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ROI CASE STUDY KRONOS WORKFORCE ATTENDANCE AND WORKFORCE LEAVE SHOOTING STAR CASINO

THE BOTTOM LINE

Shooting Star Casino deployed Kronos Workforce Attendance and Workforce Leave to automate, track, and manage employee attendance and leave time, resulting in reduced staffing and overtime costs, increased productivity, and improved employee morale.

ROI: 250%

Payback: 5 months

THE COMPANY

Located north of Detroit Lakes in Mahnomon, Minnesota, Shooting Star Casino is owned and operated by the White Earth Band of Ojibwe Indians. Shooting Star Casino provides guests with access to more than 1,100 slot machines, 16 blackjack tables, convention facilities, hotel accommodations, day care, and nightly entertainment.

THE CHALLENGE

Shooting Star Casino had been using a Kronos timekeeping solution since 2001 but lacked an automated process for monitoring employee absences and leave. Under the current system, supervisors were spending a significant amount of time manually tracking and updating employee absences and leave in spreadsheets with no formal process for determining when employees were eligible for overtime or Family and Medical Leave Act (FMLA)-related leave time, which created a number of problems:

- Limited visibility into FMLA eligibility meant supervisors often approved leave for employees not entitled to it, resulting in understaffing.
- Because supervisors lacked a formal process for maintaining records of how many hours employees worked each week, supervisors would often grant overtime to employees who were already close to crossing the threshold of a full work week.
- Inconsistencies in granting leave and overtime led to employee morale problems because employees assumed favoritism was driving supervisors to grant some employees leave and overtime and refuse others.

To avoid the growing cost and complexity of managing employee leave and absenteeism, Shooting Star Casino began looking for an automated solution that would address these issues.

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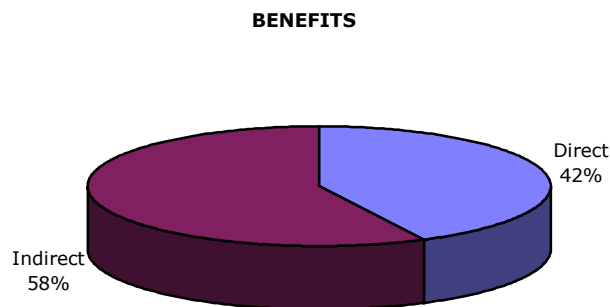
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THE STRATEGY

In January 2006, Shooting Star Casino began looking for a solution and found that Kronos had applications to monitor both leave and attendance. Because Shooting Star Casino was already using Kronos's Workforce Timekeeper, it decided Workforce Leave and Workforce Attendance would be good complements to the existing system due to the integrated solution. Workforce Attendance automates attendance policies, and Workforce Leave tracks and manages the administration of leave time such as FMLA, disability leave, and military leave.

Implementation began in late January 2006, and the system went live on May 7 with the help of a Kronos technician, project manager, and consultant. Initially, two Shooting Star Casino supervisors attended a four-day training course, preceded by a preliminary training seminar for one supervisor who had no prior Kronos experience. Following the Kronos training, a supervisor provided a week of training sessions internally for 60 users.

Shooting Star Casino currently uses 68 out of 100 managerial licenses to track its 1100 employees. Workforce Leave and Workforce Attendance enable users to better manage absences by identifying, tracking, and granting eligibility to candidates for FMLA leave. Managers receive up-to-date reports of employees' work and absence history, enabling supervisors to better manage staffing by decreasing the amount of paid overtime and ensuring that the casino is properly staffed at all times. By automating these processes, Workforce Leave and Workforce Attendance increase supervisor productivity and improve employee satisfaction by eliminating weekly manual operations and ensuring accuracy.

KEY BENEFIT AREAS

TOTAL: \$1.65 million

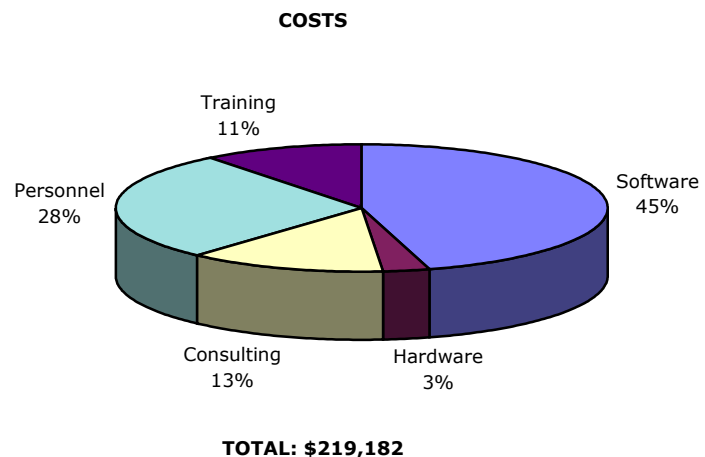
Shooting Star Casino achieved a number of benefits from its Workforce Leave and Workforce Attendance deployment, including the following:

- **Reduced overtime cost.** By maintaining accurate records and reports, supervisors are able to ensure that the best candidate receives overtime. As a result, Shooting Star Casino's overtime percentage has decreased from 2.2 percent of total payroll to 1.3 percent.

