PART 2: Hours & Wages

Abstract

In this chapter we will cover how you can use hours and wages to track the time that your employees are working and pay them accordingly.

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CHAPTER 4 – PART 2: Hours & Wages

Introduction

Hours & Wages in improveit 360 provide a streamlined way to track the time that your hourly employees have worked in a given week, as well as any bonuses or commission that you want to pay out for a given pay period. Additionally, they allow you to tie payroll expenses to sources so that you can accurately keep track of the costs associated with your various marketing sources.

Even if you have another system that you are currently tracking your employees' time and pay in, you still may want to consider using hours and wages in improveit 360. Doing so will allow you to easily report on your employees and their time worked, as well as their pay. Additionally, it will allow you to track all of your employee related information in a single location, reducing the risk of duplicate entry or errors.

Topics that we'll cover

In today's session, we'll be covering:

- Setting up Pay Periods
- Tracking your employees' hourly rates
- Using Hours & Wages to track hours worked
- Paying Bonuses from Hours & Wages
- Paying Commissions from Hours & Wages
- Allocating employee payroll costs to sources
- Creating payroll summary reports for your staff

At the end of our session, we'll also take some time to review some discussion questions as well as key terms relating to hours and wages in improveit 360.

[Instructor: Have the customer log into their improveit 360 org, as there will be exercises for them to complete throughout the course of this training.]

Discovery

Before we dive into hours and wages in improveit 360, let's first take some time to understand how your business works today.

At what frequency are your hourly employees paid? (For example, bi-weekly, weekly, twice a month?)

> [Instructor: Record their response on the notes worksheet. Their response will indicate how the pay periods will need to be setup in order for them to begin to use hours and wages.]

Do you provide your employees with any sort of document that breaks down their pay for a given period, including any standard wages as well as bonuses?

> [Instructor: Record their response on the notes worksheet. If the answer is yes, this may indicate that they could need a custom staff summary document created.]

Do your commissioned employees also receive hourly wages or other bonuses?

> [Instructor: Record their response on the notes worksheet. If the customer answers yes to this question, we should recommend paying commission from hours and wages, and not from the staff account.]

Setting up Pay Periods

Before we begin tracking hours and wages for staff members, we first need to setup your pay periods in improveit 360. Pay periods represent the frequency of your payroll cycle. For example, if your payroll cycle is every 2 weeks, this means that you pay your employees every 2 weeks. As a result, you would be tracking your employees' hours, bonuses and commissions to be paid in 2 week increments.

Let's walk through how to setup pay periods. Note that this step can only be done by a system administrator.

Demonstration: Setting up Pay Periods

Step 1: *When logged into improveit 360, click on your name in the upper right corner and select "Setup".*
Step 2: *In the quick find field on the left side of the setup screen, type "Custom Settings".*
Step 3: *Click on the 'Custom Settings' link that appears in the search results.*
Step 4: *Click the 'Manage' link next to the custom setting titled 'Payroll Settings'.*
Step 5: *Click on the 'Edit' link next to the default setting.*

Result: *The custom settings for pay period setup display in edit mode.*

The custom setting fields that you will need to modify in order to setup pay periods are as follows:

- First Payroll Starts: This field should contain the specific date that the first payroll period should start on. For example, if your payroll starts on a Sunday, you would want to select a specific date that falls on a Sunday to have the pay periods begin.
- Pay Period: This setting defines the frequency and duration of your pay periods. The following options can be entered into this field:
    - *Weekly:* Enter this if you pay your employees on a weekly basis.
    - *Two Weeks:* Enter this if you pay your employees every two weeks.
    - *Half Month:* Enter this if you pay your employees twice each month.
    - *Monthly:* Enter this if you pay your employees once each month.

These are the only two properties of the custom setting that we need to customize. You may decide to customize the 'Hours Categories' and the 'Bonus Categories' when we cover those in a later section. Once you have updated the setting with your preferences, simply click the 'Save' button.

Creating Pay Periods

Once you have configured the payroll settings for your pay periods, improveit 360 will automatically create the pay periods (including future pay periods) for you to link your hours and wages to. This means that you really don't need to do anything else with pay periods once you've configured the payroll settings to meet your businesses' requirements.

Setting up Staff Wages

The next step in using hours and wages is to setup the wages for your staff members. In order for the system to automatically calculate how much an employee should be paid when their time is entered, it will need to know the employee's hourly rate.

Hourly wages are stored on an employee's staff record in improveit 360. Let's walk through an example of how we can set this up.

Demonstration: Setting up Employee Wages

Step 1: *Navigate to the Staff tab.*
Step 2: *Select the 'All Active Staff' view at the top of the screen.*
Step 3: *Select a staff record from the list view.*
Step 4: *Edit the staff record.*

Result: *In the Information section at the top of the screen, you will see 2 wage related fields – Base Wages per Hour and Overtime Wages per Hour.*

At minimum, you should populate the 'Base Wages per Hour' field with the hourly rate for that employee. If you pay a different rate for overtime (for example, time and a half) you can populate that amount in the 'Overtime Wages per Hour' field.

[Instructor: For the purpose of this demonstration, ensure that both fields are populated with values prior to proceeding. Take note of the staff name that you updated, as this is the staff record that should be used in the next demonstration.]

Keeping Pay Information Confidential

It's extremely important to most companies to ensure that information about wages and how much employees are being paid is kept confidential. Your account manager will work with you to ensure that the profiles and permissions for your users in improveit 360 are setup in such a way that pay related information is only accessible by the appropriate individuals.

Tracking Hours and Wages

Now that we've configured our pay periods and entered wage values for our staff, we are ready to begin entering hours and wages for the staff member. The 'Hours and Wages' tab is where you will go to enter time worked by your employees. As you'll see in our demonstrations, you can also pay commissions and bonuses from hours and wage records.

Let's begin by creating a new hours and wages record.

Demonstration: Creating an Hours and Wages Record

Step 1: *Click on the Hours and Wages tab.*
Step 2: *Click on the 'New Hours and Wages' button.*
Step 3: *In the 'Staff' field, select the staff member that the wages were added for in the previous demonstration.*

Information

The information section is the first section that you'll see when creating a new hours and wages record. Here is a breakdown of the information contained in this section:

- **Staff:** This is the employee that is being paid from this hours and wages record. When the staff member is selected, the system will automatically pull in that staff member's wages that have been stored on their Staff record in improveit 360.
- **Pay Period:** When we created our new hours and wages record, the pay period automatically defaulted to the current pay period. This is because the system assumes that we are entering time and pay for the current pay period. If you are entering time for a past pay period, it can be selected from the pay period drop down list. Note that you cannot select future pay periods because it is not possible to enter employee time worked for a future date.
- **Status:** Available options include In Progress, In Review, Approved, and Paid. The status field can be used to reflect where the hours and wages record is in your payroll process. Keep in mind that the hours and wages statuses can be customized.
- **Check Number:** If your company cuts physical checks for payroll, you can store the check number in this field on the hours and wages record.

Details

Now that we've selected our staff member and pay period, let's jump down to the details section. First notice that the details section is displaying several date ranges along the left side. These correlate to the weeks included in the selected pay period. For each week, you have the ability to add hours worked and bonuses that the employee should be compensated for.

Hours Worked

Let's walk through an example of how to enter the hours that an employee has worked during a given week.

Demonstration: Entering Hours

Step 1: *In the details section of the Hours and Wages record, click on the "+ Hours" button.*

Result: *A row appears where you can select the type of hours, as well as a source that the hours should be allocated to.*

When hours are added to a week in an hours and wages record, the following information can be filled in:

- **Category:** This represents the type of hours that you're entering. Categories that you can choose from include Regular, Overtime, Paid Time Off, Unpaid Time Off, or Holiday. Note that the category that you select will dictate which wages are used to calculate the employee's pay. For example, if you select 'Overtime', the system will use the overtime wages to calculate pay.
- **Source:** You have the option to select a source that you would like to allocate the payroll cost of this employee to. For example, if you are running a booth at a home show, you may want to allocate the cost of the hours worked by your reps at the home show booth to the source, in order to quantify the total cost of the source which will allow you to better report on source ROI.

Once you populate the category and source fields, you can begin to enter the number of hours worked for each day of the week. On the far right side of the row, you'll see a running total of the hours for the week, as well as the total amount to be paid (calculated by multiplying the number of hours by the applicable rate).

Demonstration: Entering Hours, cont'd

Step 2: *Enter 10 in each of the fields under Monday, Tuesday, Wednesday, and Friday.*

Result: *The total hours worked are accumulated in the "Hours" column on the right, as well as the total amount to be paid, displayed in the "Total" column.*

If you have employees that work a standard 40 hour week (8 hours a day, Monday through Friday), you can use the '+ 40' button. This will automatically create a new row which defaults the hours on Monday through Friday to 8. This can be a useful shortcut to help save you time when entering hours for each of your employees.

If you make a mistake when entering hours and want to start over, you can always delete the row by clicking on the blue "X" on the far right.

