

Kronos Workforce AutoTime

Accurately track employee time to control labor costs

What is labor tracking and costing?

Labor tracking

In manufacturing, labor tracking is the central component of properly categorizing worked time for a specific task, project, job, or work order. Proper labor tracking for all labor categories, including professional and manufacturing, is the fundamental basis on which everything else depends in the manufacturing environment:

- Professional labor data, such as for engineering, is typically entered via computer, laptop, or mobile device.
- Manufacturing labor data is typically scanned or entered at a time clock, allowing employees to indicate what they are doing at any given time of day.
- Once an employee's labor is captured, the employee and manager must approve these transactions, particularly for Defense Contract Audit Agency (DCAA) compliance.
- A company's enterprise resource planning (ERP) system and general ledger (GL) receive updates in near real time to allow an organization to monitor work in progress (WIP) and costs throughout the manufacturing process.
- Labor transactions captured are independently sent to the payroll system to accurately pay each employee.

Labor costing

Companies often use labor standards to estimate the labor costs of each product. The flaw in this logic is that not all employees earn the same wage or work at the same rate. To gain your true product costs:

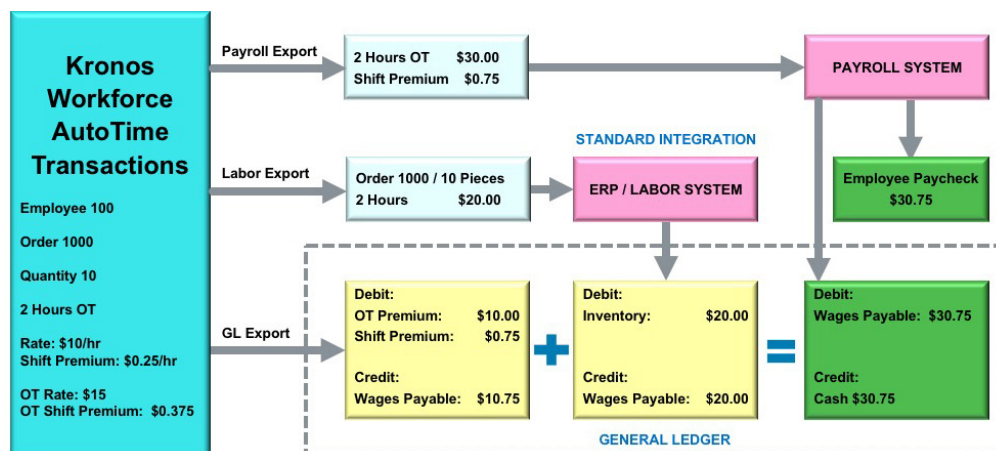
- The actual time each professional and manufacturing employee spent working on your projects or products is needed.
- The time, coupled with the employee's actual pay rate, gives management the true labor costs of producing each product.
- The information can be used for actual labor costing and to update the labor standards for more accurate standard labor costing.

Why is labor tracking and costing important to manufacturing?

Properly tracking labor provides a manufacturer with the necessary data to determine a variety of operations and metrics:

- Measuring earned value (budget vs. actual hours) data in near real time enables quick reactions. Both active/direct labor and nonproductive time are utilized to track against budgets, which helps with increased profitability and efficiencies to manage overhead rates.
- A better view of nonproductive time helps managers correct shop floor inefficiencies and improve profitability. They can monitor slack/gap time, as well as incidental overtime (OT), which may not be against direct orders.
- Accurate billing for government and other projects ensures correct reimbursement. Not only must this data be captured, but professional workers and their assigned managers must vouch for the accuracy and integrity of these program time charges.

Example: Kronos Workforce AutoTime Labor Transactions Data Flow



Reconciliation of labor costs is performed with Kronos Workforce AutoTime™ integrations.

- Data for DCAA and other auditors is readily available.
- Accurate data is properly reflected in an organization's GL system.

How does Kronos Workforce AutoTime approach labor?

Kronos Workforce AutoTime helps manufacturers improve their efficiency and productivity by properly tracking labor to aid in controlling costs and billing accurately and on time. The solution has standard integration with ERP and manufacturing execution systems. Kronos Workforce AutoTime can provide the necessary tools and support to help manage these costs and ensure compliance with government contracts to improve and grow business.

Labor tracking features

- Real-time validation of labor events supports charge filtration.
- Activity charges are limited to authorized employees. Kronos Workforce AutoTime provides comprehensive charge filtration capabilities to help eliminate cross charging.
- Direct and indirect labor charges are correctly tracked.
- A full audit trail is maintained for all time reporting and timecard edits.
- With total time accounting, an employee's rates are prorated equitably across all projects for direct and indirect labor.
- Direct labor can be charged to a wide range of cost drivers.
- Indirect labor can be charged to account numbers or cost centers.
- Customer-defined charge details can capture operation steps, activities, tasks, etc.
- Simultaneous charges are tracked through batch or multiple job processing.
- Employee assignments to another pay class, department, schedule group, etc., are easily managed.
- Supervisor dashboard optimizes labor review process.

- Current activities are easily monitored.
- Individual employee or group review enforces exception-based management.
- Overtime authorization and review are easy.
- Supervisory authority can be delegated.
- Labor transaction edits require comments.
- Transactions can be tracked in high precision: up to hundredths of hours (0.01 hours, or 36 seconds).
- As a final step to ensure accuracy, both employees and managers are required to review the timecard and sign off, indicating that all data is correct. When edits are made to a timecard, existing signoffs are removed and the signoff process must be repeated.

Labor costing features

- Application of different calculations to a single transaction can generate unique cost allocations for financial, labor, and payroll outputs.
- User-defined calculations utilize definable variables to generate proper results.
- Retroactive (prior period) calculations can be defined to facilitate retroactive payments.
- Calculations can control charges to overhead accounts not charged directly, such as shift premiums, overtime premiums, and other employee entitlements.
- Control mechanism defines when calculations are to be executed, such as day completed, week completed, etc.
- Productivity, utilization, and efficiency calculations are all supported within Kronos Workforce AutoTime labor costing.

The content of this datasheet is not intended as legal advice. Kronos makes no representation concerning the accuracy or completeness of the discussion concerning any law or regulation referenced herein. You should consult with your own attorney if you have questions about the content or applicability of these laws and regulations.

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