

PAYROLL STRATEGIES

ADVANCED TRAINING

Carolina's Payroll Conference

November 2015



Norbert Braun, CPP

Vice President, Wells Fargo

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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

Tiffany's

Martha
Stewart

MICHELE
OBAMA

JFK

Know Your Brand

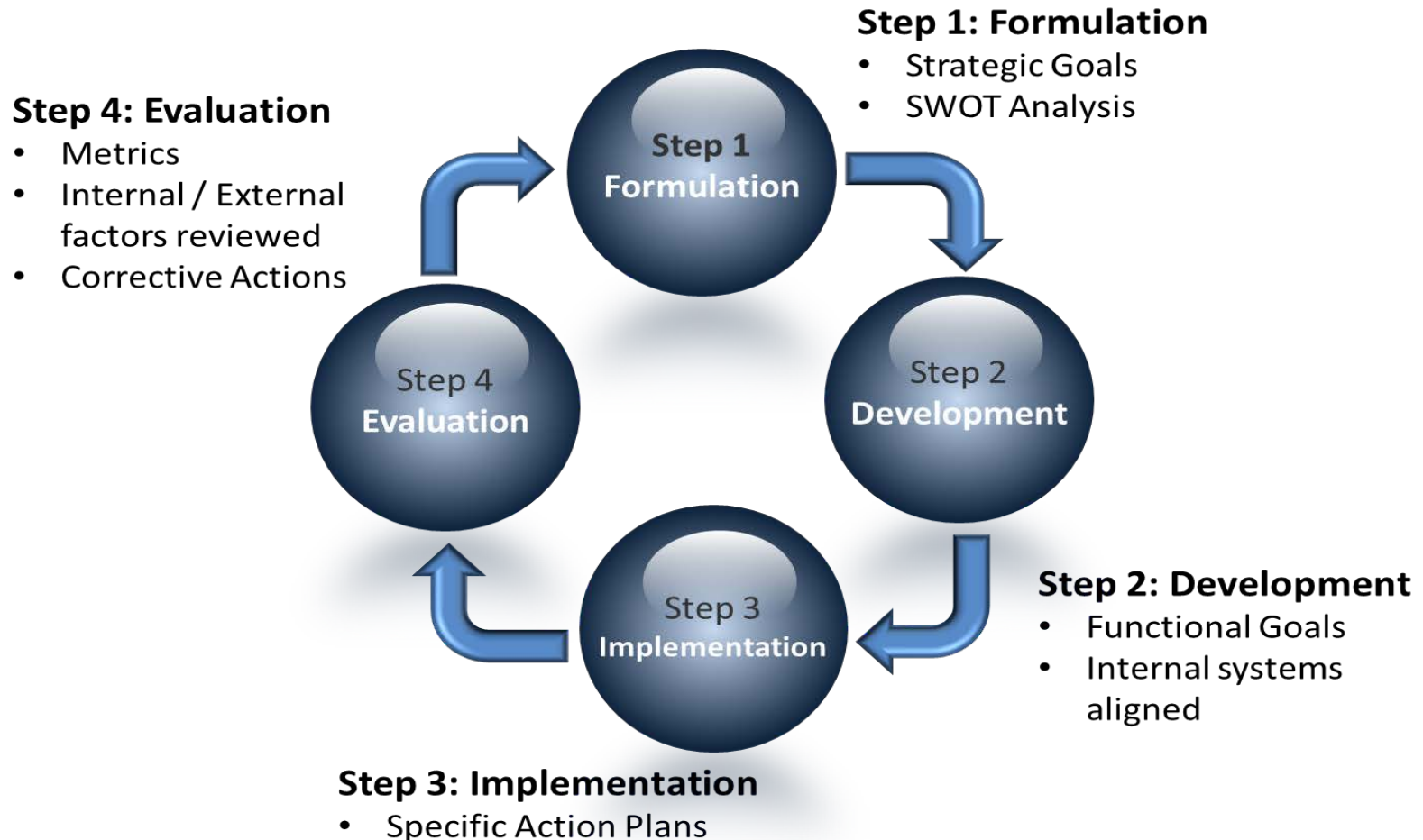
- What makes me (or The Payroll Department) Unique?
- What Value do I provide (or The Payroll Department)?
- How Do I Want to be Known (or The Payroll Dept)?
- How Do You Show Up At Work, In Meetings?

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



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.



