

Construction Builds Bigger with Kronos

Technology is changing the way construction does business. Architects and contractors have stopped printing thousands of drawings, and now use electronic versions. Green design and new building science are transforming the types of projects going up. The construction industry has gone high-tech.

But even with these emerging technologies, employers in construction still face traditional challenges when it comes to people: high labor costs, compliance and union issues around safety and pay, and managing a workforce that's deployed at remote job sites.

Whether you're a general contractor, manage a road crew, or work in a building trade, no construction business can afford to ignore these challenges. You need real-time data about your people in order to perform accurate job costing, minimize your compliance risks, and gain visibility in the field so workers are as productive as possible.

Faced with expensive, impractical solutions, construction businesses often have overlooked the power of technology to provide this critical information. Fortunately, just as it has evolved to improve building design, technology has advanced to help manage your workforce. Cloud and mobile solutions now allow your organization to increase profitability on the job — and gain a competitive edge for the next one.

Key Benefits

- > **CONTROL COSTS AND IMPROVE THE ACCURACY OF JOB COSTING** by tracking true labor costs for each job function and better managing overtime
- > **MINIMIZE COMPLIANCE RISKS** through automated HR functions and application of pay and time rules
- > **ENHANCE PRODUCTIVITY** by giving managers and employees information they need in the field





Your workers are on the job site, but managers can't always be

In construction, your workforce doesn't stay in the office. Employees report to remote job sites, where managers can't always have visibility into workers' performance. Who's doing what? Who's punching in for whom? And even when managers are on the site, information they require is often back at the office. Information they may need immediately to make adjustments in the day's scheduling, change crew assignments, or make other decisions that can affect productivity.

Like managers, workers in the field need information, too. When workers are on a job site, they can't access information they need to request a schedule change or to check a timesheet. Information they need to stay satisfied, productive, and connected to the rest of your team.

Kronos puts information in the hands of your people, where and when they need it. Using any mobile device, workers can punch in and provide their location through GPS tracking; managers can check the distances their crews travel with "geofencing" capabilities. And timesheets, time-off requests, and accrual information are as close as a worker's smartphone. With this information, you can see where your labor costs are going — by site, by trade, and by project.

Without the right employee data, you're at risk

Workers in construction face unique on-the-job risks, and so do employers. Work-related injuries and illnesses that keep construction employees off the job occur at rate more than 2.5 times higher than the national average.¹ Turnover is high — more than twice the national average.² And contractors typically need to staff a job quickly, with little time to obtain employee data or background. At the same time, construction companies must comply with a maze of federal, state, and local building codes, safety and environmental rules, and tax regulations that may differ from site to site.

Construction companies typically have limited resources for managing the information necessary to avoid these risks. For example, home builders spend an average of less than 1 percent of their revenues on information technology.³ And workforce information management often relies on manual processes.

The potential result? Accidents by unqualified or overworked employees. Missing information that can cost your business money, its reputation, or more. Mistakes in recording data required for tax purposes, worker's compensation, or overtime policy.



“Kronos is keeping Crossland projects accountable and predictable by tracking the time where it is spent — on the job — not at a centralized location far from the construction site.”

— Bennie Crossland, President, Crossland Construction Company

¹ Economic News Release: Table 4, U.S Department of Labor, Bureau of Labor Statistics, November 8, 2012, accessed February 13, 2013, <http://www.bls.gov/news.release/osh2.t04.htm>.

² First Research, Inc., *Industry Profile: Site Preparation Contractors*, (First Research, Inc., 2012), 5 (sponsored by Kronos Incorporated).

³ First Research, Inc., *Industry Profile: Residential Construction Contractors*, (First Research, Inc., 2012), 2 (sponsored by Kronos Incorporated).



Those are the kind of mistakes that cost a Massachusetts construction company \$162,000, after the company had to settle a lawsuit about overtime hours unintentionally paid at regular wages to 129 former and current employees.⁴

With Kronos, you can minimize these risks. You can collect time and attendance data automatically, applying the correct tax and overtime rules. So it's easy to maintain payroll accuracy and compliance. Automation also makes it easy to take care of human resources functions, such as providing health and safety information and performing hiring checks. So you're recruiting the right people for the right job.

Understanding and controlling job costs is essential

In construction, material, equipment, and labor are your three largest expenses — with labor, the most controllable, accounting for approximately 25 percent of a home builder's costs.⁵ And with the construction market still recovering, you're pressured by narrow profit margins. You need an accurate picture of your labor costs just to stay competitive.

With that understanding, you can avoid needlessly inflating your job bids, as well as underbidding a job and then scrambling to make up the difference through change orders. And once a job is won, it's critical to understand where your employee time is going. Time is money, and deadlines are strict. Knowing where you are in your labor costs can mean the difference between moving people around at regular pay and staffing on overtime.

With Kronos, you can track your true labor costs — by supervisor and by job, so you know where your labor costs are at any moment in time. And with bundled, per-employee-per-month pricing, there are no hidden expenses. You pay for the services you use, and can scale up or down as you staff up for the next job.

Conclusion

As your construction business faces more pressure than ever, technology should be an asset, not a challenge. Customers like Toll Brothers have overcome the construction industry downturn, stayed competitive, and built profitability by turning to Kronos. With Kronos, you have a cost-effective solution to control your labor costs, minimize compliance risks, and maximize the productivity of your people.

⁴ "Former Brockton construction company to pay \$142,000 for OT mistakes," *The Enterprise*, March 23, 2010, <http://www.enterpriseneews.com/news/x126578407/Former-Brockton-construction-company-pays-142K-for-OT-mistakes>.

⁵ First Research, *Residential Construction Contractors*, at 1.

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