Why PTO tracking is important and how companies can do it more effectively

"I'm on vacation next week!" Every employee looks forward to making that happy declaration, whether vacation means a trip to an exotic locale or just a few days of R and R at home, binge watching what's in the Netflix queue, fixing the sprinklers and cleaning the gutters. The request was made, the boss signed off, HR signed off and away we go.

But managers and HR professionals know that managing PTO involves more than covering for an employee and making sure what's supposed to get done, gets done.

Most companies track PTO using ineffective, outdated and inadequate tools. Memory, hallway conversations, Excel spreadsheets, post it notes and confusing email threads are not enough. Untracked PTO can add up quickly and cost your company money.

Personal Time Off (PTO), whether it's sick days, vacation days, personal days or another time off type, should be managed with the same care and precision your finance team uses to look after the company bank accounts. Firms don't let employees make unapproved or unauthorized withdrawals from the company till; unauthorized or unaccounted for PTO should not be treated any less seriously. Some HR experts (Unicorn HRO and Checkpoint HR) estimate that, on average, three untracked PTO days are taken every year by each employee. Some quick math: If we assume an average salary of $1,000 per week per employee, that's $600 per employee per year.

In addition to the direct costs incurred by untracked PTO, the indirect costs – project delays and overtime for other salaried employees who must spend extra time covering for absent employees – can be substantial. Tracking PTO effectively helps companies and managers make better scheduling decisions and reduce conflicts between project demands and employee time off requests.

Effective PTO tracking software should include multiple, seamlessly integrated components that provide managers with the visibility they need to make informed PTO approvals and intelligent project staffing decisions. And your PTO tracking tool should be easy to use. A confusing, complicated and cumbersome PTO tracking tool would be self-defeating because if users don't use it, you might as well not have it.

Managers need to know – in advance – who has scheduled time off so they can adapt and plan accordingly. Managers need visibility to compare pending time off requests against project schedules so key project milestones are achieved or customer service objectives are met as planned. Managers also need to know about changes to existing schedules – when there is unexpected PTO or when an employee cancels an approved PTO event.

An effective PTO tracking software tool should allow companies to define rules for different PTO types based on the company's policies. For example, vacation accruals can vary based on employee type, years of service or other factors; the tool should support different accrual methods without forcing HR

into managing the balances outside the system. An effective PTO management tool should also make tracking PTO year to year balance carry forwards as simple as possible.

Integration between your PTO application and other applications such as your HR system and Microsoft Outlook or Office 365 can also go a long way toward ensuring effective PTO management. Employees and managers will benefit from PTO visibility across the company. Frustration at unreturned phone calls or unacknowledged emails can be avoided when managers and other employees know in advance who is out and when they are expected to return and who is covering in the interim.

Employees need tools that allow for easy PTO requests or reviews. For example, some PTO software tools allow employees to send an email to a PTO mailbox and make a vacation request, see the status of a pending request or check their accrued PTO balance. An effective PTO tracking tool should notify managers and other affected employees immediately when an employee calls in sick so personnel can be shifted to cover the absent employee's duties. At a minimum, an effective PTO tool should allow employees to make requests online. Ideally, employees should be able to make, and managers review and approve (or reject), PTO requests from their smart phone or tablet.

HR professionals need easy access to up to date PTO balance information so requests can be compared to available days off and informed decisions can be made. Vacation requests that exceed an employee's available 'bank balance' should be made carefully, and only by managers with full knowledge of the details. HR professionals should also have PTO audit tools so they can compare timesheet information with scheduled PTO. Unanticipated events can prevent employees from taking scheduled time off or working during scheduled vacations. An effective PTO tracking system should notify HR that there is a discrepancy between scheduled PTO and the timesheet entry.

Managing PTO effectively can save your company money and reduce conflicts by helping managers balance time off requests against project demands. PTO tracking software that provides audit and compliance tools can ensure even-handed application of company policies which can mitigate risk, improve compliance and make for happier employees.

So ditch the spreadsheet, saved voicemail messages, kitten calendars and post it notes – let technology help your firm save money, reduce project performance risk and improve compliance with company policies by managing your PTO effectively.

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