

DEFEATING THE ABSENCE HYDRA: THE MANY-HEADED WORKFORCE BEAST

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THE PROBLEM WITH ABSENCE MANAGEMENT

Absences affect more than just headcount. They interrupt productivity day-to-day, and increase labor costs long-term. Although they might start out as small blips in attendance, absences can quickly transform into multi-headed monsters wreaking havoc on the bottom line and endangering compliance.

In this paper, we explain the many direct and indirect effects of absence. Join our heroic WAM-Pro, Harry, as he battles the many heads of the Absence Hydra. But watch out! If you don't seal the wound, or stop the absence problem, more are on the way to destroy you.

ABSENCES ON ALL SIDES

Recall the last time you, a coworker, or a manager were absent. Be it caused by illness, a sick child, or just a needed personal day, many organizations do not bother with the dirty details. If they did, however, they might better understand which absences are benign and unrelated, and which are part of a greater, perhaps even malicious, pattern. Missing an occasional day from work delivers little shock to the bottom line, but how many absences occur before organizations become proactive?

According to the Bureau of Labor Statistics, in 2012, two to five percent of an employer's workforce was absent on any given day. A paper published by Liberty Mutual Group in 2011 claimed that half of the employers they surveyed did not know the cost of absences in their organization. No matter the attendance policy or the disciplinary action, absences continue to rear their ugly heads again and again, much like the Greek myth of the Lernaean Hydra. Each time one of Hydra's heads was removed, two more sprouted up. Managing workforce absences might feel like a similarly heroic battle.

Organizations cannot knock off a single independent absence-related problem without uncovering a multitude of others squirming beneath it. Yet individual departments continue to collect, organize, and even manage absence information in their own silo, using diverse and disjointed methods. Each department sends their hero off to battle the beast alone, trying for just one head at a time. But imagine if organizations sent one hero instead? One hero equipped with all the right tools, skills, and experience: a workforce asset management professional (WAM-Pro). In the ancient Greek myth, it was Heracles who slayed the Hydra using not only his strength, but also his intellect and the help of a friend. To thwart

the Absence Hydra, organizations must assemble their heroes, weapons, and knowledge to launch an organized attack.

CHOOSING A HERO

Harry, a WAM-Pro, has a penchant for solving the impossible. Hellenic Health, Inc. recently engaged him to conquer their absence problem. The large organization employs health care professionals, administrators, sales employees, and even manufacturers to create their own herbal medicines for thousands of patients and customers.

The call initially came to Harry after a young analyst at Hellenic Health decided to run reports on absences from all the different departments; she found disturbing results. Monday morning Harry finds himself seated at a boardroom table looking over graphs and charts displaying exponential growth in total absences over the past six months. As a result, Hellenic Health has experienced lower profits, lower customer satisfaction rates, and lower employee productivity in the workplace. In the stuffy boardroom crowds a dozen high-level managers and executives hungry for a solution. “Absences never bothered us before!” they cry. “When we found out, we sent some of our best supervisors to the departments with high absence rates, but they haven’t been able to bring down these numbers.”

From the charts and graphs, it’s hard to tell where it all began. “This looks like the work of an Absence Hydra,” says Harry. “Who is in charge of handling employee absences?” Every person in the room raises their hand and the bickering begins.

“You barely *touch* absence management! You just hand them over to me and I put them in the system,” says HR.

“Well, you wouldn’t know anything if I didn’t tell you!” an operations manager bites back.

“I can tell *you* that we wouldn’t have had that disability compliance problem if *I* had reviewed the status of the absence and recorded it in *our* books,” Risk Management interjects.

“But no employee wants to deal with *you*. They come to *me* for help because I care about the individuals and their privacy,” cries Employee Health.

Apparently each representative—HR, Employee Health, Occupational Health, Risk Management, and even an operations manager from each department—have a different method for dealing with absences, just the way the Hydra wants it. Each department expends all their energy only so that the Hydra grows stronger. Some low-born departments, such as payroll, are not even allowed to fight.

“Payroll just does paychecks and reports,” scoffs a senior manager. “What do they know about absences?”

