Recognizing that paper files and spreadsheets are no longer sufficient for managing employee leave, employers are increasingly implementing software solutions to improve leave processes and combat the most manageable leaves, those related to incidental and extended absences. A Mercer survey places the total costs for these absences at 9.2% of payroll\(^1\), which for a company with 10,000 employees and an average salary of $50,000, amounts to $46,000,000 in addressable costs. While the first step is implementing a best-practice leave management solution, the next is monitoring and analyzing program results to quantify the benefits. This whitepaper provides examples of metrics and reports that can enable employers to:

- Analyze trends to help formulate absence management strategies
- Monitor change to measure ROI (return on investment) of programs and practices
- Identify risks in real-time to proactively address them and minimize costs

**Focusing on Trends and Strategy**

The right set of absence and leave metrics can provide managers and directors valuable insight into workforce trends and support the development of effective absence and workforce management strategies. While it is difficult to pull the data required for these metrics when using manual or outsourced leave processes, new leave management solutions make this data accessible in real-time via tools like reporting engines and dashboards.

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The dashboard below from Presagia Enterprise’s Leave Module illustrates some of the metrics that can be created from leave case data. The first metric provides the reasons that leaves are being requested, the second looks at the distribution of cases by age and gender, the third shows the spread of workers compensation versus non-occupational medical leaves, and the fourth breaks down the specific health conditions related to medical leaves. This data can be used by an employer to craft programs to address their workforce’s unique leave experience with proactive absence, health, wellness, and benefits strategies. For instance, knowing that the majority of leaves are for medical, non-occupational reasons and that cancer and behavioral health are some of the most prevalent medical conditions, an employer might focus their disease management, health screening, and wellness programs on these conditions. They could also adjust their benefits plans to increase benefits in these areas to ensure their employees seek proper treatment, provide greater incentive for employee retention, and improve overall employee satisfaction.

Another interesting set of metrics are ones that display absence patterns over specific time intervals (i.e. day, month, quarter, or year). The dashboard below provides absence trends by day of week and month over the last year, and breaks these into non-intermittent and intermittent leave categories. This data could be used by an absence program director to identify spikes in absences based on days or months which might require additional analysis to determine if these are related to abuse of leave policies. For instance, if there are an unusual number of intermittent absences on Fridays, it would be logical to dig deeper to see if employees are using a leave policy like FMLA to extend their weekend time with questionable medical conditions. This information is also highly useful for human resources and managers because they can more accurately forecast staffing needs and set more realistic productivity expectations based on expected attendance levels. One outcome of this analysis might be to schedule more temporary employees during months with high absence rates.

**Measuring Outcomes**

Successful leave programs must be continually monitored to measure outcomes. Doing so enables leave program directors to determine strategies that work, re-evaluate ineffective practices, and provide solid statistics to the C-level to support budget decisions. The following dashboard displays lost workdays and leave durations, providing key metrics that can be compared year over year to demonstrate program success.
The first metric ‘Lost workdays per quarter’ tracks lost workdays for all types of leaves. Employers can use this metric to quantify total reductions in lost workdays by quarter, year over year. Taking this analysis a step further, they can equate a dollar figure by using the daily wage multipliers found by Sean Nicholson et al in ‘Measuring the effects of work loss on productivity with team production’. These multipliers estimate the actual cost of a day of absence for different types of workers based on the assumption that an absent worker cannot be perfectly replaced, so the cost of an absence is not simply the worker’s daily wage. The average multiplier across jobs is 1.61\(^2\). Using a workforce of 10,000 with an average daily wage of $210 and an average daily absence rate of 5% as an example, there are 130,000 lost workdays at a cost of $27.3 million. Therefore a 5% reduction in total lost work days through better leave management equals over $1.4 million in savings.

The second metric provides an annual breakdown of lost workdays by leave policy, enabling employers to break out different types of leaves and measure their costs. For example, the Mercer survey referenced earlier found that the indirect costs of incidental and unplanned leaves (these include FMLA and STD) are more than 3.5 times the direct costs\(^3\). The metric shows 4,325 FMLA, 1,415 combined STD, 421 NJ FML lost workdays. If the direct costs are equal to the average daily wage paid to workers, a company with an average daily wage of $210 spends (6,161 X $210 X 3.5) = $4.53 million on these leaves alone. Using these formulas and similar ones, employers can quantify year over year lost workday reductions and the associated cost savings. These ROI figures can support the value derived from a leave management system and other absence management programs, and enable other business departments such as operations to more closely measure business costs.

Diving Deeper to Analyze Risks

While dashboards provide an easy means to identify high-level risks, it is often necessary to dive deeper into the data to analyze risks, determine their root causes, and address these with proactive strategies. The ability drill down from high-level metrics to detailed data is critical for full analysis. For instance, upon seeing that FMLA drives the most lost workdays and largest percentage of leave cases, an organization should run a report of all FMLA cases like the one below.


Whitepaper – The Metrics You Need to Better Manage FMLA .............................................................................................................................................. 3
This report provides a list of all FMLA leaves and can be sorted and filtered by important criteria like Employee, Gender, Age, Geography, Division, and Dates. Further analysis of this data could identify excessive FMLA use at a particular location, within a division, by gender, and by age. Leave and absence program directors can then craft programs and policies to address specific risks.

**Summary**

While simple in concept, getting accurate, timely metrics and reports is a major challenge for most employers. Often, this is because leave data is de-centralized, residing in spreadsheets, paper files, and other systems. This is a significant problem because these metrics and reports are necessary to properly monitor and enhance leave programs and in doing so reduce overall employee absence. Presagia provides a leave management solution to streamline leave processes and enable real-time generation of the metrics and reports critical for program optimization.

The Presagia Enterprise Leave Module is a web-based solution to comprehensively manage employee leave in accordance with leave regulations and employer policies. Organizations benefit from a rules engine with FMLA and over 300 state leave rules, automated request and approval processes, and auto-generating leave correspondence, promoting efficient and accurate leave management. Utilizing it, they centralize leave data in a single system, facilitating in-depth reporting to analyze trends, identify risks, and measure outcomes. For further information about the Leave Module, please visit: