PAYROLL STRATEGIES
ADVANCED TRAINING

Carolina’s Payroll Conference
November 2015
Norbert has over 20 years of Global HR/Payroll support and outsourcing experience across multiple clients and sectors. He has held various management, project management and consulting roles and has driven positive client experience. Norbert has led large HR/ Payroll operational teams with IBM, Lockheed Martin, Fidelity Investments and currently with Wells Fargo.
Linda Obertin, CPP

Senior Vice President, Wells Fargo
Linda.M.Obertin@wellsfargo.com

- Past-President, American Payroll Association
  - Payroll Woman of the Year 2002
  - Meritorious Service Award Winner 1999
- 25+ years experience
  - Leading Payroll, Human Resources, Benefits, HRIS
  - Worked with companies in size ranging 300 – 280,000+ employees
Agenda

10 Strategies for helping Payroll Hero’s Leap Tall Buildings!

- Branding
- Mission Statements
- Strengths, Weakness, Opportunity, Threat Analysis Tool
- Informing and Influencing Executives
- Relationship Building
- Communication Planning
- Demonstrating Payroll Value Chain
- Goal Setting
- Dashboards/Scorecards
- Developing Talent
Brands

Walmart

Martha Stewart

Tiffany's

MICHELE OBAMA

JFK
Know Your Brand

• What makes me (or The Payroll Department) Unique?
• What Value do I provide (or The Payroll Department)?
• How Do I Want to be Known (or The Payroll Dept)?
• How Do You Show Up At Work, In Meetings?
Mission Statement

A dynamic and forward-thinking Global Payroll team which provides cutting-edge products and services that are accurate, timely, compliant, and delivered in mediums to suit the diverse nature of our global team members, lines of business, and the enterprise.
Developing Strategy

Four Steps in Developing a Strategy

Step 1: Formulation
- Strategic Goals
- SWOT Analysis

Step 2: Development
- Functional Goals
- Internal systems aligned

Step 3: Implementation
- Specific Action Plans

Step 4: Evaluation
- Metrics
- Internal / External factors reviewed
- Corrective Actions
Benefits of a Payroll Strategy

- Provides a clear vision of purpose and goals / objectives.
- Provides a proactive working environment with expectations.
- Ability to measure performance while making the appropriate changes when required.
- Increased efficiency in operations.
- Effective either in a one person payroll department or with multiple team members to set direction and goals / objectives.
- Provides a platform to develop consensus among team members, clarity of direction of work and provides an understanding of one’s self in the process.
Developing Strategy

Align with Corporate Strategy

1. Team Member Engagement

1. Measuring Efficiency and
2. “Health of Process”

1. Training Investment

1. Results Oriented
2. Optimizing Processes and Talent

Customer/Employee Experience

Efficiency

Workforce Management

Financials
## SWOT Analysis Template

**Strengths - Weaknesses - Opportunities - Threats**

**PAYROLL SERVICES - (United States)**

**Directions:** The SWOT Analysis Template is used to analyze current Strengths, Weaknesses, Opportunities and Threats within the payroll services discipline. The SWOT analysis will become a guide in improving processes, streamlining cross-function tasks, increasing accuracy and identify opportunities for cost savings.

<table>
<thead>
<tr>
<th>S</th>
<th>Strengths</th>
<th>W</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>List known and potential <strong>Strengths</strong> of the entire payroll process.</td>
<td></td>
<td>List known and potential <strong>Weaknesses</strong> of the entire payroll process.</td>
</tr>
<tr>
<td>Payroll execution - High level running smoothly</td>
<td>Internal Controls - segregation of duties</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowledge of local pay practices and laws</td>
<td>No governance model</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Openness and desire for payroll related help with HR groups</td>
<td>Minimal SLA vendor oversight</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll and time keeping systems currently running adequately</td>
<td>Short on Payroll Services team resources</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>O</th>
<th>Opportunities</th>
<th>T</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>List known and potential <strong>Opportunities</strong> of the entire payroll process.</td>
<td></td>
<td>List known and potential <strong>Threats</strong> of the entire payroll process.</td>
</tr>
<tr>
<td>Cross-train Payroll Services team members</td>
<td>Limited disaster recovery and crisis management planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Define and improve documentation of processes</td>
<td>Changing laws and regulations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrations of Payroll and HRIS systems</td>
<td>Changing business strategy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payroll Services to be included in M&amp;A and due diligence process</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*To know where you want to go, you must know where you are and where you have been!*
Developing Strategy

