



September 2006

Document **G53**

## **ROI CASE STUDY KRONOS WORKFORCE ACTIVITIES G&T CONVEYOR**

### **THE BOTTOM LINE**

**G&T Conveyor extended the value of its investment in Kronos Workforce Timekeeper by deploying Kronos Workforce Activities, which improved the productivity of its manufacturing, reduced its payroll staff, and improved visibility on labor costs.**

**ROI: 633%**

**Payback: 2 months**

### **THE COMPANY**

G&T Conveyor Company, Inc., (G&T) is the largest privately held baggage handling systems manufacturer in the United States. The company has designed, engineered, manufactured, and installed more than 450 baggage systems and 2 million linear feet of transport conveyors. G&T's offerings include design, engineering, manufacturing, installation, and program management, as well as maintenance and aftermarket systems services. G&T's projects range from stand-alone conveying systems to complete high-tech sorters, including systems equipped with RFID.

### **THE CHALLENGE**

In mid-2004, G&T was deploying an ERP system from Glovia, and wanted to be able to integrate it with the company's manufacturing facility. G&T management was planning to issue work orders from Glovia to the shop floor, where Kronos Workforce Timekeeper was tracking workers' time and attendance. In addition to integrating Glovia with the shop floor, the company wanted to track its costs better by allocating workers' time spent to the various projects on which they were working. G&T had 60 hourly workers on its shop floor at the time, and the company was using a paper-based system to allocate their time to various projects. This system was both labor intensive and error prone, so G&T management was looking for a way to better track its labor costs in order to have better costing and bidding practices.

### **THE STRATEGY**

G&T was already using Kronos Workforce Timekeeper to record the time and attendance of its manufacturing employees. As a result, the company looked to Kronos for help with tracking employees' activities, and purchased Kronos Workforce Activities in mid-2004.

**RELATED RESEARCH**

- G45 Kronos Workforce Timekeeper ROI Report
- F99 Integration and Self-Service Turbo Charge Scheduling
- F98 Scheduling: What to Expect when Deploying
- F94 A Closer Look at the ROI from Scheduling
- F24 Kronos 4500 touch ID Terminal ROI Report
- F8 Kronos Workforce ROI Case Study: Sunrise Growers
- E29 Kronos ROI Case Study: Towncare Dental
- E14 Make Versus Buy: Evaluating Time and Attendance Systems
- D76 Kronos Workforce Timekeeper ROI Case Study: Five Star

G&T began deploying Workforce Activities in August 2004. Three members of G&T's information technology department, one of whom was a project manager, worked with two Kronos consultants for seven months. During the deployment, the team created interfaces that allowed for exchange of data between Glovia, Workforce Timekeeper, and Workforce Activities. The team also spent time populating the Workforce Activities database with information from Glovia, and completed a beta test with a handful of employees. The deployment was lengthened because a key staff member left G&T during the deployment.

In February 2005 the deployment was completed on budget and Workforce Activities went live for the entire manufacturing staff who now use it to record what projects they work on and when. Additionally, six managers, including G & T's director of manufacturing, use the system to either approve the submission of data or work with labor-related project information. Previously, managers did not utilize such data because it was based on estimations. Currently, G&T uses the solution to record and analyze costs at the project level.

The company is currently increasing the granularity of the system's analytical capabilities so that G&T can track costs of components within conveyor systems. When this level of specificity in reporting is attained, the company will have far better visibility on the cost of labor in its systems and will be able to improve both costs and bidding.

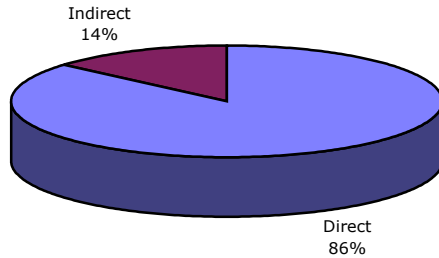
**KEY BENEFIT AREAS**

Deploying Workforce Activities has enabled G&T to improve the productivity of its manufacturing staff and reduce headcount in its payroll area. Key benefits from the solution include:

