HOW TO PREVENT WORKFORCE TIME THEFT

True Tales & Epic Fails
Workforce time theft costs employers billions every year. From manipulating time sheets to using work time for personal time—whenever employees are on the clock but not on the job, they’re stealing time. Employers pay the price via inflated payroll and lost productivity.

While every employer has to deal with time theft, it’s especially challenging for companies with a distributed workforce. On-the-go and decentralized employees are harder to track.

But there are proven steps you can take to prevent time theft. With input from employers who have graciously shared their lessons learned, we’ll help you curb this increasingly prevalent and costly problem.
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Facts & Stats about Time Theft
The Big Cost of Time Theft

While it’s hard to get a handle on the losses caused by time theft, one study estimates that it costs U.S. employers more than $400 billion per year in lost productivity, as reported in the Boston Globe and Denver Post.¹ 10 and 15 minutes here and there add up to big losses over time.

Furthermore, 74% of employers experience payroll losses related to buddy punching (when one employee punches in for another). According to Nucleus Research, these losses average 2.2% of gross payroll, and that’s just one form of time theft. ²
Do the Math

4 lost hours per week =
16 lost hours per month =
2 lost work days per month!

2 lost work days per month = 24 lost work days per year = nearly 5 weeks of lost work time per year...PER EMPLOYEE!

What Is Time Theft Costing You?

Consider this: The average employee steals 4 hours and 5 minutes every week according to the American Payroll Association.³

It’s shocking, but it’s also consistent with a semi-annual time theft survey conducted by Robert Half International, which found that employers lose about 4.5 hours per week per employee.⁴

What does that look like for you?

5 x ________________ (your weekly payroll) =

$ ________________ lost to time theft every year
‘Not My Employees!’
(Yes, Your Employees, Too)

Three out of four employees will steal something—products, intellectual property, work time, you name it—from their employers, according to a study by the U.S. Chamber of Commerce.⁵

The study concluded that U.S. employers lost $20-$40 billion as a result of employee theft in 2012. And that 75% of the thieves will never be caught.

So, even if you hire carefully and manage scrupulously, chances are you have some percentage of workforce theft in your midst, and that likely includes time theft.
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Time Theft: True Tales & Epic Fails
Beat the (Time) Clock

It’s not uncommon for employees to fudge their time or round down their minutes when completing paper timesheets. Some employees even find ways around electronic timekeeping systems.

TRUE TALES

“At one of our sites, we have a time clock close to an entrance. One of our workers would park her car by the curb, rush in and punch in, then go back out and park her car. Until we caught on, it cost us about 15 minutes a day.”

“We have time clocks spread throughout our hospital. Instead of punching in at their designated area, housekeepers would punch in at the first time clock they passed, then make their way to their floor. We only realized it when we started checking reports.”
TRUE TALES

“Our construction firm uses timesheets in the field. We had two contractors signing in for each other whenever they knew the foreman would be late. The foreman was too busy to analyze everyone’s handwriting, but when he realized the work wasn’t getting done on those particular days, he figured it out.”

Buddy Punching

Buddy punching is a big problem for many employers—even those with time clocks. It’s often as easy as one employee giving his swipe card to a pal so she can punch in on his behalf.

The problem is even worse for employers that track time via paper timesheets, as it’s very easy for one employee to sign in for a friend.
TRUE TALES

“One of our time clocks is located near the cafeteria. We learned that some of our employees would clock back in after their meal break, but then pop back inside the cafeteria and hang out.”

“We learned that a few employees were essentially doubling their break time by going out for a smoke and then taking their allotted break afterward.”

Long Lunches and Extended Breaks

Extending authorized meal times and breaks is another common form of time theft. Particularly costly are smoke breaks. According to a recent study by Ohio State University, each smoker costs employers an average of $5,816 more than non-smokers, largely due to breaks and lost productivity.\(^6\)
“Goofing Off”

Employees face a wide variety of temptations throughout the workday, which can amount to lost work time. This includes:

• Too much socializing/chatting
• Excessive personal phone calls
• Unauthorized or extended breaks
• Napping on the job (29% of workers report falling asleep while at work, according to a National Sleep Foundation survey)
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TRUE TALES

“We had an employee running his own business from work. He was using our computer and office supplies, not to mention he was doing it on work time!”

Beware of the Internet

The Internet creates unique challenges for employers, especially with the advent of smartphones. Too many employees spend too much time:

• Checking personal email
• Shopping online
• Playing games online
• Operating another business on company time
• Using social media (Productivity drops by 1.5% when staff can access Facebook at work, according to a study by Nucleus Research. 61% of surveyed employees use the site at work for 15 minutes per day.8)
Swipe Card Shenanigans

Time clock swipe cards are supposed to be a time-tracking tool. Ironically, some employees use their swipe cards as a tool for not being tracked.

If you're using time clocks with swipe cards, your managers probably hear plenty of this:

“So-and-so lost their time card, so I loaned them mine.”

“I lost my swipe card.”

“I forgot my swipe card.”

“The time clock wouldn’t take my swipe card.”
TRUE TALES

“We had a home health care worker who was showing up late and cutting home visits short. Her reports looked great, but we started getting complaints. Our company is built on providing quality care, and this was damaging to us.”

Hide and Seek

When employees are on the move—drivers, landscapers, home health aides, for example—it’s especially difficult to know if they’re really where they’re supposed to be. If you don’t have checks and balances in place, it’s easy for workers to disappear off the radar. Often, employers don’t find out until a customer complain, or it becomes painfully clear that the work isn’t getting done.
How to Crack Down on Time Theft
Curb Time Theft via Smart Workforce Management

Time theft costs employers profits and productivity. It can even lead to lost opportunities. In a competitive environment where every penny matters, can you afford to turn a blind eye?