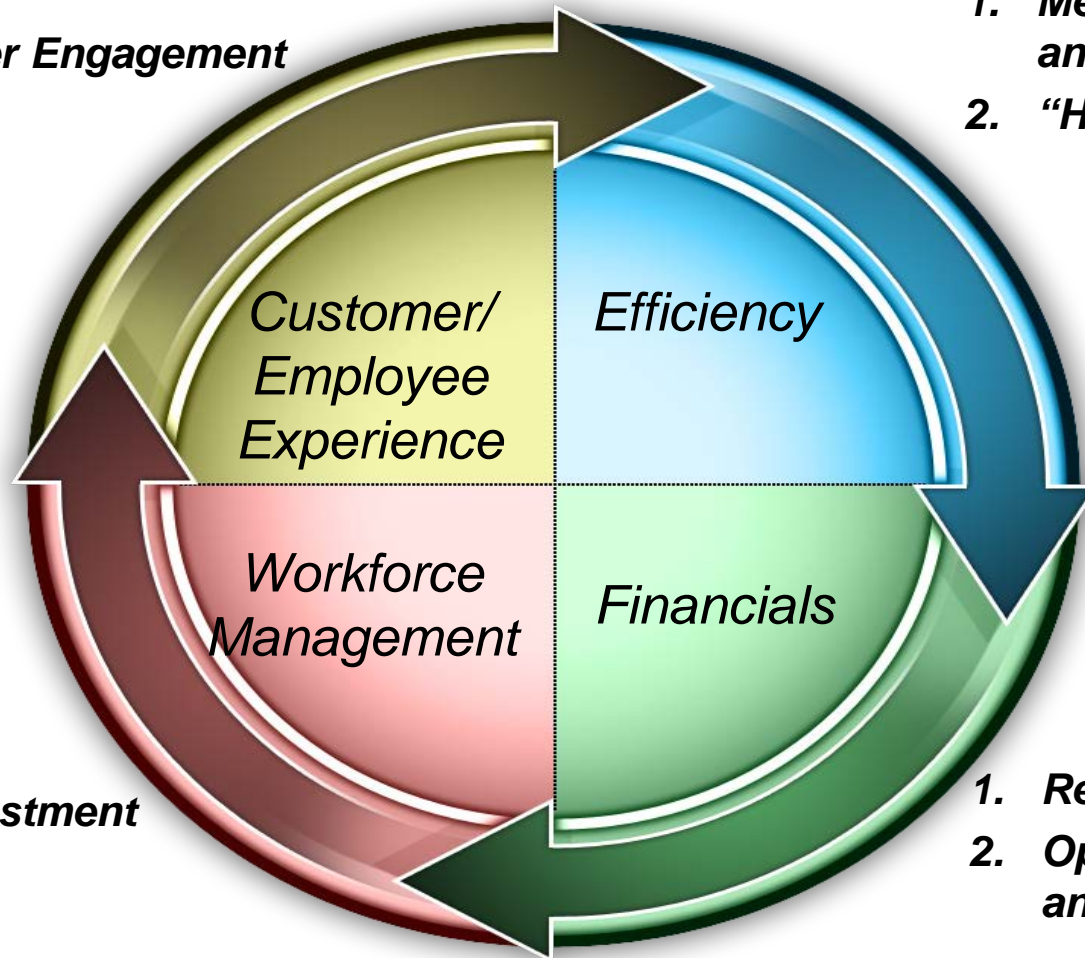
Developing Strategy

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

SWOT

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.

S Strengths <i>List known and potential Strengths of the entire payroll process.</i>	W Weaknesses <i>List known and potential Weaknesses of the entire payroll process.</i>
Payroll execution - High level running smoothly	Internal Controls - segregation of duties
Knowledge of local pay practices and laws	No governance model
Openness and desire for payroll related help with HR groups	Minimal SLA vendor oversight
Payroll and time keeping systems currently running adequately	Short on Payroll Services team resources
O Opportunities <i>List known and potential Opportunities of the entire payroll process.</i>	T Threats <i>List known and potential Threats of the entire payroll process.</i>
Cross-train Payroll Services team members	Limited disaster recovery and crisis management planning
Define and improve documentation of processes	Changing laws and regulations
Integrations of Payroll and HRIS systems	Changing business strategy
Payroll Services to be included in M&A and due diligence process	

