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Bringing down the cost of absence

Given that absence has a direct impact on the bottom line, its surprising how many organisations dont take basic steps to measure or manage it.

According to the 2008 absence management survey from the Chartered Institute of Personnel and Development (CIPD), less than three quarters of respondents measure their average annual level of absence, and only 40 per cent monitor the cost.

Yet the CIPDs research shows that on average, employees take off eight days per year, and absence costs on average 666 per employee per year or more than 330,000 per year for a 500-employee company. Shaving that absence average by just one day would save the same company more than 40,000 per year.

Cost isnt the only issue, of course. Sickness absence can affect everything from the quality of customer service to speed of product development issues that in turn may hit your productivity, service levels or sales figures.

The problem for many organisations is that absence is recorded haphazardly. It tends to be left to line managers, relying on paper-based systems or a mish-mash of spreadsheets which means data gets lost, and inaccuracies creep in if information has to be rekeyed.

Quite often, messages from employees calling in sick dont even make it to their manager. Without effective monitoring, its hard to halt abuse, or to tackle genuine long-term absence effectively. And if you dont handle holiday entitlements effectively either, you could be paying employees for more vacation than theyre entitled to.

Recognising these problems, many organisations are now starting to manage absence through software or outsourced services. Software systems make it easier to spot persistent abusers like the people who regularly take a Friday off after going out on Thursday night and its also easier to reduce the impact of each absence.

Using workflows built into the absence management system, organisations can ensure that the right people are informed at the right time about someone falling ill so that measures can be taken to provide cover. And there are benefits for employees too. When they need support, it can be initiated at a much earlier stage if absence is being monitored effectively.

Automating the collection of absence information also generates a central pool of data that you can start to analyse to identify longer-term trends. You might find, for example, that one business function has a higher than average rate of absence: by digging a little deeper, you may discover you have a problem with a line manager thats affecting team morale.

The software industry has been taking steps to make absence management easier, using tools built into standard HR management systems as well as specialist systems. You cant eradicate sickness absence, of course, but the better you monitor and manage it, the quicker you can start cutting the cost.

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