

# Managers Cautiously Using Employee ‘Tracking’ Software

**J. BONASIA**  
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Bristol West Insurance Group (BRW) had a problem. Its programmers took longer than expected to write new software for managing auto insurance claims and policies.

Staff completed just 30% of software projects on time, says Kevin Brady, project director for Bristol West. So the company turned to project management software from privately held Automation Centre.

The software helps managers monitor staff progress as they strive to meet project deadlines and budgets. A second, separate type of software helps companies track how their employees use the Web.

The Web tracking and project management software are examples of products that help companies boost efficiency, but at the same time present challenges in making sure workers don't feel they're being spied on by their managers.

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"This gives us a method to monitor projects much better," he said.

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But using software to peer over the shoulders of workers requires a subtle balancing act, says Brady. The goal is to rein in waste without smothering creativity. The best approach is to clearly explain policies in advance, says Brady.

"We avoided any Big Brother overtones because we had a lot of discussion on why we're doing this," he said. "We laid out our purposes and the intended benefits."

Automation Centre's program is called Tracker. The system seeks to streamline the flow of work among programmers, managers, salespeople and support staff. Workers log the hours and steps they've taken toward the completion of tasks in a central database. Managers then assign new tasks to the right people to keep projects on time and budget.

As project director, Brady can get a quick view of the progress on any job. The reports stream across the bottom of his computer screen like a stock ticker. Another feature, known as "Auto Nag," blasts regular e-mail updates to staff.

"This has a direct effect on my job by putting lots of moving parts at my fingertips," Brady said.

Project management software can increase worker productivity by 5% in the first year of use, says Steven Birchfield, chief executive of Automation Centre. But it's not a cure-all. He says a crucial aspect of any project is picking the right team.

"People usually overestimate the importance of the task and underestimate the importance of the team," he said.

Birchfield recalls a large manufacturing client that installed a new accounting system some years ago. Expected to cost \$500 million, that project came in at \$1 billion.

"This avoidable problem was directly due to project mismanagement, by using the wrong people and having sloppy oversight," Birchfield said.

Larger makers of project management software include Niku (NIKU) and privately held Primavera Systems. Two of the largest sellers of business software, PeopleSoft (PSFT) and SAP, (SAP) also sell such products. The percentage of U.S. businesses that use project management software has risen to 26% from just 2% in 2002, says research firm Gartner.

Tracking software is catching on because it helps managers get a better handle on the costs, resources and timing of projects, says Gartner analyst Daniel Stang, but workers need to know it's not a babysitter.

"It shouldn't be used for individual performance reviews, but as a thermometer to gauge the health of the organization and projects," he said.

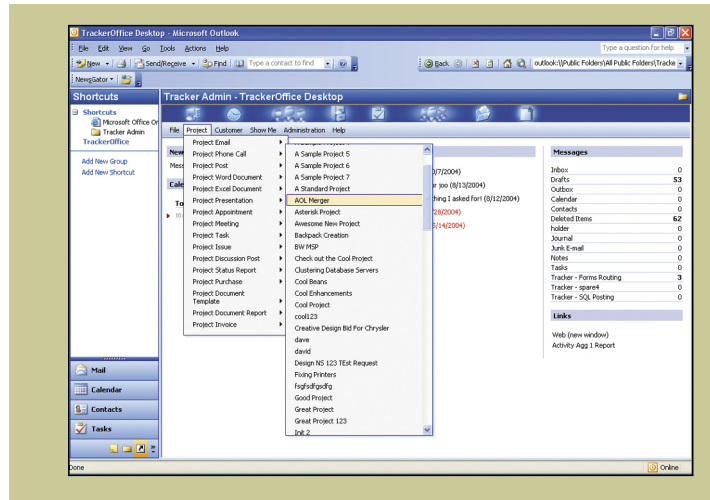
When using such software, managers need to avoid micromanaging, says Birchfield.

"A big mistake is to approach this with the wrong level of granularity, because nobody wants to be looked at too closely," he said. "That results in a stifling atmosphere."

That same delicate task awaits companies that use software systems to manage employee Internet usage. Studies show that 70% of Web porn traffic occurs during the workday. And a third of visitors to gambling sites do so from work.

Workers who access porn and gambling sites expose their companies to liability issues and computer viruses. Thus, many companies use Web filtering software to boost productivity and reduce any risks.

Firms such as WebSense, (WBSN) Secure Computing (SCUR) and two privately held companies, SurfControl and Wavecrest Computing, have sprung up to block



access to certain Web sites. They also offer reports on employee Web usage.

They help managers track how their companies are using online resources, says Dennis McCabe, vice president of business development for Wavecrest.

For instance, Johnson & Johnson (JNJ) uses Wavecrest software not only to block workers from visiting too many sports or shopping sites on the job. It also tracks whether employees take full advantage of their online training programs.

Companies are more effective when they draw up Internet usage policies that they clearly spell out for staff, says McCabe. Otherwise, employees can feel they're being unfairly watched or singled out.

"Conspiracy theories only occur if decisions are not based on written policies," he said. "A lot of companies struggle with this."

On the other hand, many workers fail to perceive how misuse of the Web can hurt their company.

"Not only are you abusing time on the job for which you're paid, but you're also using corporate bandwidth and equipment that costs money," McCabe said. "Basically, using company resources for personal reasons is a form of stealing."◆