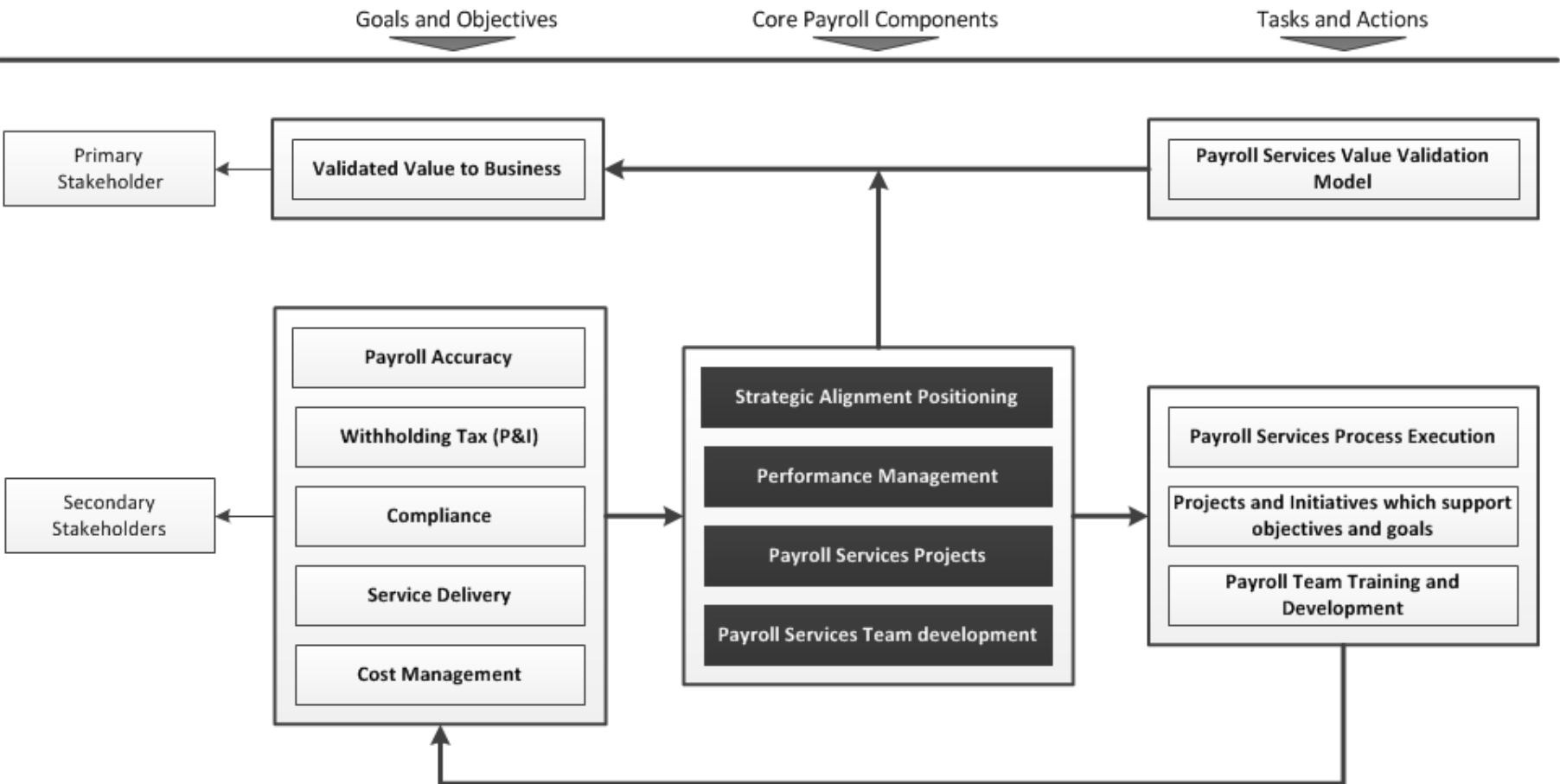
To know where you want to go, you must know where you are and where you have been!

