

Boosting the Profit Margin with Payroll Automation and Tracking

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Kim St. Dennis, Scharff Construction

The Scharff Construction Story

The Problem:

Scharff Construction struggled with inaccuracies in manual time slip recording methods and could not accurately assess payroll overhead.

With employees spread over 8 to 10 concurrent residential framing jobs, **Scharff Construction** faced significant challenges in processing handwritten timecards and accurately measuring payroll overhead and expenditures.

Founded eleven years ago, the residential framing subcontractor company initially started with just two employees and has now grown to more than 60.

One of the largest issues faced weekly were employees failure to complete time slips on a timely basis and in addition, the challenge of tracking employee attendance using **manual timecards**.

"Our biggest problem was just gathering the information. I would have to go back out to the job site to gather them from the guys that forgot. I spent upwards of a day and a half each and every week just acquiring the time slips and getting time in," said Kim St. Dennis, office manager for Scharff.

The time spent in collecting and correcting errant timecards was upwards of 40 hours monthly just to process payroll.

Another challenge the company faced was the **accuracy** of the time slips.

"Our sense was that the time information we were getting was extremely unreliable. We knew we needed to get a handle on our payroll. We had a rough idea of what our overhead was but we needed an accurate way of knowing our actual costs and seeing where we were **making our money**."

After careful analysis, Scharff Construction realized they needed a solution that would:

- Enable collection of time cards in a timely manner
- Reduce employee time slip reporting errors
- Reduce lost workforce hours in recovering time slips manually
- Provide a more accurate method of payroll tracking and processing

The Solution:

Upon deciding to purchase the Exaktime product, Scharff also had the initial concern of how employees would respond to its implementation.

"I was concerned if our guys would be committed enough to actually use it," said John Scharff, the owner of the business. Mr. Scharff desired more accuracy on employee timecards but did not want to send a message of distrust to his crews.

Scharff's first purchase was The JobClock® System with 5 clocks, which the company installed and distributed to the jobsites the first week.

Keytabs were given to each of the employees and they were instructed on how to use them. Scharff also had their workers clock in and out for lunch in order to more accurately monitor meal periods.

The owner carried a Palm Pilot and used it to collect the records each week.

"Initially there was some grouching, mostly complaints about having another thing to do at the jobsite. Of course, every crew has people that are habitually forgetful... but once employees realized their paychecks were connected directly to using the system properly, the problems went away. If they wanted their check by Friday, they had to make sure to clock in and out."

Scharff started using the system the same week it was installed and it proved its reliability "right off the bat" according to Mr. Scharff.

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Results:

The difference in reported hours was **dramatic and immediate**.

"Time reported by The JobClock System was quite a bit less than the manually reported time slips, because of the inadvertent padding of hours by employees."

Now in its sixth year of usage, The JobClock System continues to positively impact the bottom line of Scharff Construction.

"We are now able to easily look at the payroll on a week by week basis and discover things like, 'Hey, this job is taking too long.' One thing I do remember about the first month of using the system was that **the 40 hours work week just disappeared**. Everyone here works 39 ½ or 38 hours. I still see that all the time," said Mr. St. Dennis.

A previously unforeseen benefit was that the hours were in digital form and enabled ease in exporting to Scharff's Job Report sheets kept in Excel format.

The implementation of The JobClock System also provided a very real and unexpected advantage in the bidding process.

"The one thing that exceeded our expectations was immediately getting the attendance in a readable format and providing us with accurate information that we could make further use of. That was a real bonus. We were first just looking at the time to sort out our payroll problems but quickly realized, once we started using it, how great it was as a **forecasting tool for our bidding process**."

Utilizing the accuracy and detail in The JobClock reporting system, Scharff now creates Excel spreadsheets for each job. The spreadsheets enable the company to track exact lumber costs, hardware costs and include weekly labor costs from The JobClock System. Scharff can now know the exact cost-per-board foot and board foot-per-square foot for each job.

The JobClock System provides Scharff with information beyond just payroll hours – it can be used for accurate forecasting and job costing.

Mr. St. Dennis added, "At the end of the year we run annual totals and we **can see the labor-per-board footage at each job and how efficient each supervisor was on different types of jobs**. Based on that, we can assign different supervisors to different types of jobs. We can see what type of job he handles well, if a job is too simple or too complicated or so forth. As a forecasting tool, this system is incredibly valuable."

From its initial implementation of the 5 JobClock System, the company now has a system with 15 JobClocks to track its 60 workers.

Scharff is able to process over 5000 individual attendance events each month from several dozen remote jobsite locations. The JobClock has enabled them to gather attendance information that has a much higher reliability and usability while maintaining their relatively small office staff.

Instead of manually collecting time slips, the owner now collects weekly time records using his Treo SmartPhone.

In addition, Exaktime has offered continued and integral support and assistance as they've grown and upgraded their system. Scharff has been through several software upgrades and the JobClock keeps "ticking."

The company continues to reap the rewards of accurate tracking and payroll time slip processing.

When asked if they had a word of advice for potential users of JobClock, Mr. St. Dennis replied, "Plan for 30 days of transition. It took us about 4 weeks to get off timesheets and onto The JobClock System. But once we made the switch, we never looked back."

About Exaktime

Founded in 2000, Exaktime has more than 375,000 workers using The JobClock System – the best-selling time and attendance solution in the construction and contracting industries.

To learn more about the Exaktime family of products and services, visit www.jobclock.com or call 888.788.8463