Oh boy, thinks Harry. The meeting adjourns, but the problem is far from solved.

SELECTING THE TOOLS

On Tuesday, Harry interviews each stakeholder separately to get a clearer picture of the beast awaiting him. By the end of the week he concludes that there are at least three separate systems just for managing absences and there is no integration between them. When one system fails to solve the problem, Hellenic Health buys another one.

From experience, Harry knows to look for both direct and indirect costs of absence. In Hellenic Health's case, each stakeholder or department addresses only one problem at a time. After using their own unique systems to stave off the problem directly the remaining indirect problems branch out beneath it. From his conversations, Harry determines the following costs of absence:

- Noncompliance fines and penalties have cost Hellenic Health over \$5M in settlements and mandated training on worker's compensation, disability, and privacy.
- Fewer line-workers on the shop floor results in potentially lower quality products and lower product output overall.
- Unplanned time off can be an effect of overtime, demonstrating poor schedule planning.
- Fewer health professionals on the floor means a higher ratio of patients to care-givers, possibly lowering patient care.
- Recent employee satisfaction surveys denote high levels of fatigue, stress, and job dissatisfaction.
- High turnover among talented (and infrequently absent) workers occurs during the same periods of high absence.

Due to the rampant nature of this problem, Harry believes the Absence Hydra lurked in the background for a while at Hellenic Health, but without integrated technology they were blind to it. To defeat it, he needs to understand the context of the absences and discover what could be feeding the Absence Hydra.

FINDING HYDRA'S WEAKNESS

Harry knows that the Absence Hydra has many heads and as many faces. Harry performs a system analysis, during which he aligns Hellenic Health's available tools with the outcomes they want to achieve. If Harry can find the Absence Hydra's weaknesses, he can take it down.

Harry starts with tangible cost: the noncompliance penalty. He speaks with the Risk Management department about the incident. Risk management explains that when absences occur the manager typically notices first. The manager sometimes handles the absence personally or reports it to another department, neither of which is always the best option. In this case, the manager reported the absence to HR. Without any contextual information, HR marked the absence as “unexcused” and an absence penalty point was placed on the employee’s record. A formal warning was sent to the employee’s email. The employee’s unexcused absences continued the entire week, and subsequently the employee was suspended without pay, according to HR attendance policy.

“All typical protocol for HR,” explains Risk Management.

To HR, the absence issue had been chopped off at the neck. In reality, more problems bubbled beneath the surface.

“The employee reached out to Employee Health prior to the absences because he was in fact injured on the job. Employee Health had documented this in their system, but since their systems are not synced to anyone else’s, we had no idea any of this had happened,” said Risk Management.

Employee Health approved the employee for worker’s compensation, but since HR sent the unexcused absence reports to payroll first, the employee was denied pay.

“Of course, then *I* receive a compliance filing on behalf of this employee, and we find ourselves in a class action lawsuit,” said Risk Management.

Apparently this employee’s experience was not unique. Other employees experienced the same treatment and disconnect, plunging the organization into unnecessary risk and cost. A settlement was made and the organization was relieved, prematurely. In the midst of the lawsuit, Occupational Health had instructed the original employee to take a medical exam after his injury. During this exam, the doctors discovered that the true cause of the injury was due to a seizure induced by the flashing lights on the manufacturing line. The employee could not perform his duties in that position any longer without causing significant risk. However, this report was not shared with Risk Management or documented anywhere due to the employee’s concerns about privacy and losing his job.

The Absence Hydra was certainly making good use of Hellenic Health’s siloed forms of attack and disconnected efforts. Yet Harry knew that integration alone would not stop the hydra. To study the

FIGHTING HYDRA EVEN HARDER WITH YOUR HANDS TIED

If you are going up against absences alone the battle is likely already lost. No department is ready to tackle a multi-headed beast alone. To prepare for your own battle:

- Integrate critical systems such as payroll, scheduling/operations, HRIS, Risk Management, Employee/Workforce health
- Agree on metrics and tracking methods with other departments
- Highlight absences when they occur and alert managers when approaching days with historically high absence rates
- Document and communicate successes, failures, and positive deviance