Developing Strategy

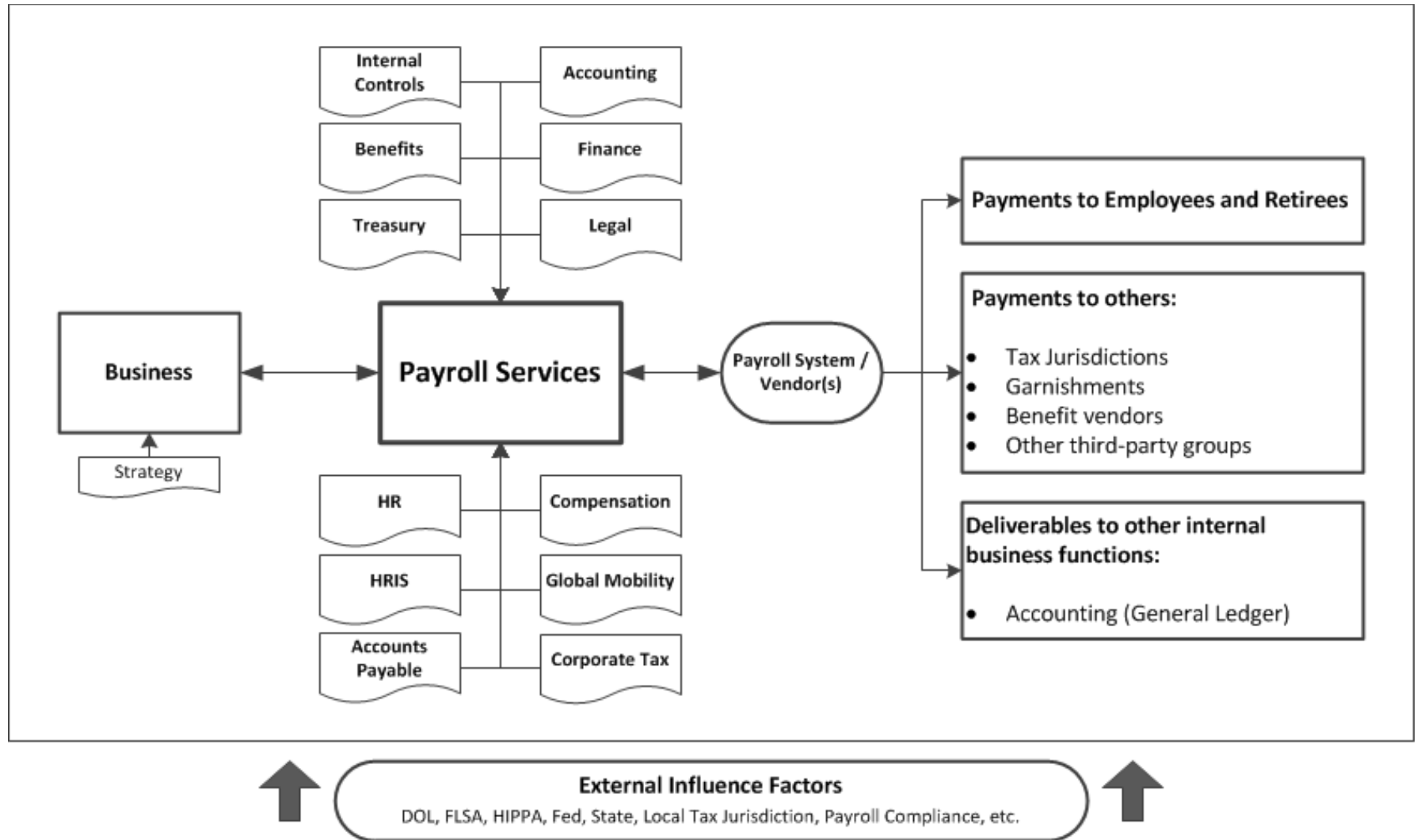
Multi-Year Roadmap



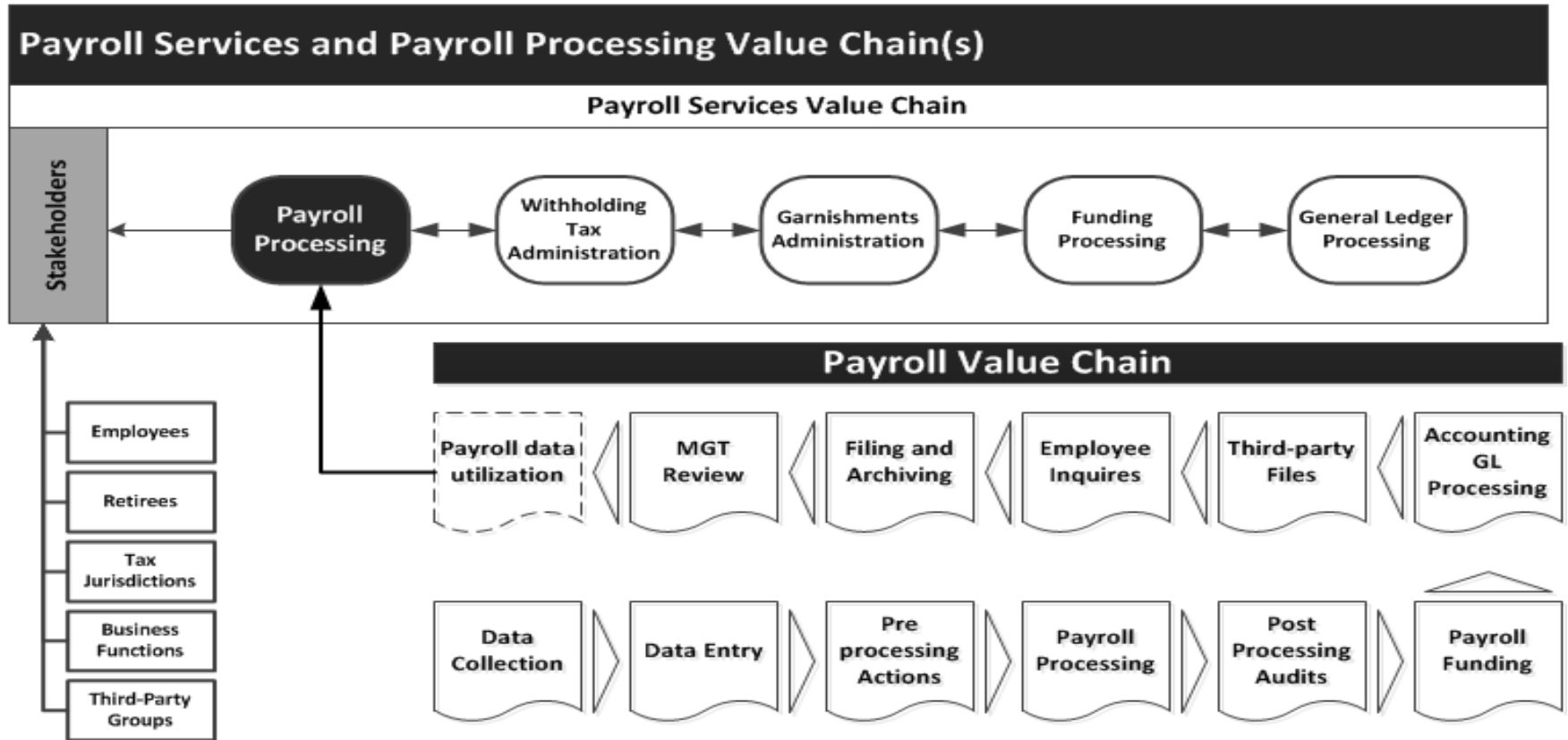
Strategic Goal Alignment



Discussions with Leadership: Payroll View



Further Payroll Processing Complexity



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)

