

Volkswagen de México

Manufacturing

Volkswagen de México Reduces Costs with Workforce Timekeeper

Volkswagen de México, an affiliate of the Volkswagen AG group, is an automotive manufacturer primarily serving the North American and Mexican markets. Long considered a pioneer in the implementation of technology in manufacturing processes, Volkswagen de México experienced gradual and ongoing growth throughout its history. Since construction of its manufacturing center in Puebla, the company has become one of the most recognized auto manufacturers. Its cars, including the New Beetle, the Bora, and the Jetta, are exported to nearly every corner of the world.

Volkswagen de México used to rely on a manual system for collecting labor data and processing payroll for more than 11,300 technicians, a system that contributed to payroll errors and unnecessarily high labor expenses. But Volkswagen de México's commitment to productivity improvements led it to implement a Kronos workforce management solution, effectively solving these challenges.

Major challenges require major solutions

Since its inception in 1964, Volkswagen de México had recorded weekly pay using paper timecards and analog watches. This manual system made it easy for employees to tamper with timecards, and as a result, Volkswagen de México experienced frequent errors related to its payroll.

Francisco Lara, personnel administration manager, explains the problems. "The failures in the system were assessed with a margin of error of 0.53 percent. At first glance, this doesn't seem significant, but with more than 11,000 employees, this error rate can add up to significant additional expenses."

"Our supervisors had to change start times when an employee was late, or check timecards when there were unexcused absences to make sure overtime was not authorized for time not worked," Lara says. "We also had to deal with timecard errors and damaged or lost timecards."

This huge manual process caused other challenges as well. Every week, data from more than 9,000 timecards had to be entered manually. "We didn't have enough control over the process," says Agustín Salas, manager of personnel administration and systems. "As a result, we experienced fraudulent authorizations, decreased productivity, unnecessarily high labor expenses, and other costs related to all the paperwork." The situation was further complicated by more than 60 different shifts, each of which had its own specific payment rules.

Finally, in addition to all these challenges, Volkswagen de México lacked an efficient method of collecting and using labor data to consider costs, requisitions, and new business. Volkswagen de México realized it was time for a new solution for its workforce management needs.

Business Type:
Automotive manufacturer

Employees: 11,300

Product:
Workforce Timekeeper

"We've saved \$93,000 through reduced maintenance costs, and an additional \$185,000 with increased control of overtime expenditures. This is in addition to the \$590,000 saved from the initial implementation. Now our plant level managers can get an accurate, complete look at hours worked, allowing them to better manage budgetary constraints."

Agustín Salas
Manager of personnel administration and systems

Volkswagen de México

Kronos provides an integrated solution

After a thorough search, Volkswagen de México selected Kronos and its Workforce Timekeeper™ solution, part of the comprehensive Workforce Central® suite. Workforce Timekeeper automated Volkswagen de México's process by applying company-specific pay rules to employee's time and attendance data.

Implementing the Kronos solution automated the registration process of 11,300 production technicians located throughout the expansive Puebla industrial complex. Employees simply swiped their badges at any one of the 93 badge terminals with barcode readers installed in 23 different production bays and their labor data was instantly collected. It was fast, easy, and very effective.

Workforce Timekeeper bears fruit immediately

Volkswagen de México's Kronos implementation quickly achieved the positive results proposed in the cost-benefit analysis. In fact, Workforce Timekeeper helped Volkswagen de México save \$590,000 related to personnel management, a number that represents a return on investment of less than two years.

Eliminating paper timecards also led to improved labor data accuracy, correct time accounting, reduced pay errors, and no more theft or other losses of work hours.

Coordinators and central production offices took things a step further by automating the attendance management system, which resulted in greater productivity from personnel and prompt payment to employees. These benefits were supplemented by a statistical control report, which displayed all improvements, such as immediate access to management information and reports and employees' schedules. As a result, Volkswagen de México was able to increase the overall productivity of the company.

"The improvements in the production office decreased the possibility of authorizing incorrect payments," says Salas. "The vital part of the project — attendance, payroll, and personnel management — allowed us to reduce the margin of claims, increase control over payment information, create transparency in weekly payroll operations, and eliminate paper timecards and labels."

Lara agrees. "Implementing Workforce Timekeeper immediately improved the quality of services available to our technical personnel as well as gave us better support for strategies regarding labor stability and for promoting cutting-edge technology. All of these aspects helped strengthen labor relations, collective bargaining, personnel management, and social services."

A web-based solution reveals additional savings

To keep pace with the changing technology, Volkswagen de México recently upgraded to the web-based version of Workforce Timekeeper and realized significant savings. "We've saved \$93,000 through reduced maintenance costs, and an additional \$185,000 with increased control of overtime expenditures," says Salas. "This is in addition to the \$590,000 saved from the initial implementation. Now our plant level managers can get an accurate, complete look at hours worked, allowing them to better manage budgetary constraints."

Volkswagen de México looks to the future

Volkswagen de México is confident it has successfully solved many of the challenges it originally faced. "We believe that the benefits have increased and the anticipated savings were achieved immediately," says Salas.

Volkswagen de México's future plans for its Kronos solution include integrating with the company's ERP system, and upgrading to the Kronos 4500 Touch ID™ terminals with biometric technology to verify employees' identities during the data collection process.



Improving the Performance of People and Business™

Kronos Incorporated 297 Billerica Road Chelmsford, MA 01824
(800) 225-1561 (978) 250-9800 www.kronos.com