Absence Hydra's movements, Harry decided to track it. Using Hellenic Health's data for different employee populations, Harry finds the following:

- All sales representative absences clustered around the end of the year
- Administrators had no reported absences
- Nurse absence rates depended on their physical work location, specifically the pediatric ward

To put the data in context, Harry sifted through Hellenic's policies, contracts, and work rules. He searched for conflicting or misaligned objectives, common loopholes for absence. The sales representatives were unionized, so Harry examined their contracts and found a "use it or lose it" clause in the absence policy. Sales representatives also received no penalty for failing to submit a formal leave requests, making their absences almost always unplanned. Originally, the policy encouraged time off for health purposes, but now the high rate of absences at that time hurt year-end sales. Reps lost contact with clients and the broken relationships hurt sales.

"Unless I constantly ask HR for each employee's absence accrual, I get unexpected absences at the end of the year. Most years I operate with only a fraction of my staff," said the sales manager. "Upper management forgets that *they* signed off on this union contract, not me."

When the manager told her employees to limit or at least submit a request for their absences, they could always cite the union contract agreement as their defense. These conflicting policies allowed the Absence Hydra to thrive, regardless of any thrashing by the sales manager.

Administrator absences were a bit trickier. No one was ever absent yet, when Harry visited the administrative building on a Monday, one of the employees was absent. Throughout the month Harry visited the administrative building once each day and noticed a pattern: someone was always absent on a Monday, but no employee skipped more than one a month. Perhaps because they are all exempt employees they realized there was no financial penalty for an absence, but that did not explain the rotational pattern of the absences.

Monday Absences: By Week and Employee						
Employee	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6
Angie	X				X	
Peter		X				X
Leslie			X			
Henry				X		

Harry looked for punch data first, but realized that exempt employees did not punch. He looked for absence request forms and found none. He looked at accrual balances and did not see any pattern of abuse. He began interviewing employees to find out what they did during the week and discovered that payroll was due every Friday and the adjustment period was open until 12 a.m. Sunday when paychecks went out to employees for direct deposit. Harry then turned to the edit logs. He found that the employees absent on Mondays made changes to timecards, schedules, or other items on Saturdays. In this case, managers and employees created an unspoken rule or norm for overtime: if employees worked the weekend, they could exchange that for a Monday off. The employees were not present, but their managers were not marking them absent either.

Finally, Harry looked at the data for nurses. Nurses specifically in the pediatric home group had the highest absence rates of all nurses. Without comment functionality enabled on the timekeeping system, the absences were marked generically as “absence.” Harry looked at the nurses’ schedules and found that absences often happened after a string of consecutive workdays, but not always. Most of the time the absences appeared to have a domino effect: one absence, then two the next day, maybe another the next, but the correlations weren’t strong enough to make assumptions. Harry decided to talk with a few operations managers on the floor for a firsthand account.

“Most of our absences are due to illness,” said one manager. “Do you think babies and little kids wash their hands, cover their mouths, or wipe their noses when their sick?”

Considering that, Harry did find a correlation between the number of shifts a nurse worked in these high exposure wards, and the likelihood of taking an unexpected day off work due to illness. He advised the manager to send sick nurses home at the first sign of illness to avoid more absences. Harry had lopped off another of Absence Hydra’s heads, but another concern then came to mind: nurses don’t always work on their home group floor. Looking back at the data, Harry saw that when the pediatric nurses filled in for other nurses, there was a slight spike in absence rates on that floor. If schedulers assigned these pediatric nurses to other floors for a day to fill in for an absence or perform float duty, these nurses might then pass the viruses or other bacteria to patients with compromised immune systems. It was a health and safety concern.

Harry approached one of the nurses about this issue and she admitted that she talked to Occupational Health about this issue. Occupational Health told scheduling, and her scheduler took away her shifts for the rest of the week. They also implemented a new a sick policy requiring sick employees to call-out of their shifts.

“But Occupational Health doesn’t realize that I can’t afford to call out,” said the nurse. “Hellenic keeps hiring more nurses on my floor, so now I don’t get scheduled for as many shifts as I’d like, especially if I am calling out sick all the time.”

