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The true cost of manual entry timesheets

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Just 5 minutes per day could be costing you over half a week per person, in lost productivity and wages paid, every year.

Here's how to estimate the cost of *"how we've always done timesheets"*, based on the average margin of error in manual-entry timesheets across all industries.

Average Margin of Error (errorRate)
= 2.1%

Two percent doesn't sound like much, does it? But lets refactor that:

Annual Error Rate
= errorRate x 52 Weeks
= 1.1 weeks margin of error

That's more than a ***whole week*** discrepancy! And what's worse is that some sources cite up to 7% margin of error in timesheets. That's huge!

Let's see how that stacks up, from a dollars and cents perspective. Let's assume that:

Number of Employees (employees)
= 10

Average pay Rate (payRate)
= $20 per hour

payRate x (annualErrorRate * 40 hours)
= $880 per person

Potential cost savings or productivity improvement
= $880 * 10 employees
= $8,800 per year

So will this mean more profits if you transition to a time clock system that doesn't rely on manual time entries, if and when the employees get around to it? Not exactly. While it does often lead to a very tangible improvement in payroll accuracy, more often than not employees become 2% more punctual rather than earn 2% less.

Factors that lead to a 2.1% improvement in payroll accuracy by implementing a mobile time clock system (non manual entry) include:

Less reliance on memory

By clocking in at the point of starting work, employees aren't relying on their memory of when they think they arrived to work. This is especially important when working different hours and switching between job codes, to ensure accurate and reliable performance reporting.

More accurate timesheet rounding

Believe it or not, most people tend to round their timesheets in their favour instead of to the nearest. Even the most honest employees often think nothing of jotting down 8am when really they started late that morning at 8:10am, and should have rounded to the nearest 15 minutes of 8:15am. Likewise if they finish at 3:50pm they're inclined to round up to 4pm, and yet if they finished at 4:07pm they'll again round up to 4:15pm. All these small increments add up, and timesheets should be rounded neither in the employee nor the employer's favour.

Less manual handling

Manually tallying hours and keying them in exposes the risk of clerical error. While you can minimise errors by taking additional time to check and re-check calculations and data entry, you can eliminate this potential point of failure entirely.

Time theft and "Buddy Punching"

43% of employees commit time theft. It's estimated that employees cost companies $400 billion annually in lost productivity based on exaggerated hours, deliberate timesheet padding and careless rounding and tallying.