Multi-Year Roadmap

Centers of Excellence
Clear Accountability Model

Career Pathing
Enhancing Skills & Defining Opportunities

Service and Relationship Focused
Value Proposition: Business & TM’s

Metrics and Benchmarks:
Data & Feedback

Roadmaps Tools and Services:
Setting the Course

We are here
Strategic Goal Alignment

Primary Stakeholder
- Validated Value to Business
- Payroll Services Value Validation Model

Secondary Stakeholders
- Payroll Accuracy
- Withholding Tax (P&I)
- Compliance
- Service Delivery
- Cost Management
- Payroll Services Process Execution
  - Projects and Initiatives which support objectives and goals
  - Payroll Team Training and Development

Strategic Alignment Positioning
- Performance Management
- Payroll Services Projects
- Payroll Services Team development
Discussions with Leadership: Payroll View

- Internal Controls
- Benefits
- Treasury

- Accounting
- Finance
- Legal

- Payroll Services

- Payments to Employees and Retirees
  - Payments to others:
    - Tax Jurisdictions
    - Garnishments
    - Benefit vendors
    - Other third-party groups
  - Deliverables to other internal business functions:
    - Accounting (General Ledger)

- Business
  - Strategy

- External Influence Factors
  - DOL, FLSA, HIPPA, Fed, State, Local Tax Jurisdiction, Payroll Compliance, etc.

- Human Resources (HR)
- HRIS
- Accounts Payable
  - Compensation
  - Global Mobility
  - Corporate Tax

- Payroll System / Vendor(s)
The Payroll Value Chain (PVC) represents the process by which the Payroll Services department creates the deliverables to the stakeholders.

The PVC allows for alignment of objectives, tasks and goals of the payroll strategy with that of the (PEM) Payroll Evolution Map; thus maximizing the value of the Payroll Services department to the company.
Functional Goals (Micro-Level)

- **Payroll Accuracy**
  Number of off-cycles/total number of pay slips
  - 99.25%

- **Withholding Tax (P&I)**
  Less than $50K in P&I
  - <50K

- **Compliance (P&I)**
  $0 in P&I
  - $0

- **Service Delivery (Survey Results)**
  >90% of scores > than Satisfied
  - 90%

\[
\text{Total Weighted Performance Score} = \text{AWP (Average Weighted Percent)} + \text{Conversion Factor}
\]
### Implementation of Goals: Action Plans

- Manage by Objectives Alignment Template.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Tasks</th>
</tr>
</thead>
</table>
| **(1) Performance Management** | 40 Payroll Accuracy: 99.25%  
Withholding tax: under 50K in P&I for year  
Service Delivery: 90% Overall Service > satisfied  
Compliance - <.50% total gross payroll in P&I with DOL, IRS, State, local audits |
| **(2) Individual Payroll Services Projects** | 25 Promoting Ipay - 1x per quarter communication  
Process Transition Service Agreements - v2  
Compliance audit - due by EO3Q  
CRM Ticket Management  
Update Payroll Manual as needed |
| **(3) Team Project Participation** | 15 Cross-training  
Develop cost savings checklist and plan - Team  
Lunch and Learn - "Know your Pay Slips and Government changes  
Internal Controls Payroll Assessment review and oversight  
LSS - US Payroll Process analysis and cost improvements  
Taxable and Non-taxable Compensation Audit |
| **(4) Learning and Development** | 20 APA Conference  
Attend a leadership seminar  
Global Mobility Training  
Attend Yellow or Green belt Six Sigma Training if offered  
Tri-weekly development review meeting with Mgr. |

Total Strategy Weight: **100**
Stakeholders

Obligations of Payroll Services to Primary and Secondary Stakeholders:

- **Primary Stakeholder** – deliver the maximized ROI and value to the business.

- **Secondary Stakeholders** – meet requirements and objectives. Timely and accurate performance, while delivering world class service.

- **Scope US and Canada** – some services are only used in the US.
Communications Plan

• Consistent communication is key to keeping everyone on the same page, having a pulse on actual results and being able to act quickly and appropriately.

• Communications Schedule:
  • Yearly strategy meeting.
  • Post payroll recap meetings.
  • Bi-weekly CRM ticket meetings.
  • Monthly vendors calls.
  • Month payroll department meetings.
  • Scheduled individual team member meetings. (Every 3 weeks)
  • Quarterly meetings with all departments.
How do “You” define Payroll Success?

