



**LABOR TRACKING  
& JOB COSTING**

Gain Valuable  
Workforce Insight  
with Labor Tracking  
and Job Costing

A solid workforce management (WFM) strategy starts with a clear picture of the time and work required to complete tasks across your business. From that foundation, companies use workforce management to create forecasts, schedule employees and measure employee and job performance.

If you're running into issues such as job cost overages, inaccurate bids that end up costing you money or lagging employee productivity, basic time and attendance won't help you address those issues. Instead, you need a level of workforce management detail that provides valuable insight about your business and your workforce.

Empowered by workforce management tools, organizations are positioned to optimize and increase performance across human resource management, scheduling, budgeting and forecasting.

Your organization needs the data and insights that will empower you to take your labor tracking capabilities to the next level. There are two essential workforce management tools that will help you do this: labor tracking and job costing.

**Labor tracking** is how your organization tracks and understands your labor costs. It's how you pay employees for their time – based on the labor of the job they performed. Accurate labor tracking is essential for accurate budgeting and job costing.

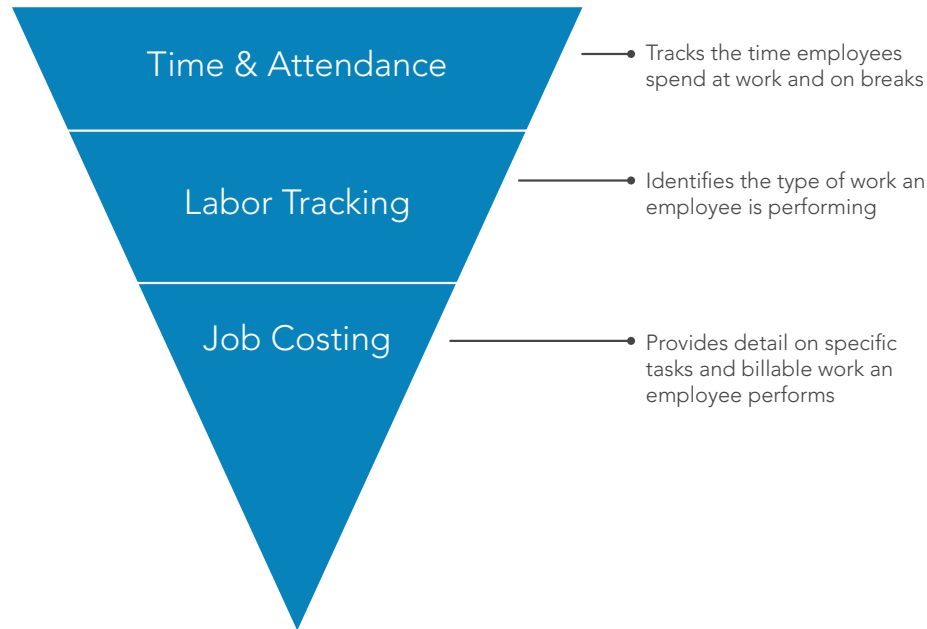
**Job costing** is a way of using codes to track the costs of a job. This data reflects what the labor costs to get a job done. With job costing in real time, you can see whether your project is on track and on budget.





# What level of employee time tracking is right for you?

Using these two tools, HR and Finance can shine the light on labor budgets and workforce management.



Instead of calculating the profitability of the entire business, labor tracking and job costing allow business owners to manage their workforce based on the cost-related metrics related to specific products, services and processes. It's an effective strategy to assess the profitability of different elements of the company, including how labor is impacting the bottom line.

“At most companies, [the workforce] is the biggest expense the company faces,” Brian Kropp, human resource practice leader for CEB told the [Society for Human Resource Management \(SHRM\)](#).

The impact of labor costs makes it essential for an organization to understand if they're using the appropriate workforce model, if they're maintaining budgets, and how they might be able to improve their operations.

Thanks to technology, labor tracking and job costing now exist within workforce management platforms. With software, organizations are now empowered to efficiently track their employees' labor hours, gain greater insight into how the workforce uses their time and provide essential data on the status and costing of projects.



# Maximize Cost Efficiency by Tracking Labor Hours

Given the various types of work that happen in an organization, it's essential that companies have a way to efficiently organize and oversee labor hours. Workforce management software allows you to do just that. With the right software not only can you track the hours employees work, but you can also define and configure the types of labor that occur in your organization.

"Once your company starts to grow, it's going to be impossible to personally track your employee's work," according to Dave Nevogt in [Forbes](#). "Instead, use a tool that can help you...knowing that you're tracking work each day gives you peace of mind and allows you to focus on actually growing the company."

If an organization wants to run a cost-effective operation, at a minimum, HR teams need to lead the way in tracking and measuring workforce hours. This not only allows you to accurately pay your employees, but it allows you to determine how long it takes them to accomplish the necessary tasks to run your business.

This is the data that allows your organization to maximize productivity, efficiency and profitability. You're not asking people to work harder. Instead, using the data and insights gained through your workforce management tools, you're enabling your entire organization to work smarter. You've captured and analyzed the information needed to be able to make wise, data-driven decisions when it comes to workforce management.

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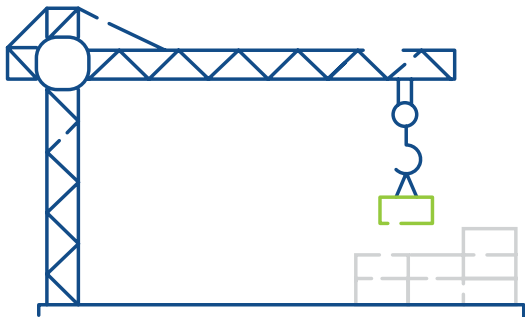
# Insights you can gain by tracking labor

By tracking labor, employers attain insights into what their workforce is doing. They're able to understand what qualifies as billable production time and gain awareness as to how their workforce uses time to get the work done.

For example, a mechanic who works in an auto shop will clock in and out for their shift. The employer uses that data to:

- Gather insight into the work that's happening
- Pay employees accurately for specific roles
- Make business decisions based on the division of labor for the organization

Having accurate labor tracking also helps employers uncover any issues, irregularities and root causes. They have insight into exactly what jobs and tasks are requiring time. Accurate labor tracking increases efficiency for an organization by associating an employee's time with their specific labor.



## Consider this...

A student worker at a university is employed by both the transit and food service departments.

The student typically works a total of 20 hours a week; however, their hours fluctuate. Some weeks they have 20 hours of food service shifts while others they work 10 hours in food service and 10 hours in transit. In addition, the pay rate for these two jobs is not the same.

In the above example, it's easy to see that without a system, this student's labor would be difficult to track in an efficient and accurate manner. However, by allowing you to define and configure types of labor, a strong labor tracking system saves time and energy for payroll as well as ensuring a higher degree of accuracy, leading to a happy and fairly compensated employee.

The organization can track each type of labor individually (transit job or food service job) and export that data directly to payroll, so the student can receive the accurate pay for the hours worked in each job. In addition, managers in these two departments can ensure the student's hours don't exceed the total hours students are allowed to work on campus.

# Gain Insights With Job Costing

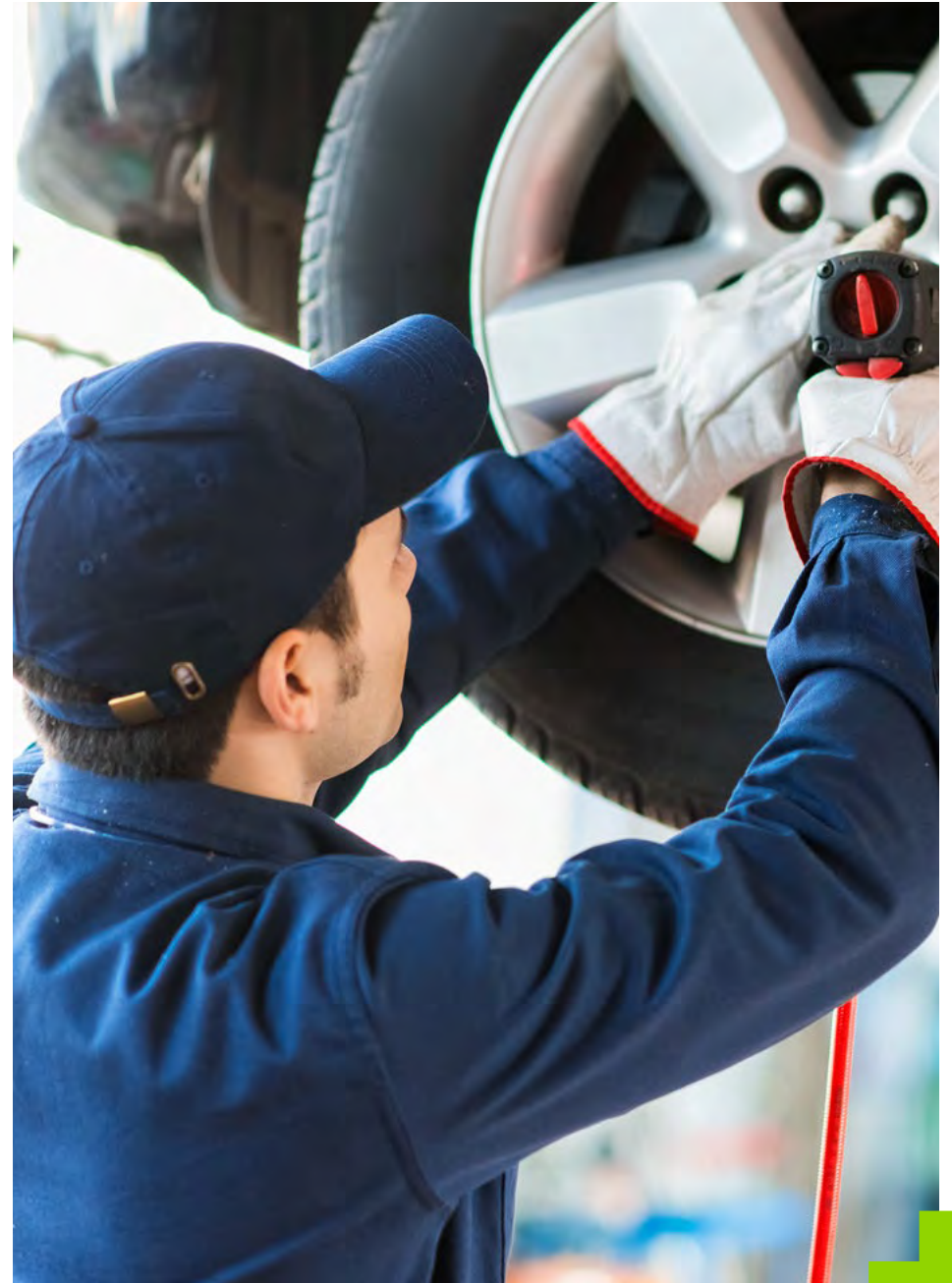
Labor tracking is just the beginning. When you also have job costing data as part of your workforce management solution, you can capture additional valuable insights that can have a huge impact on your business.

For example, when a mechanic clocks in for the day as an hourly employee, they are also presented cost codes that deliver more detail about their labor. As employees select cost codes identifying specific jobs, you'll not only have the time they worked, but you'll also know what they were working on.

If the mechanic finishes the oil change in an hour, they will move to the next task. At that point they select the cost code for their next project – for example, spark plug replacement. After working on that job, they clock out for a break using the time clock device.

By examining the data from labor tracking and job costing, you can answer questions such as:

- Are we using our workforce efficiently?
- Is our labor spend over or under budget?
- Are we spending time on the most profitable jobs?
- How much time are we spending on billable work?





Job costing data provides numerous benefits for organizations to help ensure you're using labor efficiently and maximizing your results. While job costing has historically been used in manufacturing or service industries, it has applicable use across industries.

Our clients use job costing to:

#### **Inform their employees which projects they will be working on.**

You can set up job costing so that employees choose their task from a list, or you can assign it to them through the system. For example, a construction company can use job costing to tell their crew which site to work at each day, as well as what type of work they'll be doing – framing, roofing, or window installation. This ensures their time gets charged to the correct project each day.

#### **Evaluate the overall amount of time spent on specific tasks.**

Cost codes can be applied across employees and departments so that organizations have a full view of all hours worked against specific tasks. For example, manufacturers could use cost codes to determine the productivity of each station or machine on the floor.

#### **Analyze data to understand project status.**

When you're tracking labor against cost codes, you have a real-time view on project status. For example, in manufacturing, the company can get information about units made for a project, steps completed, or parts used – all based on cost code data. This data is another way for organizations to evaluate overall production and project status.

#### **Track activities to specific projects and grants.**

Many public universities and school districts receive funding based on grants. Part of the requirement to receive the funding is tracking and submitting information about how the money is applied. To effectively allocate funding from these sources, you must carefully track the time employees spend on a range of student support activities and tie those activities back to your overall budget. When you have a reliable time-tracking solution, you can track hours, assign them to the right budget codes, and have a real-time view of how your payroll costs compare to your budget for specific activities.

#### **Capture billable time by client project.**

Job costing can be used to configure work assignments so that employees can track and bill time to a client's project. This is applicable for organizations such as law firms, marketing agencies and architecture groups. In each of these cases, organizations set up time clocks and job costing to track billable time based on their unique billing requirements.



# Analyze Labor & Job Costing Data For Business Impact

Labor and job inefficiencies can add up quickly and have a negative impact on your bottom line. [Small Business Trends](#) reports that only 40 percent of small businesses are profitable, 30 percent break even, while another 30 percent continually lose money.

You're not in business to break even or worse, lose money. So, think about what it might take to change the game. The labor tracking and job costing functions in workforce management software can help company leaders identify and examine workforce issues. Then they can use the data to determine changes that need to be made based on jobs and tasks within the organization.

"While workforce management started out as a method for scheduling, it's since grown into a multi-faceted management framework that helps organizations easily track employee productivity," [according to CIO](#). "As more employees have the ability to work remotely and mobile technology becomes the norm, companies are starting to embrace mobile workforce management of off-premise employees."





Indeed, workforce management has evolved into a framework that helps businesses improve time management, forecast workloads and offer insights into the workforce. In addition to solving current issues, having access to data related to jobs and labor allows you to forecast for the future and help your organization make more informed decisions.

Using the data from your workforce management platform, you can make decisions based on:

- Total hours worked and dollars spent by a project, department or business unit.
- Future scheduled hours that will forecast total labor spend for any department, job, step, operation or task in the system.
- Real-time over/under budget status based on hours worked and tasks completed.
- Reports such as an actual vs. scheduled vs. budgeted can be used to analyze and compare factors and functions within your business.

Labor tracking and job costing can also help which jobs and tasks are most profitable and who is working on them. Fortified with this information, HR teams and managers can implement workforce policies that support productivity and profitability. It also helps organizations understand the ideal labor mix required for given tasks. Based on data, you can ensure top performers are assigned to the most profitable jobs to increase efficiency and limit unnecessary costs.

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# Advance Beyond Time & Attendance

Workforce management is an organizational process that includes all the activities required to maintain a productive workforce. It includes time and attendance, but it goes far beyond that. Workforce management supports the management of mobile and remote employees. It streamlines scheduling and the management of employee leaves.

Finally, workforce management enhances your ability to track the labor and job costs associated with your workforce so you can make business decisions. Configurable labor tracking and job costing allows you to assess the when, what and how of your employees' performance are essential to optimize your workforce.