Exercise

[Instructor: Pass controls to the customer and have them log the hours worked during the first week of the pay period for the current staff, and allocate the hours to the "Canvassing" source. Let's say this person worked 8 hours each day, Monday – Friday, at a regular wage rate.]

Bonuses

Sometimes, you may have an employee who worked their regular hours for a week, but also earned an additional bonus. For example, let's say our canvasser worked their 40 hours for the week, but had 8 sets, which we pay and extra $10 each for. Since hours and bonuses are separate, and cannot be represented on the same line, we can add a new line to the payroll week to record the bonus by clicking on the '+ Bonus' button.

Demonstration: Entering Bonuses

Step 1: *From the Hours and Wages screen, click on the '+ Bonus' button in the details section for the week that you would like to add a bonus for.*

Result: *A new row displays where the bonus earned can be allocated to a source and recorded.*

You'll notice that the Category and Source fields also display when adding a bonus. The behavior of the source field is the same as it was with hours – it simply allows you to allocate the bonus amount to a specific source so that the bonus amount paid is allocated to that source as a cost.

The Category field has a different set of options when adding a bonus. The default list of options includes Setter, Taker, and Confirmer. This allows you to specify what type of bonus is being paid.

Opportunity: Let the customer know that the categories for bonuses can be customized, and ask if we can change this for them.

Demonstration: Entering Bonuses, cont'd

Step 2: *Select a category of 'Setter'.*
Step 3: *Select a source of 'Canvassing'.*
Step 4: *Enter a $40 bonus on Tuesday and $40 bonus on Thursday.*

Result: *The total bonus amount is displayed in the 'Total' column on the right.*

If you aren't sure which day the bonus was earned on, and only know the weekly total, you can simply enter the total bonus amount in the Saturday field.

Summary

Now that we've reviewed how to add hours and bonuses in the details section, let's move back up to the Summary section and discuss the information that is displayed. The summary section serves as an overview of the different types of compensation that will be paid to the employee on this hours and wages record.

- **Total Wages:** This field will calculate the total dollar amount to be paid to the employee from their hourly work during the pay period. This will include any regular hours, overtime hours, paid time off, or holiday time.
- **Total Bonus:** This field calculates the total bonus amount to be paid to the employee during the pay period. It summarizes the total dollar value of any bonuses logged in the details section.
- **Commission Payout:** This field can be used to specify a dollar amount of commission that you would like to pay out *in addition* to any hourly wages or bonuses. We will review an example of how this works in the next section.
- **Amount Payable:** This displays a summary of the total amount to be paid to the employee, aggregating the wages, bonuses, and commissions. This is essentially what the check amount will be for the employee.
- **Base / Overtime Wage:** These two fields display the base and overtime hourly wages that are stored on this employee's staff record.
    - Note that if this is zero, you can click on the link that says "How do I change this" and select the link that says "Clicking here". This will take you directly to the staff record, where you can manage these wage values.
- **Commission Ready to Pay:** This field displays the ready to pay balance from the employee's staff account. You may want to see this if you are going to be paying commission from the hours and wages record, as this will tell you how much money in their account is eligible for payment.

Paying Commission from Hours and Wages

If you have employees that are commissioned using staff accounts, but also receive hourly pay or other bonuses, you can still use hours and wages to pay their hourly rates and bonuses, as well as their commissions. All you need to do is specify how much commission they should be paid out during the pay period in the 'Commission Payout' field. When the hours and wages record is saved, a transaction will be made against the employee's staff account, withdrawing the specified commission amount from their account as a 'Payment to Staff'.

Demonstration: Paying Commission

Step 1: *From the Hours and Wages screen, enter $100.00 in the 'Commission Payout' field.*
Step 2: *Click 'Save' on the Hours and Wages screen.*
Step 3: *Click on the Staff Member's name in the upper left corner of the hours and wages record and open their staff record in a new tab.*
Step 4: *Once you are viewing their Staff record, click on the 'Staff Account' button.*
Step 5: *Scroll all the way to the bottom of the Staff Account screen to the 'Transactions' section.*

Result: *A transaction appears for the amount that was entered into the Hours and Wages record in step 1.It is logged as a Debit – Payment to Staff.*

The following table illustrates the type of compensation that can be paid to the staff member from an Hours & Wages record, versus a staff account.

	PAID FROM	
COMPENSATION	*Hours & Wages*	*Staff Account*
Bonuses	X	X
Hourly Wages	X	
Paid / Unpaid Time Off	X	
Commission Earned	X	X

Staff Accounts vs. Hours and Wages?

You may be wondering, “When should I pay my staff using staff accounts versus hours and wages?”