- Payroll Accuracy Metrics
  - What metrics do you use?
    - Payroll Processing % (99.00%)
    - Compliance (P&I) $. Ex. <$50K of payroll
  - Cost per pay slip? (cost going up or down)
- Employee Relations (Customer Service Scores)
- Payroll Department Turnover
- Comprehensive Approach
## Dashboard Example

<table>
<thead>
<tr>
<th>Measure</th>
<th>Values</th>
<th>Percentile Ranking Place</th>
<th>Measure Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accuracy</strong></td>
<td>99.00%</td>
<td>15th</td>
<td>% Payslips produced without error (only those errors reported to Service Desk)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Calculated as % of Payslip Volume in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\geq 99%$ Amber is $\geq 98%$ Red is $&lt; 98%$</td>
</tr>
<tr>
<td><strong>Overpayments</strong></td>
<td>0.17%</td>
<td>19th</td>
<td>% of Overpayments (only those errors reported to Service Desk)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(Calculated as % of Payslip Volume in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 0.5%$ Amber is $\leq 1%$ Red is $&gt; 1%$</td>
</tr>
<tr>
<td><strong>Manual Payments Outside Payroll</strong></td>
<td>1.00%</td>
<td>75th</td>
<td>% of Manual Payments made outside of Payroll (Calculated as % of Payslip Volume in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 1%$ Amber is $\leq 2%$ Red is $&gt; 2%$</td>
</tr>
<tr>
<td><strong>Claims Received after Cut-Off</strong></td>
<td>0.74%</td>
<td>38th</td>
<td>% of Claims received within 5 Days after Payroll Cut-Off (Calculated as % of total Claims received in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 3%$ Amber is $\leq 6%$ Red is $&gt; 6%$</td>
</tr>
<tr>
<td><strong>Claims Returned</strong></td>
<td>0.56%</td>
<td>45th</td>
<td>% of Claims Returned (Calculated as % of total Claims received in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 2.5%$ Amber is $\leq 5%$ Red is $&gt; 5%$</td>
</tr>
<tr>
<td><strong>Service Desk (Total Calls)</strong></td>
<td>3.72%</td>
<td>15th</td>
<td>% of Calls Received (Calculated as % of Payslip Volume in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 4%$ Amber is $\leq 8%$ Red is $&gt; 8%$</td>
</tr>
<tr>
<td><strong>Service Desk (General Enquiries)</strong></td>
<td>9.00%</td>
<td>56th</td>
<td>% of General Enquiry Calls Received (Calculated as % of total Calls received in Month)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Green is $\leq 1%$ Amber is $\leq 2%$ Red is $&gt; 2%$</td>
</tr>
<tr>
<td><strong>Payslip Volumes</strong></td>
<td>Y2D Annual 63.8</td>
<td>5th</td>
<td>Contract Year to Date (annualised) Payslip Volume (in 000's) (Calculated as % Variance from Contract)</td>
</tr>
<tr>
<td></td>
<td>Contract 64.2</td>
<td></td>
<td>Green is $\leq 2.5%$ Var Amber is $\leq 5%$ Var Red is $&gt; 5%$ Var</td>
</tr>
</tbody>
</table>
Evaluation: Metrics and Review

- Evaluation – monitor metrics “dashboards” and make appropriate changes. “Make meaningful and validated changes.”

**Payroll Services – Dashboard**
North America, US

**Payroll Accuracy**
<table>
<thead>
<tr>
<th>Goal</th>
<th>MTD Actual</th>
<th>Status</th>
<th>YTD Actual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS</td>
<td>99.75%</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
<tr>
<td>DF</td>
<td>99.00%</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
</tbody>
</table>

**Withholding Tax (P&I)**
<table>
<thead>
<tr>
<th>Goal</th>
<th>MTD Actual</th>
<th>Status</th>
<th>YTD Actual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS</td>
<td>&lt;25K</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
</tbody>
</table>

**Compliance**
<table>
<thead>
<tr>
<th>Goal</th>
<th>MTD Actual</th>
<th>Status</th>
<th>YTD Actual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS</td>
<td>&lt;.50%</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
</tbody>
</table>

**Service Delivery**
<table>
<thead>
<tr>
<th>Goal</th>
<th>MTD Actual</th>
<th>Status</th>
<th>YTD Actual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS</td>
<td>99.00%</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
</tbody>
</table>

**Cost Management**
<table>
<thead>
<tr>
<th>Goal</th>
<th>MTD Actual</th>
<th>Status</th>
<th>YTD Actual</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>PS</td>
<td>&gt;40K</td>
<td>00.00%</td>
<td>00.00%</td>
<td></td>
</tr>
</tbody>
</table>