TCP has experienced the growth of the workforce management industry firsthand. We began in 1988 to help the restaurant industry solve time and attendance challenges. Since then, we've grown into a comprehensive workforce management system that helps thousands of organizations optimize operations and streamline processes.

Like all the components in our workforce management solution, we provide labor tracking and job costing tools that are built so clients can make the best use of their tech stack. While other providers may force clients to fit into a box, our solutions are highly configurable. In TCP's platform, cost

codes are configurable to include the entire organization or an individual department. You can define up to five different levels of work per cost code. For example, these levels can be related to the specifics of a particular job, or you can use a level to designate specific work orders.

In addition, through labor tracking and job costing, we help organizations simplify labor calculations with automated payroll. Using shift differential in our TimeClock Plus software, users can create and assign shift schedules that modify employee rates of pay. These shift schedules can be assigned to employees and will, when processed, modify the rate of pay the employee receives. Rather than just calculating the amount of time worked, organizations benefit from automated tracking of all the different types of work employees do. This ensures employees get paid at the proper rate, based on the job they were performing at that time. It also helps organizations maintain accurate records of overall labor and job costs.



## LABOR TRACKING & JOB COSTING IN ACTION:

# How TCP Software Improves Time Tracking for Title 1 Activities



For our clients working in the field of education, automated time tracking takes the pain out of budgeting and recording the time spent on Title 1 activities.

[TCP's solution for K-12 schools](#) helps learning institutions streamline the process of assigning employee time to the correct budget and make sure they're using the funds as planned. Here's how:

- **Time-saving automation:**  
Employees can submit their hours in just a few clicks. Integration with payroll platforms makes for seamless delivery of supplemental pay based on approved work hours.
- **Real-time budget management:**  
Administrators can view hours dedicated to any supplemental-pay activity as they are submitted, approved and tracked against budget.
- **Track employee time for a broad range of activities:**  
Calendar tools help track employee hours spent on teaching, Title 1 activities and other types of supplemental pay.

- **Dashboards and reporting:**  
Our [cloud-based dashboard](#) makes it easy to manage employee hours and attendance from a single, user-friendly portal and run reports to see trends over time.
- **Anywhere mobile tools:**  
The [MobileClock app](#) allows teachers to record their time from any location.

These features are proof that we're dedicated to solutions that adapt to the needs of your business, rather than requiring clients to use a standard format. Our broad range of capabilities, including these labor tracking and job costing tools, are designed to work together so your teams can work better.



