

7 Ways to Effectively Manage Overtime

Guide

Intro



THE OVERTIME MYTH

Does increasing overtime really lead to more productivity? Studies suggest otherwise and may even reduce productivity. This is in part because workers are the most productive early on in their workday. Tacking on extra hours to their day leads to decreased capacity.

Does this scenario sound like your operating reality?



Besides the monetary cost, unchecked overtime can lead to:

- An uptick in health problems
- Heighted absenteeism
- Worker fatigue
- Increased turnover rates
- Safety risks
- Decreased productivity (often due to reduced quality of work)

With this in mind, do not fall prey to the myth that employees do not want overtime. In reality, Employees do not want forced overtime. Voluntary overtime allows for increased work/life balance. Many employees want overtime, on their own terms. Flexibility can be a beneficial hiring technique to improve morale, retention, and productivity.

Remember, not all overtime is bad. Effectively managing overtime can save money, when compared to the alternative of overstaffing.

#01

TIME RESTRICTIONS

Recognize that there are limits to human endurance. If your business bases its schedules on 12-hour shifts, limit overtime unless necessary. If a replacement is running late, you might extend an employee's shift an extra hour or two, but that is it. A 12-hour shift worker should only be eligible for routine overtime on off days. Do not permit double-shifting and restrict overtime to a maximum of four hours if your company uses eight-hour shifts.

Imposing time restrictions not only helps to decrease burnout, but studies show employees who clock 60 hours a week are 23% more likely to have an accident*. No one wins when overtime decreases productivity, dwindles employee satisfaction, and increases accidents.



EMPHASIZE SAFETY

#02

The more fatigued an employee gets, the less safe they are going to be, and the higher likelihood of a workplace accident. Managing overtime in a way that limits fatigue increases safety. However, these constraints can be challenging to manage if a supervisor only considers the current shift and not the workweek as a whole.

When employees work longer than 10 hours, safety becomes an increased concern. Keep in mind that employees may be at risk because they are:

- Unaccustomed to working long hours
- Lacking the days off to recuperate
- Driving home fatigued

Triple-check that all safety procedures are being observed and scrutinize procedures to see whether there's room for improvement.



#03

TRACK AND IDENTIFY OVERTIME PATTERNS



Not all overtime is bad, sometimes overtime is cheaper than hiring a new employee. But you must make sure you are accounting for vacation time, medical leave, and work/life balance.

Just as important, overtime should be something the employees want. If overtime is forced to run the facility, it is going to hurt morale and productivity.

A certain amount of overtime can be an effective way to reduce total staff and therefore save money, but only if set up correctly with employee support.

By analyzing your labor analytics, you can determine if overtime or additional employees are the best financial decision for your enterprise.

Go back and thoroughly review your labor analytics for your employees. Does overtime tend to be more prevalent during specific periods of the year, such as the holidays? Is it always the same employees putting in overtime?

Next, contrast your actual labor budget with your projected labor budget. Is your employee scheduling accurate? Does it match your budget, or does it need to be modified?

#04



MATCH WORK TO DEMAND

Demand can quickly spike during busy seasons and when your business is going through a period of aggressive growth.

Working too much overtime is not healthy for anyone and leads to high rates of employee burnout and turnover. But which is more cost-effective, hiring a new employee to pitch in a few hours a week as needed, or paying overtime and losing your best employees?

Matching staffing to demand does not automatically mean hiring more. Manufacturers too often rely on an antiquated scheduling process that does not optimize productivity.

Another terrific way to reduce overtime is learning how to schedule smarter. Flexible scheduling ensures you have the right number of staff available when things are busy, and that you are not overstaffed when things are slow.

Analyze how and when to use overtime for maximum efficiency and to avoid having employees stand by idly as overtime pay liability piles up.

#05

CROSS-TRAIN EMPLOYEES

If one employee is considered more skilled or has more experience, they will likely be the ones picking up all the slack. This can produce a disparity of overtime if extra time is required on a particular job. And without them, your business could grind to a halt. If you notice one employee earning the most overtime or if they are the only one who can do the job, burnout is already on its way.

Want to make sure that you keep your employees as versatile as possible? Overtime reduction is easier when employees are qualified to work multiple positions in the facility, not even necessarily in one area. Spreading out responsibilities and specialties amongst your whole team is another way to reduce overtime. Instead of relying on a single skilled employee, train other team members to step in and pick up the load.

Ex. Manufacturing environment that has distinct function lines. Cross-training in one line opposed to similar functions across lines, allows the employee to continue productivity when their regular line is down.

#06

FLEXIBLE WORK SCHEDULING

You need a schedule that's designed to meet your operational needs. Don't just use a traditional method of scheduling because it's "easier." You want to make sure to find a work pattern that properly accommodates your company's individual needs.

Ex. A lot of facilities operate 24/7 but their employees work 5 days on, 2 off. Therefore, even when no one is gone, 30% of hours are overtime due to weekend hours. Instead, try 12-hour shifts, or 5 days on with 2 off, rotating days off.

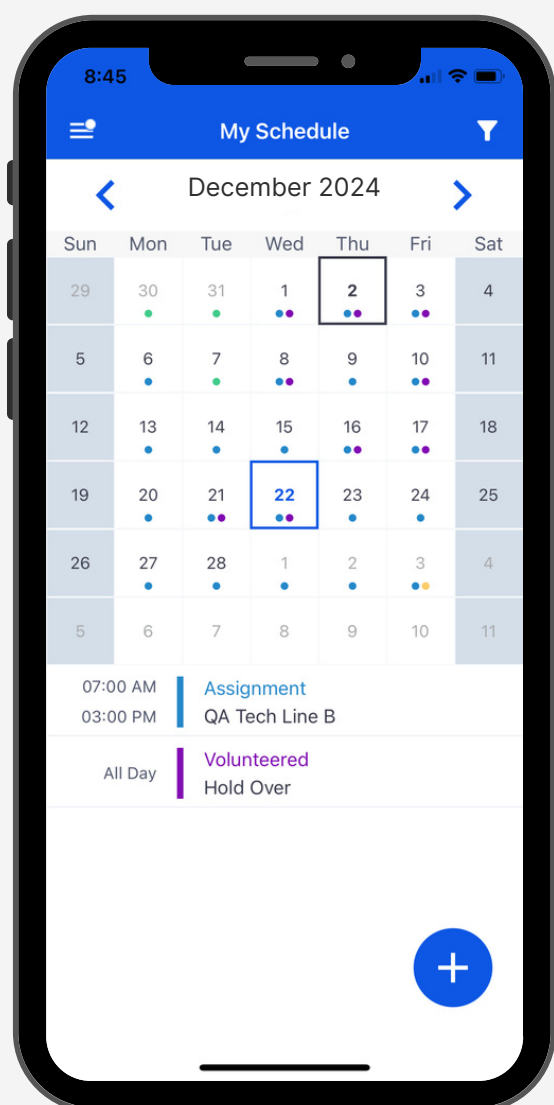
The best work doesn't only happen during traditional working hours. Employees with flexible schedules are more productive during the hours they do work and use their time more effectively reducing the chance of overtime or not getting their work done as scheduled.

Workers with schedule flexibility report 29% higher productivity and 53% greater ability to focus than workers with no ability to shift their schedule*.



#07

UPDATE TECHNOLOGY



Make sure to use your labor as efficiently as possible. When someone's normal job is not available or you have a utility labor pool, make sure that you are effectively using their skills to fill gaps before overtime. It is possible to move other employees around to properly fill these openings.

However, the complexities of this system are difficult without an automated scheduling system that tracks employees' positions and can automate the assignments.

Your business can operate more effectively by upgrading the tools your workforce uses daily. Technology can also be utilized to streamline processes and enhance project management. Employees who keep up to date are more productive during regular working hours, which minimizes or even eliminates the need for overtime.

Conclusion

- #01 — ***Time restrictions** to prevent worker fatigue and unnecessary overtime.*
- #02 — ***Emphasize safety** to prevent or minimize the risk of worksite injuries.*
- #03 — ***Track and identify overtime patterns** to discover the source of your overtime and comply with FLSA labor standards*
- #04 — ***Match work to demand** by leveraging demand planning to ensure the right person is in the right place.*
- #05 — ***Cross-train employees** to increase flexibility, ensuring you are never short-staffed.*
- #06 — ***Flexible work schedules** increase productivity and lead to decreased overtime*
- #07 — ***Update technology** and leverage experts to enable systems to solve key business problems.*

Relieve your employees of the mental fatigue brought upon by over-scheduling overtime. Utilize automated processes, connected data, and flexible scheduling to ensure you always have the right employee in each position.

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