If your employees are only commissioned, or they receive a small annual salary in addition to their commission, you really only need to use the staff accounts to pay your employees. However, for any employees that are receiving commission in addition to hourly wages or other bonuses, you should use hours and wages.

Viewing Source Costs from Hours and Wages

When we logged our hours and bonuses in the hours and wages record during our demonstrations, we discussed how tying the amounts paid to the source would allow us to track the payroll costs as source costs. Let’s take a look at how that appears on the source record.

Demonstration: Viewing Source Costs

Step 1: *From the hours and wages record created in the prior demonstrations, click on the source name link in the ‘Source’ column which displays in the details section.*
Step 2: *Once you are viewing the source screen, scroll down to the source costs section.*

Result: *You will see a new source costs titled “Hours and Wages roll-up for pay period: xx/xx/xxxx – xx/xx/xxxx”.*

The system will automatically aggregate the total hours and wages amounts that have been allocated to that source during a pay period into a single source cost record. As new hours and wages are created or changed in that pay period for that source, the source cost record will continue to be updated to reflect the total payroll cost.

As you’ll remember from our training sessions early on, tracking the total cost of our sources can allow us to better quantify our ROI for our sources. Are we spending $10,000 on a source that is only generating $8,000 in revenue? Including our payroll costs in that assessment can paint a more accurate picture of how much a source is actually costing your business, and when compared to revenue generated from the source, you can quickly analyze ROI statistics for your sources, such as:

- Cost per issued lead
- Cost per demo
- Cost per sale

When these statistics are compared against sources across your entire business, you can quickly determine which sources you are getting the best return on.

Staff Summary

From the hours and wages screen, you can easily print or email a summary of what the staff member will be paid for a specific pay period by generating a staff summary document. This document can be printed or emailed, and displays the staff member's timesheet for the pay period, as well as the total wages, bonuses, and commission that will be paid.

Opportunity: Let the customer know that the staff summary document can be customized, if they would like to show information differently on the document.

The staff summary can be generated by clicking on the 'Create a Document' button at the top of the hours and wages screen.

Demonstration: Generating the Staff Summary

Step 1: *From the hours and wages screen, click on the 'Create a Document' button at the top.*
Step 2: *Select the checkbox next to 'Log an Activity'.*
Step 3: *Select the checkbox next to 'Attach a Copy'.*
Step 4: *Click on the 'Email to Staff' button.*

Result: *A copy of the staff summary will be emailed to the staff member's email address on their staff record.*

Step 5: *Click on the 'Done' button.*

Result: *On the hours and wages record, the emailed document is logged under Activity History. A copy is also attached in the 'Notes & Attachments' related list.*

Step 6: *Click on the PDF in the Notes & Attachments related list to open the document.*
Step 7: *Click on the 'View File' link.*

Chapter Summary & Discussion Topics

To recap our session on hours and wages, we've covered:

- Setting up Pay Periods
- Tracking your employees' hourly rates
- Using Hours & Wages to track hours worked
- Paying Bonuses from Hours & Wages
- Paying Commissions from Hours & Wages
- Allocating employee payroll costs to sources
- Creating payroll summary reports for your staff

Let's discuss a few of the items from today's session.

Discussion Question 1: Where do you go to setup the hourly pay rates for your Staff?

[Answer: On the Staff record, hourly rates can be recorded in the Base Wages per Hour and Overtime Wages per Hour fields.]

Discussion Question 2: Why would you want to associate hourly or bonus pay to a specific marketing source?

[Answer: You may want to do this so that your payroll costs can be allocated to a source as a marketing expense. Doing this can help your business get a more comprehensive view of how much a source actually costs.]

Discussion Question 3: When should you pay commission from Hours and Wages versus the Staff Account screen?

[Answer: If the staff is receiving commissions in addition to an hourly wage or bonus, commission should be paid from the hours and wages record. Otherwise, it is fine to pay commission from the staff account.]

Chapter 4 Part 2 Key Terms

Hours and Wages:	A record in improveit 360 that is used to track the total hours worked, bonuses, and commissions for a specific staff member for an individual pay period.
Overtime Wages:	The hourly wages paid to an employee for time incurred in addition to their regular hours.
Pay Period:	Represents the frequency at which a company pays their employees. Pay periods can be weekly, bi-weekly, twice a month, or monthly.
Regular Wages:	The hourly wages paid to an employee for non-overtime work, paid time off, or holiday time.
Staff Summary:	A document that can be printed or emailed from an hours and wages record which displays the total compensation to be paid to a staff member during a given pay period.