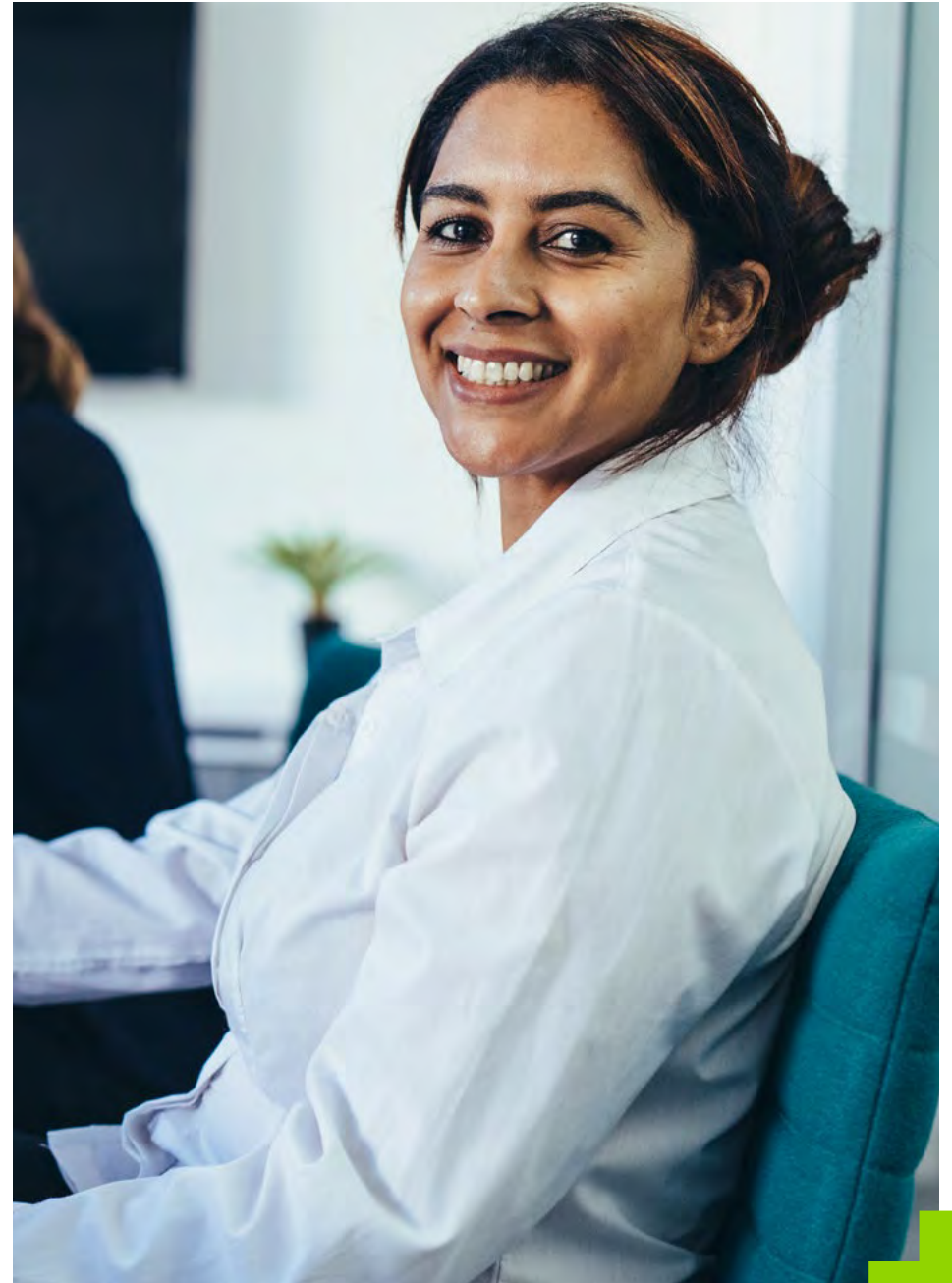
# Conclusion

In the past, the idea of labor tracking and job costing may have been assigned to Operations or Finance. However, the time has come for HR and Payroll to take an active role in the discussions about labor tracking and job costing. As the function that manages “all things people,” HR benefits when they have access to the data regarding labor and associated job costs. This valuable information brings direction and focus impact to the organization’s long-term workforce management approach.

Precise tracking of labor and job costing allows your workforce management to be comprehensive and actionable. A flexible solution for creating, assigning and customizing cost codes helps you prioritize precise labor and job tracking so you can optimize your workforce management operations. Equipped with labor tracking and job costing tools, organizational leaders can ensure they’re monitoring every aspect of a job as well as the labor required to get it done.

With a highly configurable workforce management solution, labor tracking and job costing provide you with the actionable data you need to make more informed business decisions. This level of data allows you to move far beyond what you can do based on the basic insights available from time and attendance. Workforce management is more than just a software tool – it is an entire business-process solution.

[Contact us](#) today to learn more about how we can customize a workforce management solution that will help you take your business to the next level.





## Integrated solutions are key to maintaining a productive workforce

While time and attendance is at the core of workforce management, true workforce management occurs when all the key activities required to maintain a productive workforce integrate seamlessly into one package. If your organization is looking to up-level your HR technology, [download](#) our full eBook, “Everything You Need to Know About Workforce Management,” to learn how robust, integrated solutions can help you streamline processes and maximize your workforce.

