. These seven simple rules will walk you through it.



RULE NO. 1: SET CLEAR GOALS AND TAKE OWNERSHIP

Like any initiative, you'll only be successful if you know what you're trying to achieve. That's where clear organizational goals come in. It's not enough to demand that your staff reduce overtime. First, you better be sure you know how much overtime your employees are clocking each week. If you don't, you have some work to do, and you might consider implementing scheduling software, if you haven't already. That's a big step in learning where all your hours (and dollars) are going.

Once you know how much overtime you're racking up, you can then set specific reduction goals based on where you want to be at a certain point in time. Get as specific as you can and be reasonable about what you can achieve. For example, "over the next two quarters, we'll reduce our overtime expense by 50 percent" is a clear, measurable objective. In addition, it always helps to appoint an "owner" for a company objective like this. This individual is the one who's responsible for ensuring each operational procedure is in place and each person is doing their part. In short, an owner helps guarantee the success of your overtime reduction initiative.

RULE NO. 2: ENCOURAGE TEAMWORK AND REWARD ACHIEVEMENT

Reducing overtime involves action and attention from a number of people at all levels of your organization. Schedulers, account managers, human resources, upper management and executives all play a role in implementing new processes and creating awareness and accountability across the business. Overtime isn't just a problem for your scheduling staff to figure out. Often it involves a good amount of organizational change and teamwork to pinpoint issues, resolve them and put better practices into place. And, incentives don't hurt, either. Small rewards and recognition can be effective in motivating employees to reach milestones and keep them accountable. The added acknowledgement will go a long way in boosting morale and encouraging teamwork.





RULE NO. 3: USE YOUR SCHEDULING TOOLS EFFECTIVELY

If you're still using paper (and yes, that also means spreadsheets) to schedule your employees and track their time, you probably can't spot overtime problems until after they happen. You're probably also spending a lot of time doing tasks that could be much easier, and even automated, with the right software. Step one in this case is to consider a technology upgrade, stat.

This rule assumes you actually have scheduling tools like software and other technology solutions in place. But, do you know if you're leveraging all the features effectively? If your scheduling solution is worth its salt, you should be able to see the schedule for the week and in context with adjacent weeks to spot any overtime problems in advance and take care of them. In fact, your solution should be able to alert you to those issues as you're scheduling people, as well. You should be using all the reports available to track trends and pinpoint issues. You should be able to automate as much as possible.

If you're not comfortable with your software, or if you have newer employees, or even if you simply need a refresher on best practices, it might be worth contacting your software provider for hints, tips and extra training to help you really get the most out of your investment. If your software provider doesn't offer these services, you should consider another software provider.

RULE NO. 4: DEVELOP OPERATIONAL PROCEDURES AND POLICIES

Reducing overtime isn't a one-time deal. To achieve results and sustain success, you have to develop policies and operationalize tasks and procedures. That means you have daily, weekly and sometimes monthly practices that your dispatchers, schedulers, account managers and others need to follow on an ongoing basis.

For example, on a daily basis your schedulers should fill any open slots in the schedule. Before putting anyone into an overtime status, schedulers should attempt to contact at least two other employees who would not accumulate overtime by working the shift. Consider having your account managers or a similar role examine the master or standard schedule on a monthly basis to determine whether there is embedded overtime in it. If so, obtain approval to correct the overtime built into the schedule, and fill any recurring open positions with appropriate employees who won't cause embedded overtime.