**YTD Off-cycle Fees**
- Atlanta: $0
- Benefits: $0
- Bismarck: $0
- Fargo: $0
- Gwinner: $0
- Global Mobility: $0
- Litchfield: $0
- Statesville: $0
- Wahpeton: $0

**Monthly Notes**
- EE SS rate to change next month.
- Remember to run Pay Sims after each master data entry.
- 3 pay runs this month.
**Department Scorecard**

### Go Green

<table>
<thead>
<tr>
<th>Electronic Payments</th>
<th>_____%</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Direct Deposit</td>
<td>_____%</td>
</tr>
<tr>
<td>-Debit Cards</td>
<td>_____%</td>
</tr>
</tbody>
</table>

| Electronic Statements | _____% |

**Total number of payments**

**Total $$ of payments**

### Customer Feedback

- **Highly Satisfied** _____%
- **Moderately Satisfied** _____%
- **Somewhat Satisfied** _____%

### Under Budget

___% of Total Budget

### Payroll Team

- Years of Experience
- Attended ____ Hours of Training
Department Scorecard – with Data

**Go Green**

- Electronic Payments 86%
  - Direct Deposit 79%
  - Debit Cards 7%
- Electronic Statements 66%

**Under Budget**

98% of Total Budget

- Total number of payments 5,867
- Total dollars of payments $500,000

**Customer Feedback**

- Highly Satisfied 78%
- Moderately Satisfied 15%
- Somewhat Satisfied 7%

**Payroll Team**

- 44 Years of Experience
- Attended 120 Hours of Training
Your 2015 Department Scorecard

Examples with Graphics

Customers are saying…”they are **Highly Satisfied**”

- **78%** Highly Satisfied
- **15%** Moderately Satisfied
- **7%** Somewhat Satisfied

Go Green
86% Electronic

Pay Cards close the gap

$500,000

Fiscally Responsible
98% of Total Budget

5,867 Payments

**Hours of Training**

- 120 Hours

**Years of Experience**

- 44 Years

Payroll Team Mitigates Risk and Manages Compliance with...

- 1st Qtr
- 2nd Qtr
- 3rd Qtr
- 4th Qtr
Business Centric Analysis

- **Information to support business decision**
  - What is the total labor cost per country for a web designer?
  - What are the employer-paid benefits in these countries?
  - Should we hire or leverage overtime to support that project?

- **Visibility into labor costs ➔ better control of labor costs**
  - Quicker reaction to discrepancies
  - Automated alerts when thresholds (overtime...) are breached

- **Dashboard visibility into payroll operations**
  - Overtime (number of hours, cost) breakdown by country, site, employee
  - Total (blended) labor costs by job profile, country
  - Actual labor costs vs. budgeted costs
Bigger Picture Story:
“Payroll Department Data Correlates to Bottom Line Success”

Metric: Timeliness of Termination Notification
Days Late for Notification

Manager
Terminations
Late Terminations

Company Property
Ongoing Expense
Increased Cost of Expenses (Phones/PC’s)

Organization
$$
Decreased Profits
Developing Your Talent; Your Key to Success.

- **Personal - Self**
  - Professional Improvement
  - Technology Knowledge
  - Professional Experience

- **Systems**
  - Advanced Systems Training

- **Payroll Knowledge**
  - On-going Payroll Learning

- **Leadership Training.**
- **Management Training.**
- **Communication Training.**

- **Microsoft Office Suite Training.**
- **Project Management Training.**

- **Project Manager for group project.**
- **Involvement with projects outside immediate scope.**
- **Special Assignments, Task Forces, Committees.**

- **Continually seek advanced training, even with vendors.**
- **Ask for advanced and on-going training.**

- **Attend APA offered training events and programs. Congress, CPP, On-line training, etc.**
ENABLING Your Talent

- Communities of Practice
- Centers of Excellence
- Knowledge Experts
- Subject Matter Experts
- Mentoring
Other Important Tips for Success

• Be AUDIT READY: Have pre and post payroll audit plans.
• Root cause analysis approach – Continue to ask questions on how to improve processes. Learn from each situation.
  • It may be a “Person issue,” yet what else can be done to eliminate potential issues. Improved documentation, increased training, etc.
• Develop a relationship and partnership with your vendor.
• Engage in meaningful projects.
• Do not operate in a silo. Collaboration is key!
• As a leader take care of your team and have their best interests at hand.
• Ask for feedback on how to improve. I.e., your boss, other departments, vendors, payroll team members etc.
THANK YOU for attending today’s session!