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# Managing the Challenges of Around-the-Clock Operations

## Summary

The fluid nature of 24/7 operations creates many challenges—including pay issues. When does one workday end and the next begin? How should overtime be calculated when a shift spans two pay periods? What happens when an employee works a shift that overlaps with a paid holiday?

Although a time and attendance system is the tool of choice when it comes to managing these types of pay issues, the problem is that most systems are designed with the "standard schedule" business in mind, expecting the 24/7 operation to settle for manual adjustments to retrofit the system to their own unique needs.

Instead, around-the-clock businesses need a time and attendance system designed with them in mind. Specifically, the successful system offers flexible time definitions, allowing operations to determine their own workday, shift and pay period boundaries; real-time data for more strategic short- and long-term decision-making; and punch alignment to ensure the system is finely tuned to appropriately assign hours with minimal manual intervention.

## The Challenges of 24/7 Operations

Businesses that operate around the clock are not a new demand created by our always-plugged-in world. For decades, 24/7 operations have been prevalent especially in the manufacturing, healthcare, hospitality and some retail industries. But as technology increases competitive demands, 24/7 operation has become a necessity for many organizations looking for an advantage in the global marketplace.

The challenges of operating a 24/7 business are vastly different than "standard schedule" businesses. Because a 24/7 operation does not have downtime, it must determine when one workday ends and the next begins. This fluidity makes pay issues one of the biggest challenges facing around-the-clock organizations: pay periods, shift pay, overtime pay and holiday pay quickly become a time and attendance tangle. Let's look at each more closely.

### Pay Periods and Shifts

In a standard schedule business, pay periods are generally straightforward. A pay period typically ends on Saturday with the next period beginning on Sunday. Shifts are also straightforward as they fall within the boundaries of a single workday. In 24/7 operations, however, a shift may overlap a workday boundary and begin in one pay period and end in another. And, what happens when an employee assigned to second shift at second shift pay rates picks up a third shift with a different pay rate?

### Overtime Pay

The lack of "hard stops" in 24/7 operations creates overtime obstacles as well. For example, imagine a business with a pay period that ends Sunday at midnight. If a worker's shift begins at 7 p.m. on Sunday night and ends at 3 a.m. on Monday, her shift crosses two different pay periods. Depending on company pay policies, she might be paid in one of three ways: for the whole shift in the first pay period, in the second pay period, or split between the two. What if she works two extra hours at end of her shift? Does it count as overtime for the pay period that just ended? Or will it appear on her paycheck for the pay period just beginning?

### Holiday Pay

Holidays tend to wreak havoc on 24/7 operations. By nature, holiday pay rules require hard-and-fast boundaries, creating hiccups in fluid, around-the-clock work environments. If an employee works a shift that overlaps a holiday boundary, how will holiday pay be calculated? Additionally, if the holiday is paid and the employee works, how is the employee compensated for the hours worked?

## 24/7 Time and Attendance

It's no wonder that 24/7 operations need a way to manage pay issues. But the solution must be designed to accommodate the unique challenges of around-the-clock businesses and offer the flexibility these organizations need to resolve pay issues quickly and effectively.

A time and attendance system is the obvious tool for 24/7 organizations looking to manage pay issues related to scheduling. It's important to recognize, however, that not all time and attendance systems are created equal.

Because most businesses operate on a standard schedule, a majority of time and attendance systems expect 24/7 businesses to adapt to the limitations of their standard schedule system. A vendor's response to a 24/7 business may be to launch into contorted technical or manual "fixes" or expensive customizations to retrofit the system to the client's needs.

Although manual fixes have become de rigueur for organizations employing these systems, 24/7 operations are better served by seeking out time and attendance systems designed to better accommodate their specific needs.

Do such systems exist? Absolutely. So, what should a 24/7 operation look for in a time and attendance system?

## Flexible Time Definitions

Three different time designations matter to employers: workday, pay period and overtime. When does one workday end and another begin and how are shifts treated when they cross from one day to the next? What differentiates one pay period from the next? Which criteria trigger overtime and how is it assigned to a day or pay period?

Difficulty arises when vendors standardize these time definitions in their systems. But a 24/7 operation will tell you that there is nothing standard about these definitions—in any given situation, the day, pay period and overtime definitions can be different.

A key characteristic 24/7 operations should look for is the capability to create their own time definitions. Flexibility here is crucial because it eliminates the need to retrofit the system with manual adjustments. Retrofitting adds an unnecessary complication to the system's operation—eliminating this layer immediately streamlines its use.

## Real-Time Data

Real-time data is a powerful tool for the 24/7 operation. The ability to calculate shift and schedule data immediately reveals how decisions can impact labor budgets, schedule management and more. For example, if an employee agrees to pick up an additional shift, a manager can enter the extra schedule into the system to immediately see if that will put the employee into overtime.

Real-time data also assists with broader scheduling and labor management. For example, if an organization decides to cut back on overtime as a cost-saving measure and bring in temporary help to cover the extra hours, a manager can enter the proposed schedule into the system to generate labor costs. Armed with this information, the manager adds in the cost of bringing on temporary help and discovers that this would actually cost the organization more in the long run.

The fact that many systems don't offer real-time data calculation suggests that vendors see time and attendance data as a static record, when in reality real-time data elevates a time and attendance system to a crucial and responsive management tool.

### Punch Alignment/Configurable Pay Rules

At its most basic level, a time and attendance system must correctly pair start and end punches and assign an employee's time to its correct shift, workday and pay period. The issue for 24/7 organizations? Systems built for standard schedule businesses are not designed to accurately execute this for around-the-clock operations without manual adjustments.

A time and attendance system that offers configurable pay rules in addition to flexible time definitions offers the most efficient time tracking for 24/7 organizations. Configurable pay rules eliminate retrofitting and ensure that hours are appropriately assigned when an employee's shift overlaps two different workdays.

Although manual intervention is sometimes a necessity, the 24/7 operation cannot be expected to rely on it and track time and attendance data effectively. Time consuming, manual adjustments introduce human error and can compromise the accuracy of time and attendance data.

## Conclusion

Around-the-clock operations face their own unique challenges regarding pay issues. These challenges increase when time and attendance systems built for standard schedule businesses attempt to retrofit their functionality to support 24/7 operations. Instead of settling for manual fixes required by a standard schedule system, 24/7 businesses need to employ a time and attendance system that offers flexible time definitions, real-time data and punch alignment capabilities for effective labor and budget management.

### About Attendance on Demand, Inc.

Attendance on Demand supports the labor management needs of thousands of companies and more than a half million employees across North America. Launched in 2006, Attendance on Demand is a rapidly deployed, cloud-based solution that minimizes a company's risk and technology investment while providing advanced features for securely managing labor data—calculating pay rules, scheduling employees, budgeting labor, and automating recordkeeping for labor law compliance. With standard uptime over the industry average of 99.995% and above average customer retention rates, Attendance on Demand removes the worry of maintaining expensive infrastructure. An extensive North American distribution network helps organizations use Attendance on Demand to reduce labor expenses and improve decision-making.

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