- Improved worker productivity. On the company's shop floor, paper-based systems for assigning hours worked to projects have been eliminated and manufacturing staff members now swipe their badge through a bar-code reader when they start and finish their work on a given project. As a result, 10 percent of their time that had been spent on record-keeping tasks has been redirected to manufacturing activities.
- Reduced payroll staffing. In the payroll department, workers no longer spend time re-keying data from time sheets in order to allocate workers' time to the company's various ongoing projects. As a result, one payroll administrator was reassigned to more value-added tasks, and their manager became 50 percent more productive. This supervisor is now spending time on more value-added tasks such as improving cost analyses in order to have more accurate billing and finding new ways to improve staff productivity.
- Improved manager productivity. The solution provides manufacturing managers centralized availability of data on workers' activities. These managers are now more productive because they no longer sift through employee time sheets, project sheets, or Excel-based records in order to analyze costs. These managers now spend more time on value-added tasks such as project scheduling and planning.
- Improved data accuracy. Prior to the deployment, analysis of cost accounting was based on estimations of hours worked on each project. Now that the

actual numbers of hours worked on each project are available, managers have better reporting, and are better able to estimate the costs of their projects.

### BENEFITS

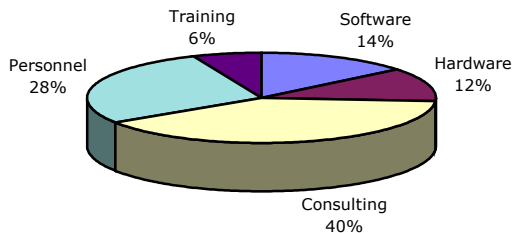


**TOTAL: \$749,900**

### KEY COST AREAS

Key cost areas for the deployment included consulting, personnel, software, hardware, and training. Consulting and personnel costs consisted of time spent by Kronos and G&T staff during the seven-month deployment. Software consisted of the cost of Workforce Activities and ongoing maintenance. Hardware consisted of barcode readers and equipment to integrate them with the solution.

### COSTS



**TOTAL: \$40,781**

### LESSONS LEARNED

G&T encountered few problems during the deployment. However, user adoption was slower than expected. G&T's manufacturing staff is not highly technologically skilled and some of the language in the user interfaces caused confusion. As a result, some procedures were initially resisted. Ideally, G&T would have provided these users training on the system and conducted a beta test that included more employees.

### **CALCULATING THE ROI**

Nucleus calculated the costs of consulting, personnel, software, hardware, training, and other investments over a 3-year period to quantify G&T's total investment in Workforce Activities.

Direct benefits calculated consisted primarily of improved productivity of G&T manufacturing staff who no longer spend time recording information onto project data sheets. Direct benefits also included reduced headcount in G&T's payroll department. Indirect benefits consisted of productivity improvements for managers who are no longer working with a paper-based system and are spending their time on more value-added tasks.

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# DETAILED FINANCIAL ANALYSIS

## G&T Conveyor Company

### SUMMARY

Project:	<b>Kronos Workforce Activities</b>
Annual return on investment (ROI)	<b>633%</b>
Payback period (years)	<b>0.16</b>
Net present value (NPV)	<b>265,136</b>
Average yearly cost of ownership	<b>13,594</b>

<b>ANNUAL BENEFITS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Direct	0	215,730	215,730	215,730
Indirect	0	34,237	34,237	34,237
<b>Total Benefits Per Period</b>	0	249,967	249,967	249,967

<b>DEPRECIATED ASSETS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>DEPRECIATION SCHEDULE</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	0	0	0	0
Hardware	0	0	0	0
<b>Total Per Period</b>	0	0	0	0

<b>EXPENSED COSTS</b>	<b>Pre-start</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Software	4,450	450	450	450
Hardware	4,900	0	0	0
Consulting	16,173	0	0	0
Personnel	11,358	0	0	0
Training	2,549	0	0	0
Other	0	0	0	0
<b>Total Per Period</b>	39,431	450	450	450

<b>FINANCIAL ANALYSIS</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Net cash flow before taxes	249,517	249,517	249,517
Net cash flow after taxes	124,758	124,758	124,758
<b>Annual ROI - direct and indirect benefits</b>			<b>633%</b>
Net cash flow after taxes (direct only)	107,640	107,640	107,640
Annual ROI - direct benefits only			546%
<b>Net present value (NPV)</b>			<b>265,136</b>
<b>Payback (years)</b>			<b>0.16</b>
Average annual cost of ownership			13,594
3-year cumulative ROI			1345%
3-year IRR			631%

### FINANCIAL ASSUMPTIONS

All government taxes	50%
Discount rate	15%