

Rug Doctor, Inc. Achieves Successful Expansion by Improving Processes and Reducing Costs with ADP's Time and Labor Management System

Headquartered in Plano, Texas, Rug Doctor, Inc. is a manufacturer and marketer of one of the most convenient, compact, and powerful hot water extraction carpet-cleaning machines. Rug Doctor's carpet-cleaning rental machines and carpet-cleaning products can be found in over 33,000 grocery, drug, hardware, and home center outlets throughout the United States. The Company operates a manufacturing facility in Fenton, Missouri, and more than 35 warehouse distribution points and service centers across the country to support its popular product line and extensive rental business.

Key Challenge: Improve Efficiency and Lower the Cost of Payroll Administration

The economic downturn in 2008 did not slow down Rug Doctor's growth – it speeded it up, according to Rug Doctor payroll coordinator, Vesta Walton. “We continued to do well in the downturn, expanding into several more states and adding about 1,400 more outlets for our products and services. More people are using our products and services no matter what might be happening in the overall economy.”

Rug Doctor's growth strategy involves a consistent scrutiny of expenses, identifying ways to introduce operational efficiencies that deliver improved performance at lower cost. An essential element of the strategy focuses on streamlining administration by replacing slow and costly, people-intensive manual methods and processes with automated business solutions. One of the functional areas to undergo the transformation was payroll.

“With over 650 employees working across more than 40 states, it was clear that we could benefit from an automated, enterprise-level time and attendance application – one that would accommodate not just our office staff, but also our growing population of remote field employees,” Walton explains. “Our time and attendance system was based on a combination of manual time sheets faxed in from our remote locations and punches from old-fashioned time clocks at our corporate offices and the manufacturing plant. There were times when I was dealing with so much paper I could not find the top of my desk. It was that bad.”

Rug Doctor's manually based system offered little protection against time leakage. Occasionally, time sheets faxed from remote

locations arrived blurry, making it difficult to read and determine accurate hours. There was no high degree of certainty that the paper time sheets were an accurate reflection of an employee's time worked and time off.

Time leakage due to the sheer reality of human error was also a problem for Rug Doctor. Approved time was manually input into Rug Doctor's in-house system to process the company's biweekly payroll. Transposed numbers or a line lost in the input process could easily result in overpayments or underpayments, which in turn translated into calls to payroll from affected employees and the necessity to make-good with replacement checks to correct the errors. “We were using a time collection system that was actually costing us money in different ways,” concludes Walton.

ADP's Solutions Help to Streamline Administration, Reduce Operational Costs

Rug Doctor outsourced payroll processing and replaced its antiquated time collection system with ADP's Enterprise eTIME® – an automated, Web-based time and labor management solution that seamlessly integrates with payroll. “We looked at other time and attendance vendors, but they could only provide us with a partial solution,” says Walton. “ADP's Enterprise eTIME with eTIMEphone® gives us the flexibility and full coverage we needed for complete time, attendance, and benefits accrual.”

ADP installed electronic time clocks in Rug Doctor's corporate offices and in its manufacturing plant. In lieu of paper time sheets, employees at these facilities now clock in using proximity badges. Remote employees around the country no longer have to fax paper time sheets to the headquarters. Now they call in their hours using ADP's eTIMEphone, which collects “punches” every night and loads them into the system for manager approval. Approved time goes electronically to payroll for final review and processing.

“From my perspective, the biggest impact Enterprise eTIME has on our business is greatly improved efficiency and productivity,” says Walton. “Our managers only have to oversee time exceptions and abnormalities within their group of employees, and simply approve their employees' time. It is an easy and simple process for them, and it frees up a tremendous amount of time for payroll administration.

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Vesta Walton
Payroll Coordinator
Rug Doctor, Inc.

Objectives for Rug Doctor:

- Streamline payroll and payroll-related administration
- Lower operational costs for administering payroll
- Reduce direct labor costs
- Mitigate compliance risks

ADP's Solution:

- Enterprise eTIME®
- ADP PC/Payroll for Windows® and TotalPay® Card
- ADP iPay
- Payroll Tax Filing and Wage Garnishment Processing



The business
behind business®

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Rug Doctor realizes measurable direct cost-savings from using ADP solutions.

Plugging time leaks and reducing the error rate with ADP's automated solution have resulted in greater pay data accuracy. "Moving from a manual time collection system to ADP's Enterprise eTIME, we're saving at least \$125,000," says Walton. "Prior to automating our time and attendance activities, we were running about a 1% to 2% error rate in our payroll. Since implementing Enterprise eTIME, I'm confident that the error rate is now a half of one percent – or lower. That's where we get big savings."

