Kingswood's Challenges

- Inability to access information for workforce planning

- Ineffective controls over tardiness and attendance

- A Payroll process prone to error

- Attracting and retaining qualified employees in a highly competitive environment

- High overtime costs

- High cost of turnover

- Heavily regulated environment

Kingswood Senior Living Community is a continuing care retirement community located in Kansas City, Missouri, with just over 200 employees. Its offerings range from preretirement support such as holistic wellness opportunities and healthcare services, through basic retirement with independent private residences, to assisted living, skilled healthcare and memory support.

Kingswood faces challenges familiar to the healthcare industry, including limited financial resources and a need to gain improved control over workforce costs and associated expenses. Kingswood competes with hospitals, research facilities and private clinics to recruit experienced medical staff and support personnel. Once staff are successfully recruited, retention is a challenge. Although their turnover rate may be low by industry standards, it is still a major performance issue. They must also deal with compliance requirements for Medicare and Medicaid, HIPAA, and state and local regulatory agencies.

In 2004, Kingswood was informed that its Time and Attendance system would no longer be supported by the original vendor. As business requirements were identified, it was apparent to Kingswood leadership that they not only needed a time and attendance system, but they also needed an integrated approach to delivering services across payroll, labor management and human resources. "After all," states Ted McGrail, Kingswood's

IT Manager, "HR and Payroll go hand in hand. You need them to be integrated to get the full impact."

Identifying the Needs

While time and attendance tracking was the immediate and minimum requirement, the needs extended beyond collecting accurate time card information. For example, all reporting related to workforce management was 100% manual, and extremely challenging to reconcile. "We literally could not get a simple list of employees and their phone numbers," says Barbara Fahr, Employee Services Director. Something as basic as getting headcount was laborious: "Even in small companies, you have the same data in multiple places, and somehow it just never quite matches."

Their assessment uncovered a fragmented, manual and error-prone environment:

Time and Attendance
- Not integrated with Payroll
- No audit capabilities
- No data entry edits to promote correct and complete data entry

Payroll
- Data integrity issues
- Not integrated with Time and Attendance or Human Resources
- Tax compliance issues
- Erroneous paychecks due to lack of integration

- Numerous manual checks every payday

Human Resources

- Limited reporting capability; most reporting done manually from multiple sources
- No single source of workforce information
- No integration with Payroll
- Completely manual and multiple time off accrual records—discrepancies were prevalent
- Data integrity issues

Recruitment

- Completely manual process
- Volunteer copied and distributed 200 applications per month
- No access to candidate status
- 45-day selection process
- No reliable communication with candidate regarding status (acknowledgment of application, etc.)

Based on their evaluation, Kingswood identified several key criteria for a new, integrated workforce management system:

1. Reporting capabilities with flexible, accurate reports

2. Attendance tracking that automatically accrues time off

3. HRIS functionality that is fully integrated with Payroll

4. Payroll with flexibility to handle multiple pay practices and rules

5. Integrated Payroll/Time and Labor/ Attendance/HRIS

6. Recruitment automation to streamline the recruitment process

7. Time and labor capture with real-time access for managers and employees

8. Benefits enrollment processing that eliminates paper-based enrollments

Kingswood investigated a wide variety of possible solutions. Research led them to a combination of ADP solutions that gave them the control of data that they needed.

Beginning in the late spring of 2004, Kingswood implemented a range of integrated, Web-based and Web-enabled ADP solutions to gain control over their workforce management and information, as well as reporting and compliance needs. Kingswood chose to implement a suite of solutions including ADP's payroll services first, followed by ADP's Web-based time and attendance solution. Over the course of six months, Kingswood implemented nine ADP solutions and services.

The Strategic Benefits and Value of ADP Solutions

In the summer of 2005, CedarCrestone was engaged to conduct an objective review to determine the financial and strategic benefits Kingswood realized by deploying ADP solutions. The major findings of that analysis are as follows.

Payroll administration is reduced to a task instead of a full-time job:

One of the most immediate and noticeable benefits of this set of solutions has been in payroll processing. "Payroll has gone from being a full-time job to being

just a task," reports Finance Manager Toni Rogers. "What used to take all day, every day, running payroll, reconciling, making corrections, answering employee questions, handling tax filing and reporting, is now handled in two to four hours per pay period. The person who used to handle Payroll now also handles a much wider set of responsibilities within the Finance function."

Improved credibility:

"The accuracy of time reporting, and ultimately, paychecks, has improved immeasurably. There have been no paycheck errors in over a year. Employees can see quickly and know their paychecks will be correct now," says Rogers, and the importance of that cannot be overstated. Time-in and time-out records are accurate. Vacation and PTO balances are correct. "Employees are happy because they know exactly how much time they have available; managers are comfortable approving time off. All of this has greatly increased the credibility of the Payroll function."

Reduced tax-related risk:

Connie Cargin, Director of Finance, pointed out that Kingswood – whose employees live in several different counties – now has a much higher comfort level concerning the accuracy of payroll taxes. "We've never been fined for an error," she states, "but now we are confident that we don't need to worry about that possibility."

Improved screening and selection process:

The personal recruitment process is now automated and online: completing applications, manager reviews, and tracking a candidate's status. This is available to both the Employee Services staff and the hiring managers. Kingswood believes that this helps them be more competitive in attracting top candidates.

Improved decision support through management reports:

The Kingswood team recognizes that a major first step to increasing efficiency and effectiveness is to have certain information available. For example, a recent review of expense trends revealed an increased use of agency temps. With the new reporting functionality, Kingswood can look for a cause and determine what action needs to be taken, such as working with more cost-effective sources or changing a policy.

Real Savings, Real Success from ADP Solutions

Using the newly-developed, integrated Value Analysis Calculator, CedarCrestone identified both hard-dollar savings and the value of improved productivity that can be directly linked to the ADP solutions in place at Kingswood.

By running the Value Analysis Calculator and modifying the research-based assumptions with Kingswood's actual financial measurements, CedarCrestone determined that over a three-year period, projected savings include:

• More than $39,000 in reduced **labor** expense related to non-productive staff requirements such as tax filing and wage garnishment administration.

This analysis was conducted via a Value Analysis Calculator designed to help potential customers develop a realistic estimate of expected savings from the use of various workforce management solutions.

- **Other hard-dollar savings** of approximately $111,000 from the elimination of accidental overpayments to employees.

- More than $345,000 in improved **productivity**. This is largely due to the improved accuracy of capturing time-in/time-out.

While the actual savings depend on implementation by the Kingswood management, one of the incidental benefits of the Value Analysis Calculator is to identify specific activities that no longer need to be done by over-burdened staff, plus specific areas for line productivity improvements and controls.

Opportunities for Additional Savings

In addition, through the new reporting, Kingswood has identified other areas of opportunity to reduce costs, such as:

- **Overtime Costs:** Having the right number of staff on duty at all times is a challenge. With accurate information that is readily available to managers each pay period, Kingswood is in a position to develop better staffing plans, both long-term and short-term, in order to address overtime expense.

- **Maximize Employee and Employer Tax Savings:** Kingswood is planning to use information now available regarding benefit enrollment patterns.

A relatively small number of employees are enrolled in their 403(b) Plan. By emphasizing the value of 403(b) participation, Kingswood expects to reduce its payroll tax burden.

Summary: Planning and Gaining Improvements in Workforce Management

Organizations such as Kingswood face tough challenges in their efforts to maintain the success they've built over the years. ADP helps overcome the strategic challenges of effective labor management, benefits expense control, employee retention, and reduction of tax and compliance risk. Identifying opportunities at a detailed level, determining a plan of action, setting financial and strategic objectives, and then implementing for success, are all enabled by ADP solutions.

In many organizations, HR technology and solutions enhancements are low on the priority list. But as Ted McGrail points out, "Organizations need to pay attention to it. Otherwise they are spending significant dollars on manual, inefficient processes, and probably making decisions made on bad data, or at least incomplete data." Kingswood is one business that, with ADP's assistance, has the information and tools to manage its workforce efficiently.

Estimated 3-Year Savings
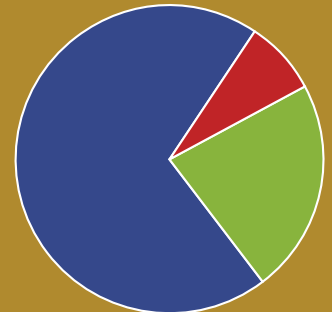
$345,437
Productivity Savings

$39,420
Labor

$111,058
Other Hard-Dollar Savings