- Improved productivity. The old system in place at Shooting Star Casino required supervisors to manually update and track each employee's absences on a daily basis; however, supervisors found it difficult to maintain these logs regularly, which often resulted in inaccurate records. Automatic generation of this information eliminated the need for manual record keeping, enabling supervisors to tend to other tasks. Also, a standardized way to accurately track, manage, and review employee absences and leave resulted in significant timesavings for the company's payroll clerks and financial executive.
- Reduced staff. Increasing staffing efficiencies has enabled Shooting Star Casino to reduce its staff size by two percent.
- Improved management of FMLA-related cases. With accurate management of leave, supervisors are able to identify and allow eligible FMLA cases only, virtually eliminating ineligible employees mistakenly being granted leave.
- Improved employee morale. Now that accurate records are maintained, employees are less likely to claim favoritism regarding decisions made about who can and cannot receive overtime or leave.

KEY COST AREAS

Key cost areas for the deployment were software, consulting, hardware, personnel, and training.



Software, including maintenance fees, and personnel account for the highest cost areas. Consulting costs were significant and included 179 allotted Kronos hours with a project manager, IT consultant, and technician.

LESSONS LEARNED

Shooting Star Casino was able to deploy on time and under budget. Key factors for the successful deployment and implementation include:

- Confirming that the solutions were properly sized to support the organization's needs.
- Ensuring that the system was built according to design and understanding the necessary actions to be taken at each point in the process.

- Utilizing as much online Kronos training as possible to become familiarized with the system and layout so that future use would be easier and more comfortable.

CALCULATING THE ROI

Nucleus calculated the costs of software, hardware, consulting, personnel, training, and other investments over a 3-year period to quantify Shooting Star Casino's total investment in Workforce Leave and Workforce Attendance.

Direct benefits calculated included reduced overtime costs. Indirect benefits quantified include reduced payroll expenses and increased productivity of supervisors, payroll clerks, and executives. Time savings associated with the elimination of manual processes, accurate tracking, and improved reporting were calculated based on the average fully loaded cost of each of those employees. A productivity correction factor was applied to account for the inefficient transfer of time from time saved to time worked.

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DETAILED FINANCIAL ANALYSIS

SHOOTING STAR CASINO

SUMMARY

Project:	Kronos Workforce Attendance and Workforce Leave
Annual return on investment (ROI)	250%
Payback period (years)	0.40
Net present value (NPV)	508,901
Average yearly cost of ownership	73,061

ANNUAL BENEFITS	Pre-start	Year 1	Year 2	Year 3
Direct	0	234,000	234,000	234,000
Indirect	0	318,017	318,017	318,017
Total Benefits Per Period	0	552,017	552,017	552,017

DEPRECIATED ASSETS	Pre-start	Year 1	Year 2	Year 3
Software	79,030	0	0	0
Hardware	0	0	0	0
Total Per Period	79,030	0	0	0

DEPRECIATION SCHEDULE	Pre-start	Year 1	Year 2	Year 3
Software	0	15,806	15,806	15,806
Hardware	0	0	0	0
Total Per Period	0	15,806	15,806	15,806

EXPENSED COSTS	Pre-start	Year 1	Year 2	Year 3
Software	0	7,009	7,009	7,009
Hardware	6,634	0	0	0
Consulting	28,560	0	0	0
Personnel	0	20,259	20,259	20,259
Training	23,153	0	0	0
Other	0	0	0	0
Total Per Period	58,347	27,268	27,268	27,268

FINANCIAL ANALYSIS	Year 1	Year 2	Year 3
Net cash flow before taxes	524,749	524,749	524,749
Net cash flow after taxes	270,277	270,277	270,277
Annual ROI - direct and indirect benefits			250%
Net cash flow after taxes (direct only)	111,269	111,269	111,269
Annual ROI - direct benefits only			103%
Net present value (NPV)			508,901
Payback (years)			0.40
Average annual cost of ownership			73,061
3-year IRR			244%

FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%