Additional savings flow from Rug Doctor's use of ADP iPay, which allows employees to view their pay stubs securely online. "I would say that iPay saves us another \$8,000 or so in postage costs because we are no longer shipping printed employee stubs to our locations," Walton adds. "And since we have gone to direct deposit, we are also using the TotalPay® Card for out-of-cycle pays instead of paychecks." ADP's TotalPay Card is a reloadable, Visa®-branded prepaid pay card.

ADP's Enterprise eTIME reduces Rug Doctor's labor resources to administer time collection.

"Because of the extensive automated capabilities of Enterprise eTIME, we were able to consolidate two payroll positions into one," says Walton. "The ADP solution provides us with tools and capabilities we never had before. Our employees really appreciate the online self-service features that allow them to access and verify their own time worked and time off information. Our managers use Enterprise eTIME to approve employee time and send it right to payroll. I have instant access to data that I have never had before. I can view attendance hours, vacation balances, and a lot of other information."

"Processing payroll with ADP instead of in-house has meant, among other things, we didn't have to hire a programmer just for me," Walton adds. "That could have easily run into the thousands of dollars. Using ADP's services made this an avoidable expense."

Enterprise eTIME helped to cut another obvious cost – paper and printing. "I'm not sure how much those savings are, but with the paper time sheets now out of the time-collection system, the associated costs have to be gone, too," says Walton.

ADP's Expertise Helps Rug Doctor to Minimize the Risks of Multi-jurisdictional Payroll-related Compliance

"Compliance has always been an area that we have had to watch very closely. ADP makes that job much easier," says Walton. "We pay people in over 40 states. That means we have to deal with federal payroll and unemployment taxes, state taxes and – in Pennsylvania and Ohio – local taxes. Add to all this the changes that you have to deal with from the states and from the federal government, like recently the COBRA rules change from the federal government."

ADP's solutions help Rug Doctor achieve their compliance goals – from payroll tax filing to precise pay calculations. "For example," notes Walton, "Enterprise eTIME helps us apply the correct pay rules – overtime, double time, whatever is called for by the rules. If you have ever tried to perform these calculations manually, then you'll quickly appreciate the fact that Enterprise eTIME does them automatically and correctly one hundred percent of the time."

Walton notes that her HR department makes heavy use of the Family and Medical Leave Act tracking feature. "They used to track employee intermittent and extended leave time manually on spreadsheets," she explains. "Because the time involved in calculating and tracking could take 4 to 6 hours for each extended and intermittent leave employee, I estimate we are probably saving \$8,000 to \$10,000 in staff work time annually by using the Enterprise Leave module." In addition to these savings, access to accurate data and calculations makes it easier for Rug Doctor to determine leave eligibility and return completed forms to employees in a timely manner.

Furthermore, Rug Doctor utilizes ADP's Wage and Garnishment Service to significantly reduce the time Walton spends on wage garnishment issues. She points out, "Garnishments used to take me a minimum of 3 to 4 hours a week just doing check requests and handling the documentation that we were required to send with the checks. I am now saving most of that time and I am able to do other things because ADP handles that garnishment-related paperwork for me."

Walton likes the access she has to ADP professionals when questions or issues come up. "I can turn to people at ADP who know the rules. They help us to steer clear of mistakes, particularly ones that can result in avoidable costs like tax penalties," she says.

Hosting Services from ADP Provide Another Major Benefit – Capital Preservation

In Rug Doctor's successful corporate culture that focuses on attaining high results with low expenses, ADP hosting is a convenient, cost-effective business solution. "One of the reasons we went with ADP's hosted solution for Enterprise eTIME is because we don't have our own server in payroll," says Walton. "We looked at putting in a server, but it is a pretty big capital expense item. Also, our IT people don't have the time and resources to concentrate on this type of project. They have plenty of other assignments on their plate."

Walton, who has come to rely on ADP's automated services, adds, "Hosting essentially allows us to avoid the capital expense, and the related maintenance and upgrading costs of owning and running our own hardware and software." She concludes, "And keep in mind, there's nobody here but me to get the job done. I like the idea that ADP takes care of these things for me."

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Rug Doctor is among the approximately 570,000 organizations of every size worldwide that use one or more solutions from ADP to increase their efficiency.



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