Instead of working together with Occupational Health, scheduling had a reactionary response to the absence and illness exposure problem: limit the number of shifts for all nurses. This policy likely would not solve the absence problem; instead it would upset current employees, affecting turnover and retention.

METHOD OF ATTACK

After performing a comprehensive investigation, Harry is ready for battle. Like Heracles, Harry needs help to defeat the Absence Hydra; he can’t do it alone. His weapon and partner are full system integration of absence management. Only together can HR, Finance, Operations, Risk Management, Employee Health, and Occupational Health defeat the Hydra.

“When each of you use your systems independently, it’s almost like working against each other. You must share information and standardize your methods so that you can apply a consistent and powerful method of attack,” explained Harry. “The Absence Hydra won’t die from one million cuts.”

After cutting off each problem, Harry and Hellenic Health would configure the workforce management systems to control, monitor, and manage the problem.

With all their weapons and tools, they set out to conquer the Absence Hydra. Hissing and snapping, they found the hydra with a number of fearsome heads.

- The first head swooped down at him: **incomplete or inaccurate data**. He sliced it, and then created a single source of truth for the absence data so that all systems use the most updated, accurate versions. Commenting functionality cleared up confusion about the type of absence, and access rights allowed only the appropriate persons to view and edit the absences, protecting employee privacy. The head withered and a stump formed.
- The second head, **untimely system update or approval**, came from the side but Harry whacked it off. To keep more heads from emerging, he set the system update at a time that avoided conflicting with other integral processes. This way he was able to avoid compromising the quality or conversion of the data. Certain absences, for example those caused by workplace injury, would now require review, approval or escalation to the right department. With a horrible screech, the head fell and nothing emerged again.
- The third head with a trunk-like neck launched for him: **work rules, policies, and programs**. But Harry had stakeholders ready to review, align, and prune. Now aware of them all, Hellenic Health avoided the duplicate, inconsistent, and ineffective traps that once confounded them. The head crashed to the floor with a terrible thud.
- The fourth head reared and thrashed: **scheduled hours vs. actual worked hours**. Harry plunged reporting functionality into the neck and finished the blow with the ability to cross-reference hours with employee schedule preference and schedule requests. Time off accrual reports could now be performed by front-line managers, and flags and notifications would alert them to issues like approaching overtime or consecutive shift absences. They would never be caught off guard again.

Weakened and stunned, the Absence Hydra backed away, trying to protect her last remaining head. With a crushing blow from full system integration and documentation allowing for absence audits and reporting, Harry and Hellenic Health finally took down the beast.

AFTERMATH AND CELEBRATIONS

Now freed from the slithery grip of the Absence Hydra, Hellenic Health saw absence management as more than just a manageable problem, but as a true asset.

- Using integrated absence management, departments communicated the reasons for absence. Together, they:
 - Established preventative policies that lowered health care expenses and disability costs.
 - Created more competitive paid time off and benefit packages.
 - Encouraged a healthier, more engaged workforce.



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- Using integrated absence management, the organization could finally quantify the real costs of absence. They:
 - Had greater awareness of the indirect, resulting costs of work rules and policies.
 - Created more proactive policies for scheduling and work arrangements allowing flexible time-off programs.
- Using integrated absence management they were able to monitor absence and avoid noncompliance. They:
 - Established better absence classification and better case management.
 - Encouraged cross-referencing between departments to determine the status of absence management.
 - Avoided penalizing employees for certain absences, while making sure that those who abused the absence policy were caught.

For Hellenic Health, it was a happy ending; others are not so lucky. The Absence Hydra might remain hidden or dormant for years before being discovered. To keep your workplace safe, engage your own heroic team of WAM-Pros, or you might suffer the same fate as the unfortunate souls in workforce history.

“True heroism is remarkably sober, very undramatic. It is not the urge to surpass all others at whatever cost, but the urge to serve others at whatever cost.”

As quoted by Arthur Ashe in *Worth Repeating: More Than 5,000 Classic and Contemporary Quotes (2003)* by Bob Kelly, page 169.

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