

IDI Time Bank Solutions:

Piece Rate



Our Time Bank **Piece Rate** solution is designed for companies that base their employee's compensation on production rather than just time worked. These companies often pay different per unit amounts (piece rates) and employees are paid based on their production (units) x piece rate. E.g. if an employee completed 100 units of widget A at \$.50/piece and 200 units of widget B at \$1.00/piece, they would earn \$250.00 (100x \$.50 + 200x\$1.00).

For Piece Rate clients, the employee time and piece production is captured in a time&attendance system or other application (e.g. pieces tracked and exported from client's shopfloor or field system). Time Bank is configured to store or read the client's piece rates by piece type data to calculate the piece earnings entitled to an employee along with the hours and earnings results to be passed to payroll. In addition, many piece rate organizations have supplementary policies including:

- Compare employee's piece earnings vs. hours worked x minimum wage and pay higher of the two
- Pay overtime premium as hours at a calculated rate (piece earnings / worked hours x .5).
- Pay non-worked time (e.g. Down Time, Sick, etc.) as a rolling average from a prior period worked
- Tiered piece earnings based on quantities completed (e.g. completing 1-100 = \$.50/widget, 101-250 = \$.75/widget).

“ The Time Bank solution IDI created for us is working great! It has been a wonderful tool for us to reduce manual calculations and data entry while simplifying our piece rate procedure every time we process payroll.”

Dan Lambert

Human Resources Director,
SnugZ USA

Data/System Flow



- Capture employee time and pieces completed across different piece types
- Enforce Overtime rules
- Capture non-piece work in pay period

- Extract appropriate time and pieces transactions from current period
- Calculate piece earnings based on internal piece rate table
- Calculate non-piece work rates
- Export results for import into payroll

- Import time and earnings data
- Process payroll
- Labor reporting



Processing Frequency:

- Once per pay period (end of pay period)



Payroll Admin User Steps

1. Run Time Bank (double click icon)
2. Import Time Bank file into <payroll system>
 - Review results and process payroll
 - Create Reports for employees earnings.



Sample Piece Rate Examples

Information capture in time&attendance system:

Example

Employee 1 worked 40 regular hours, 2 overtime hours and completed:

- 500 pieces of widget A
- 300 pieces of widget B
- 100 pieces of widget C

Employee 2 worked 40 hours and completed:

- 200 pieces of widget A
- 75 pieces of widget B
- 50 pieces of widget C

This employee also had 8 hours of “down time” as their machine was broken. They are paid the company rate of \$15.00/hr for any non-worked time.

Time Bank Calculation:

Time Bank has a table that includes the piece rates for each piece type of:

- Widget A = \$.50/piece
- Widget B = \$.25/piece
- Widget C = \$.15/piece

Employee 1

500 pieces of Widget A @ \$.50/piece = \$250.00

300 pieces of Widget B @ \$.25/piece = \$75.00

100 pieces of Widget C @ \$.15/piece = \$15.00

Total Piece Earnings = \$340.00



\$340.00 > 40 hours @ \$7.25 (min wage) + 2 hours @ 7.25 x 1.5 so employee is paid \$340 this weekly payroll for their straight time earnings. 2 overtime hours are paid a rate of $340 / 42 \times .5 = 4.05$ 4.05×2 hours = 8.10 in overtime earnings.

Employee 2

200 pieces of Widget A @ \$.50/piece = \$100.00

75pieces of Widget B @ \$.25/piece = \$18.75

50pieces of Widget C @ \$.15/piece = \$7.50



Total Piece Earnings = \$126.75 + this employee also worked 8 hours of Down Time @ \$10.00/hr = \$80.00 = \$206.25 Total earnings of \$206.25 < 40 hours @ \$7.25 (\$290.00) so employee is paid \$290.00 this weekly payroll for their earnings.



Other Commonly Requested Time Bank Solutions for Prior Period OT Adjustment Clients

Below is a list of IDI solutions outside of the Piece Rate solution described above. Please contact IDI to learn more about these frequently requested solutions:

- **Mobile Data Collection integration:** Time Bank works with several mobile data collection industry leaders to transfer time and/or piece data captured in the field on a hand held device into a time&attendance system
- **Bonus/Incentive Solutions:** For companies with complex bonus or other incentive polices(e.g. union requirements), Time Bank can be further customized to automate step or tiered pay structures, individual or team production bonuses, etc.

Contact IDI at 866-846-3226 option 1 or sales@idesign.com to discuss our solutions.