

# Savings from Dealership Time-Off Management

A WHITEPAPER

[www.dealertimeoff.com](http://www.dealertimeoff.com)

## Tracking = Management

Proper tracking of employees' paid time off requests can save your dealership thousands each year. Add to that the productivity benefits of having your management, HR and payroll departments all processing requests in a paperless, more automated environment, DealerTimeOff.com turns a manual, costly, zero-value add process into a fiscal competitive advantage.

Inaccurate tracking of paid time off balances can cost your Dealership thousands of dollars. This paper analyzes the cash flow and process issues involved and shows you how to recover lost capital.

With a typical, manual PTO process, an employee requests time off from his or her supervisor by filling out a time-off request form. The supervisor then usually approves this request, in many cases right on the spot. But do they really know how many days that employee has already used or not used? Do they, in fact, even have time to verify it with HR/Payroll?

With the paper-based systems at dealerships, it's up to the supervisor, HR/Payroll folks and the employee, to make sure that PTO time is properly tracked.

Simple human error at this point can result in significant amounts of time off untracked. The result is an employee paid erroneously for time they did not work when they cash out their unused paid time off at the end of the year or at termination. An almost weekly occurrence at many dealerships.

If dealership policy dictates that unused paid time off can rollover from one year to the next, the amount of improperly tracked PTO can accrue and seriously impact financial performance over time and through attrition.

How much could be lost through such a process? If an employee makes \$20/hr, and just one-half day off is skipped in tracking their PTO balance throughout the year, that employee will be overpaid by \$80. Now multiply that number by the 1, 3, or 5 years that employee has worked for the company, and multiply that number by dozens or even hundreds of employees. The following table shows the costs of this ever-present issue:

### Annual Cost of Single PTO Mistake Per Employee

Assumptions: \$20/hr average wage, full time staff

Number of employees	1 year of service	3 years of service	5 years of service
50	\$4,000	\$12,000	\$20,000
100	\$8,000	\$24,000	\$40,000
500	\$40,000	\$120,000	\$200,000

1,000	\$80,000	\$240,000	\$400,000
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*Note: If your Dealership averages 1 day off mistake per employee per year, double the cost to your Dealership, and so on . . .*

If you feel these projections are not realistic . . . you're right. This chart assumes that a Dealership pays each member of its staff \$20/hr and, more importantly, it assumes that only one-half a day mistake will be made in tracking each employee's PTO throughout the entire year.

The reality is that your Dealership's overpayments could be substantially *more* than the estimations presented here.

### **DealerTimeOff.com: Eliminate Overpayments**

DealerTimeOff.com is designed specifically for dealerships to drastically cut losses from improper paid time off accounting. DealerTimeOff.com is a fully-automated, web-based solution to streamline the tracking and approving of employee time off. This solution requires no hardware investment, and is customizable and scalable to any size or type of Dealership. With this technology in place, a company can accurately track paid time off, and reduce its financial liability while improving employee accountability.

With DealerTimeOff.com, a supervisor can easily view the time-off history of an employee before approving any requests. The PTO balance of that employee can be updated in real time with one click. DealerTimeOff.com will interface with your DMS's payroll system.

The on-demand functionality of DealerTimeOff.com empowers employees to submit a time off request from anywhere at any time. And the reporting capabilities of this product enable managers to sort and track all needed information to greatly minimize any errors.

### **Traditional vs. Managed Paid Time Off Programs A Comparison of Key Features**

<b><i>Traditional, Manual Process</i></b>	<b><i>DealerTimeOff.com</i></b>
Relies on fallible human memory	Relies on secure electronic records
Private (e.g. liability creating) interaction between employee and supervisor	Documentable interaction through DealerTimeOff.com and historical reports
Leaves room for "special favors"	Unbiased and Objective PTO management
Opens the door to financial oversights that cost the employer significantly	Controls costs fairly and accurately, making sure employees get the benefits they are due
Requires costly management, payroll and HR interaction during business hours	An employee can apply for their paid time off anywhere, anytime via the Internet
Hard to track. Complicates litigation support. Allows human error to enter the equation, which creates liabilities	Can be tracked weekly, monthly, and yearly to support employer mandates and moments of litigation
Disputes and litigation more likely with inconsistent documentation, especially	Documentation is available 24/7 to support employee terminations and associated

during terminations	payouts, e.g. No He said, She said

DealerTimeOff.com costs, \$99 per month per rooftop. According to NADA, on average that is about \$2/employee/month for the average dealership. Using that as a model, look at the savings that means for those same \$20/hr employees when that one mistake per year is eliminated:

### Paid Time-Off Annual Savings by Eliminating One PTO Error Per Employee Per Year

Number of employees	Employer Savings 1 year of service	Employer Savings 5 years of service
50	\$5,600	\$28,000
100	\$11,200	\$56,000
500	\$56,000	\$280,000
1,000	\$112,000	\$560,000
2,500	\$280,000	\$1,400,000

Using this simple example, you can see how DealerTimeOff delivers well over a 200% return on investment. But once again, this is a simple example. When you factor in realistic payroll figures and the realistic number of improperly tracked PTO days per year for your company, the ROI that managing your paid time off balances will save you increases tremendously!

Further, this ROI model does not count the administrative savings and the cost of lost supervisor and HR time spent on pushing paper!

### Annual Gain Resulting From Active Time Off Management

Average Number of Employees under a Single Rooftop	Annual Cost for DealerTimeOff.com	Annual Savings Created By DealerTimeOff.com (Assumes <b>one</b> \$160 error per year @ \$20/hr average wage)	Annual Net Gain For Employer
1 rooftop (~50 employees)	\$1,200	\$8,000	\$6,800
2 rooftops (~100 employees)	\$2,400	\$16,000	\$13,600
10 rooftops (~500 employees)	\$12,000	\$80,000	\$68,000

Assumptions:  
\$20/hour average wage, full time employees, and only ONE mistake per year per employee in paid time off balances.

## The Case for Payroll Administrators and Employees

### Advantages for Administrators

The benefits of managing paid time off are not only financial. DealerTimeOff.com can enhance the productivity of your entire team, by removing the time-intensive paperwork triangle between employee, manager and Human Resources. With DealerTimeOff.com, you can streamline the entire PTO process into a paperless format. Using DealerTimeOff.com, supervisors can view a calendar with the approved time off of every employee under their control. This ensures proper personnel coverage, even during holiday periods, to protect against surprise staffing shortages. Time off requests are restricted to the amount of time off available, which protect against employees taking off too much time. Mass request approvals or rejections can all be accomplished through one intuitive interface, greatly reducing administration time.

Time off reports can be generated to facilitate better communication with staff, and improve workflow throughout the year. Examples include reports that can show completed time off with current balance remaining, non-completed requests, time off by day of week, or time off by individual employee.

DealerTimeOff.com v2.0 will integrate with your DMSs payroll system, with data transfer to and from the DMS payroll system.

### Advantages for Employees

An employee can keep track of every stage of his or her time off request with DealerTimeOff.com. With the calendar function, all employees can see who has scheduled time off and when, facilitating better staff coordination to prevent gaps in schedule coverage. Time off requests can be easily cancelled, and requests can be made in hourly increments instead of whole days.

### Managed Paid Time Off As a Best Practice: Supervising “Sick Days”

In 1995, less than 2% of companies in the U.S. offered PTO time as a lump sum, as opposed to offering separate sick and vacation days. That number jumped to 13% in 2003, and it is expected to reach 50% in a few years. The reasoning behind this is that sick days are increasingly being used for non-health reasons.

A recent survey found that 35% of sick day claims were not legitimate. By adopting a plan which tracks paid time off as a resource pool, dealerships can avoid surprise sick claims that are really for personal reasons. Employees can schedule time off well in advance and without “gaming the system”, making scheduling much easier for all concerned.