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Don't O.D. On O.T.

Overtime pay can lead to a minefield of labor issues and costs if not approached with balance.

By Ron Sorci

SUPERVISORS ARE RESPONSIBLE FOR seeing employees accurately record the time they work and receive overtime when it is due.

Frequently, employees have stated "their department doesn't allow overtime."

Unfortunately, the unspoken meaning of this phrase means employees may be required to work overtime to complete their work, but will not be paid for it. Employees fear their supervisors will reprimand them if they show overtime on their time cards, so they work the hours and don't record them.

In addition to this practice being illegal, it creates an atmosphere that hurts morale and productivity. Employees who believe they have been cheated out of pay will not be as productive or willing to go the extra mile. Fearing retribution for recording overtime, employees may carry that feeling over into the rest of their jobs, also fearing supervisors may retaliate against them if they do something wrong. This creates a hostile and intimidating workplace.

Overtime Trust

Supervisors should foster a sense of trust where employees feel comfortable raising the issue if they believe they need more hours to complete assigned work. Upon hiring an em-

ployee and at various times throughout the employee's tenure, the supervisor should be sure the employee understands the following:

- Employees must receive permission to work overtime
- Employees must accurately record all overtime on their timecards
- Employees cannot work overtime out of the goodness of their hearts

You need to keep an eye out for individuals who work excessive overtime. It's not uncommon for companies to have 20% of their employees working 80% of the overtime. Such a disparity should raise a red flag, because people who routinely log 60-70 hour weeks are candidates for fatigue related errors.

Don't try to solve this problem overnight. People who work a lot of overtime quickly become accustomed to the larger paychecks and often adjust their lifestyles accordingly. Make sure workers understand the basis for policy changes and build in steps that reduce overtime gradually.

If overtime is a regular feature of your operation, you should have some type of formal distribution system. This reduces the likelihood you'll be left short-handed on any given day and prevents workers from feeling a supervisor is playing favorites.

Training For Flexibility

Emphasize cross training in your company. Some companies get into a bind because only a small percentage of the workforce can handle certain jobs and tasks. So a few workers end up getting a lot of overtime whether they want it or not. When you train employees to handle jobs other than their own, it becomes easier to distribute overtime evenly. It may also reduce the need to call people in for overtime and reduce the number of people you need to provide relief coverage.

Raising Pay

Since you will save money by reducing overtime, you may want to offer slight raises to your employees to offset their perceived pay cut. This raise should be less than the money you will save in overtime. If you choose this route, you should compile data and do a thorough analysis on the expected costs.

If your overtime is inconsistent, you may not have to take extreme measures to eliminate it, but you should be aware of when overtime occurs and try to identify the causes. Overtime is costly and can mean the difference between a profitable week and a losing week. By improving your overall efficiency and eliminating waste in your operation, you should be able to reduce the overtime in your company.

In summary, the task of managing overtime is critical on many levels, which includes financial topics as well as compliance with overtime laws. Begin managing overtime before you find it managing you. **LCT**

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