By following these best practices, you can curb employee time theft.

~BEST PRACTICES~

- Create clear, specific time and attendance policies
- Create procedures for enforcing your policies
- Make good time and attendance part of your culture
- Use best-of-breed workforce management technology
Create Clear, Specific Time & Attendance Policies

Make sure your time and attendance policies are clearly spelled out to employees and communicated both orally and in writing.

Your employee manual should address specific problem activities relevant to your workforce, such as tardiness, cell phone use, unauthorized breaks, etc. It should also specify the consequences of violating your policies.

Ask new employees to sign an acknowledgement that they understand and will follow your policies, and have managers review the policies periodically with employees.

Be poised to update your policies periodically as new temptations present themselves. Time thieves can be enterprising, so you have to stay one step ahead.
Create Procedures for Enforcing Your Policies

It's not enough to have time and attendance policies. Managers have to rigorously and consistently enforce them. If managers let offenders slide, they're opening the door to rampant time theft. In addition, when one employee gets away with slacking, it lowers morale among your hardest working employees and makes policies harder to enforce. The easiest way to avoid this is to put firm procedures in place for managers to follow.

An automated Employee Points system can also be used to encourage stellar performance and proactively identify problem behaviors by simply assigning point values to various infractions. When an employee's points exceed the threshold, the system immediately notifies managers, ensuring swift action is taken.
Make Good Time and Attendance Part of Your Culture

Of course you want your employees to take pride in their work, so it’s important to make great performance and dependable time and attendance part of your definition of a job well done.

One way to do this is to not only issue consequences for negative behavior but to recognize and reward exemplary performance, including adherence to time and attendance standards.

There are endless ways to structure employee recognition and rewards programs. Outstanding employees can be recognized in awards ceremonies, through company newsletters, or by posting plaques and flyers. Rewards can take any form from a prime parking spot, to extra paid time-off, to gifts and gift cards…whatever motivates your workforce.
Use Best-of-Breed Workforce Management Technology

If you're still using paper timesheets to track time and attendance, upgrading to an automated time tracking system will immediately eliminate some forms of time theft, like fudging arrival and departure times. For mobile employees and non-traditional worksites, a mobile time-tracking app with GPS may be the answer.

If you're using time clocks with swipe cards, upgrading to biometric time clocks will foil buddy punching and swipe card shenanigans. These clocks use fingerprint recognition technology to eliminate fraudulent punch-ins.

Regardless of what data collection methods you use, be sure to take advantage of your workforce management technology’s reporting functions, which allow you to quickly spot time and attendance problems and nip them in the bud.
How EPAY Can Help
At EPAY, Thwarting Time Theft is all in a Day’s Work

EPAY is the leading provider of time and labor management systems for employers with distributed workforces—the ones that are the toughest to track and particularly vulnerable to time theft.

Our real-time, cloud-based time and attendance system helps employers, better manage their workforce, contain labor costs and even improve wage and hour compliance.

We offer a range of data collection options, which allow employers to track and manage employees in virtually every work environment while routing out time theft in its many devious forms.
For Mobile Employees: Mobile Time Tracking with GPS

Our Blueforce Mobile Punch™ application turns any smartphone or tablet into a handheld time clock. It’s quick and easy to use, but hard to abuse, thanks to integrated GPS, which captures actual GPS coordinates and flags any punches made outside of authorized locations.

Customizable fields allow employees to track whatever is required—completed tasks, mileage, piece work, etc. Our application can even scan ID badges and barcodes utilizing a device’s built-in camera. This gives employers an unprecedented degree of transparency.
No Buddy Punching! Biometric Time Clocks with Cameras

EPAY’s patented WalTer™ T6 time clock gives employers a new level of buddy punching protection. WalTer T6 utilizes fingerprint recognition technology to confirm employee identity. It also features a unique backup camera. If the clock doesn't recognize a particular fingerprint, it automatically snaps a photo of the employee for manager verification.

WalTer T6 offers other unique features, too, including plug-and-play installation. It’s the only time clock that users can install themselves—just mount on the wall and plug in. And it communicates via LAN, Wi-Fi, cellular, or dial-up, so it works in virtually any situation.

WalTer T6 also functions as a self-service kiosk, allowing employees to check their pay history, work schedule, PTO, etc. It even has a built-in thermal printer, which allows employees to print paystubs on demand (a great way to cut labor costs).
Case Study: Interstate Cleaning Corporation Deters Time Theft with Help from EPAY Systems

Interstate Cleaning is a successful janitorial company servicing shopping centers and office buildings in 28 states and 450 locations. The St. Louis-based firm has 2500 employees.

Interstate previously used manual timecards. However, the company’s philosophy is to employ state-of-the-art processes and systems to maximize efficiency and customer satisfaction. To that end, Interstate began researching automated time-tracking systems in 2007, ultimately choosing EPAY.

Because Interstate allocates contracted hours by location, its priority is ensuring work hours are used wisely. Minimizing time theft is a priority.

Philip Gaudy, Interstate’s Executive Vice President, maintains that, since implementing EPAY’s Blueforce system, Interstate has attained “real-time transparency into our workforce.”

Interstate has also concluded that the system deters about 99% of potential time theft and that tardiness levels have decreased.

Says Gaudy, “It’s helped at every single location.”

HOW TO PREVENT WORKFORCE TIME THEFT
Reduce Your Exposure to Time Theft

Is your company committed to reducing labor costs? Boosting productivity? Gaining greater control over your workforce?

When you reduce time theft exposures, you accomplish all of these things.

Find out how EPAY can work for you.

877.800.3729 x 9020 • Sales@EPAYsystems.com

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ENDNOTES

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