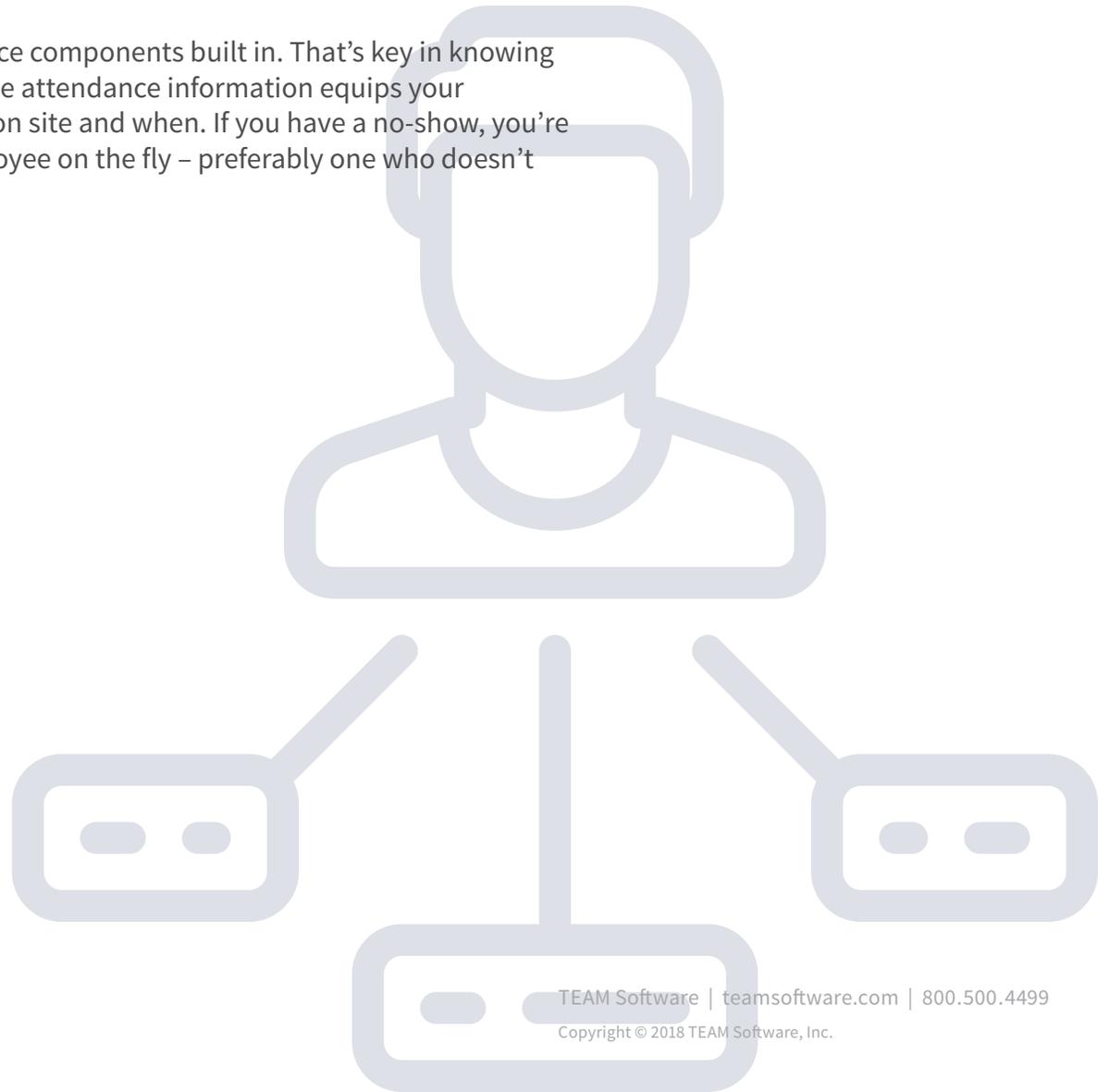


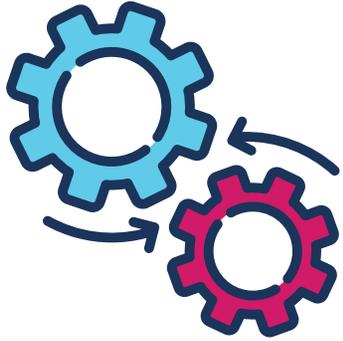
RULE NO. 5: USE SCHEDULING REPORTS TO FIND ISSUES AND RESOLVE THEM.

Comprehensive reporting tools help you become proactive in resolving recurring issues involving overtime. Overtime isn't always avoidable, but you can reduce it and control it through regular report review. Reports can help you find bottlenecks in your process, overtime patterns, discrepancies and exceptions. When you can get to the root of the problem quickly, you can focus on the right place to fix it. Some software systems even have interactive business intelligence dashboards and analytics, so you can go beyond grids and spreadsheets and see dynamic views of your scheduling practices and associated costs.

RULE NO. 6: USE REAL-TIME ATTENDANCE TRACKING.

Well-rounded scheduling systems have time and attendance components built in. That's key in knowing that your scheduled employees actually show up. Real-time attendance information equips your schedulers and dispatchers with a live snapshot of who is on site and when. If you have a no-show, you're able to react quickly and fill the shift with a qualified employee on the fly – preferably one who doesn't cause overtime.





RULE NO. 7: SAVE TIME WITH PAYROLL AND BILLING INTEGRATION

This isn't so much a rule as a perk. If your scheduling software is integrated with your accounting and HR/payroll systems, you'll avoid a lot of clunky processes and the errors that go along with them. If your scheduling tasks are handled effectively, payroll and billing information is already in the system. From an operations perspective, that means when you properly manage your schedules, you have ensured both billing and payroll figures are correct in one step.