Managing Paid Leave Benefits with Lawson Absence Management

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Paid leave benefits are an important benefit provided to employees for planned vacation and illness and can be critical to maintaining productivity and employee morale. However, the capture and management of paid leave benefits is an area which is typically poorly managed across companies of all sizes, leading to a significant portion of paid leave absences used but not reported or recorded.

In addition to the direct costs associated with not properly tracking paid leave, unscheduled time off can have a definitive impact on productivity, profitability, and morale. Companies lose millions of workdays each year due to employee injuries and illnesses, according to the U.S. Bureau of Labor Statistics. The inability to plan for such absences forces companies to hire last-minute temporary staff, pay more overtime, and add a staffing margin to replace anticipated lost labor, all of which contribute to total cost.

Paid leave liability is a meaningful number and controlling paid leave benefit abuses can have a significant impact on the bottom line. The increasing cost of not fully managing paid leave benefits will continue to be a growing factor in the total cost of employee compensation if not addressed. However, organizations have experienced challenges in gaining control of this issue:

> **Opportunity:** Gain control over the costs of paid leave benefits with Lawson's Absence Management.

- Many executives do not have an accurate estimate of their organizations' paid leave benefits liability, nor a method to obtain this estimate.

- The process of requesting, reporting, and tracking paid leave is usually manual and cumbersome. This complicates understanding the true status of paid leave at any point.

- There is little senior management oversight given to paid leave planning and management. Leave planning occurs at the "line manager" level, and is rarely reported up to allow for consolidation of leave information.

- Existing HRIS systems do not have sufficient capabilities to collect and report on the paid leave information.

In a "belt-tightening" economy, senior executives are seeing the management of paid leave benefits as an opportunity to improve ongoing operating costs and reduce liability. However, they are discovering that they do not have the tools in place to properly obtain and analyze the

> **What are the costs of doing nothing?**
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> In recent years, many companies are realizing that the accrual of paid leave benefits can add up to substantial liabilities and should no longer be ignored. Often, the full impact is not realized until large amounts are paid out as part of downsizing efforts.
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> In December 2008, employer costs for paid leave benefits were calculated to be approximately 7.1 percent of employer costs for all employee compensation.

information, leading them to search for best practices and technologies.

Lawson Absence Management

Companies that employ "best practices" discover that they lead to cost and liability control, higher productivity, and higher employee morale. Research suggests that the key to improvement is for companies to have the ability to accurately capture and report paid leave benefits. In addition, there are a number of best practices that enable companies to control and manage the paid leave benefit problem. Lawson Absence Management can combine technology with best practices to provide a powerful solution to control paid leave benefit costs.

Management Reporting and Tools

With Lawson's Absence Management, once the leave data is accurately captured, the information can be used for management and accounting purposes. Managers and executives can be provided with accurate bi-monthly or monthly reports on paid vacations, unscheduled absences, personal days, etc. Managers are then able to better supervise their operations as well as

address absenteeism issues with the appropriate employees.

Combined with Lawson's Process Flow, companies can set up triggers in the system, which will alert managers and Human Resources to employees that are taking excessive unplanned paid leave or alert managers to occasions when a large number of employees have requested time-off on the same dates. More importantly, with improved reporting systems, corporate financial officers are better able to accurately forecast paid leave benefit costs, minimizing year-end surprises.

Make it Easy, Make it Intuitive for Employees and Managers

When the employee is able to report both planned and unplanned time-off in a quick, easy way, they are more likely to comply. While this sounds obvious, many companies still require employees to request paid leave using cumbersome methods like filling out a long paper-based form. This discourages early notification as employees put off, or simply do not complete, this time-consuming task.

In contrast, best practice is to use a simple, intuitive, online method which requires no set-up or training time. Lawson's Absence Management application, coupled with Employee Self Service and Manager Self Service, allows employees to quickly check their paid leave balances, submit requests for paid leave, and even submit the appropriate time records. Managers can review and approve employee paid leave requests online without the need to process

paperwork, doing away with misplaced leave requests.

Improve Monitoring Through System Controls

In many companies, employees (and managers) have an apathetic view towards reporting time-off, especially unplanned paid leave. The occasional afternoon off, the sick-day, etc. is not being reported. This is especially true in companies that have loose, often manual, systems of reporting one's paid leave. While it appears that a few hours here and a day there are not significant, these hours add up over time and companies later realize that they have a significant liability in time off due to the employee who took advantage of their company's lax approach to paid leave.

Lawson's Absence Management application provides managers the flexibility to control whether employees are paid for hours used in excess of their balances. When employees and managers realize time is being tracked and that this information will impact their salary, compliance improves.

Trend Analysis

Paid leave benefits are a cost that can be controlled if employers are tuned in to the needs of their staff. When a company is experiencing too much time off from their employees, productivity suffers, deadlines are not met, work is sub-par, and temporary help may become necessary at a significant expense. While scheduled time off for employee vacations is an inevitable cost of doing business and a necessity to maintain good employee relations, costs related to

unscheduled absences can be reduced through a variety of wellness programs, disability management, and flexible time-off options. Costs can also be reduced through simple awareness of scheduled time off to ensure additional requests are not granted. Project deadlines are set with an understanding of anticipated time off and seasonal changes in employee availability are considered as part of planning ahead.

Lawson Absence Management provides flexible plan options that can handle exceptions to provide employers the means to be flexible, but still maintain proper oversight. Coupled with Lawson's Business Intelligence tools, Lawson's Absence Management can help employers monitor annual leave data to ensure employees are taking adequate time off. In addition, monitoring tools can be used to recognize developing problems, allowing for early intervention.

Gaining control over paid leave benefits can provide significant savings to your organization. Lawson's Absence Management application can provide your organization with the flexibility, control, and reporting capability to more effectively and efficiently manage your paid leave benefits. Not only can you manage paid leave benefits through Absence Management, but you can also manage FMLA, Disability, Longevity, and Attendance. Coupled with Lawson's Business Intelligence, Process Flow, and Employee & Manager Self-Service, Lawson Absence Management provides your organization with powerful tools to

implement best practices and control costs affecting your operational budgets.

RPI can help your organization make the change to Absence Management and leverage these powerful new features. From application setup through conversion, process design, training, and deployment, RPI's team will ensure a seamless transition and ensure that your company's business goals are met.

About RPI Consultants

With over 10 years of experience in Lawson optimization, RPI combines the utmost expertise in best practices and business process redesign with a deep understanding of Lawson forms, tables, and functionality.

RPI assists organizations with the evaluation and implementation of Absence Management. As a Lawson Specialty partner, RPI assists Lawson customers with leveraging Lawson functionality to enhance their Paid Leave Benefit business processes.

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