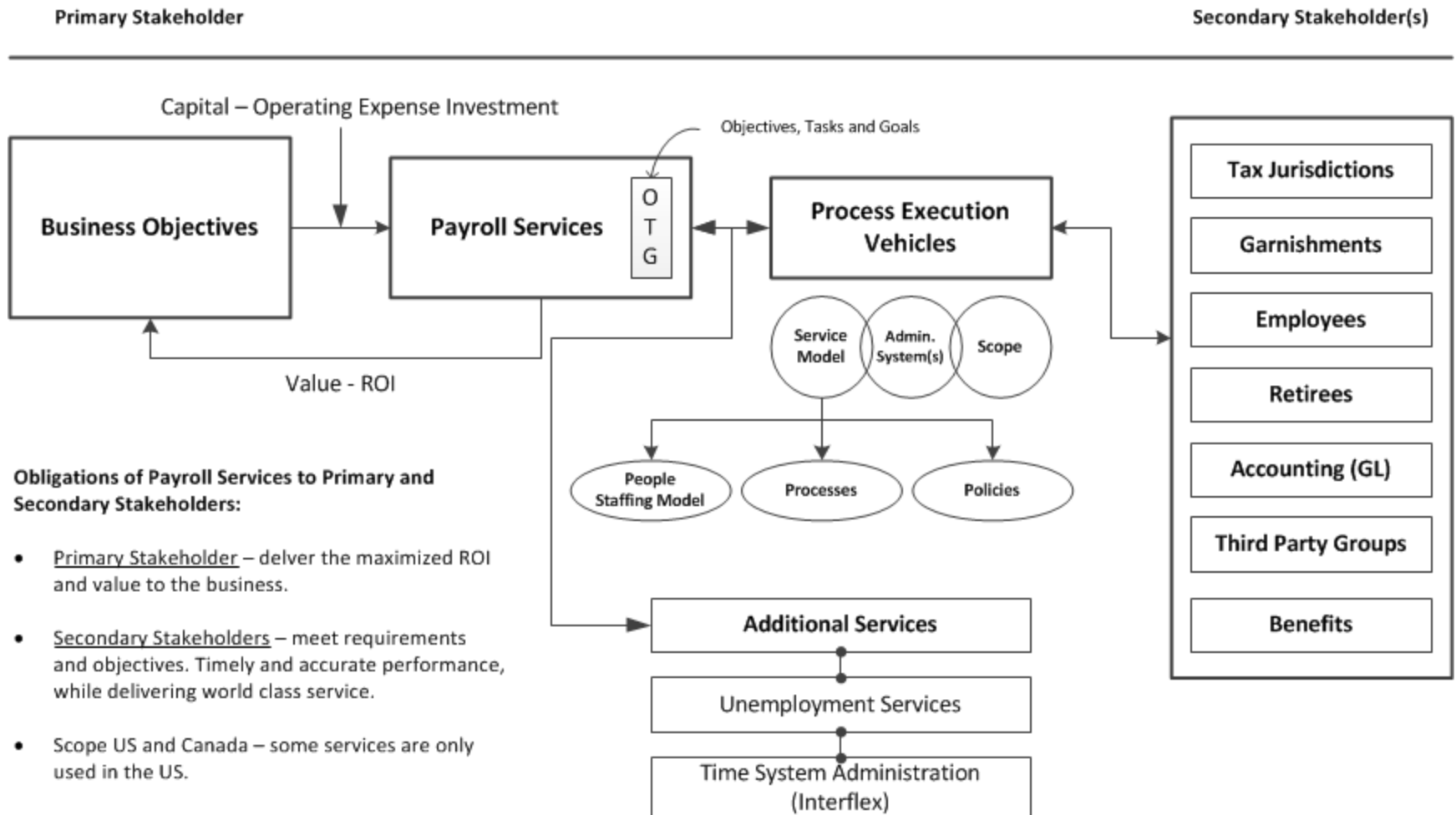
Payroll Accuracy Number of off-cycles/total number of pay slips	99.25%	<div>AWP Average Weighted Percent</div> <div>+</div> <div>Conversion Factor</div> <div>=</div> <div>Total Weighted Performance Score</div>
Withholding Tax (P&I) Less than \$50K in P&I	<50K	
Compliance (P&I) \$0 in P&I	\$0	
Service Delivery (Survey Results) >90% of scores > than Satisfied	90%	
<u>Primary Payroll Performance Metrics</u>		<u>Advanced Payroll Performance Metrics</u>

Implementation of Goals: *Action Plans*

- Manage by Objectives Alignment Template.

Objectives	Tasks
(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



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

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

Evaluation: Metrics and Review

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

Payroll Accuracy					
	Goal	MTD Actual	Status	YTD Actual	Status
PS	99.75%	00.00%	●	00.00%	●
DP	99.00%	00.00%	●	00.00%	●
Withholding Tax (P&I)					
	Goal	MTD Actual	Status	YTD Actual	Status
PS	<25K	00.00%	●	00.00%	●
Compliance					
	Goal	MTD Actual	Status	YTD Actual	Status
PS	<.50%	00.00%	●	00.00%	●
Service Delivery					
	Goal	MTD Actual	Status	YTD Actual	Status
PS	99.00%	00.00%	●	00.00%	●
Cost Management					
	Goal	MTD Actual	Status	YTD Actual	Status
PS	>40K	00.00%	●	00.00%	●

Payroll Services – Dashboard

North America, US

Month: January 2012

PEM Strategy Objective

To move from the Quality “Early” segment to the Quality “Stable” segment by the end of 2012



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

Electronic Payments _____ %
- *Direct Deposit* _____ %
- *Debit Cards* _____ %
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 %
Total number of payments 5,867
Total dollars of payments \$500,000

Customer Feedback

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

Under Budget



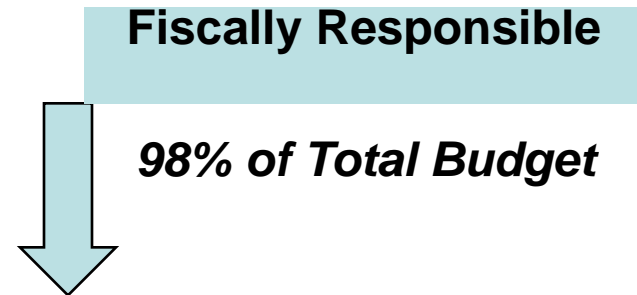
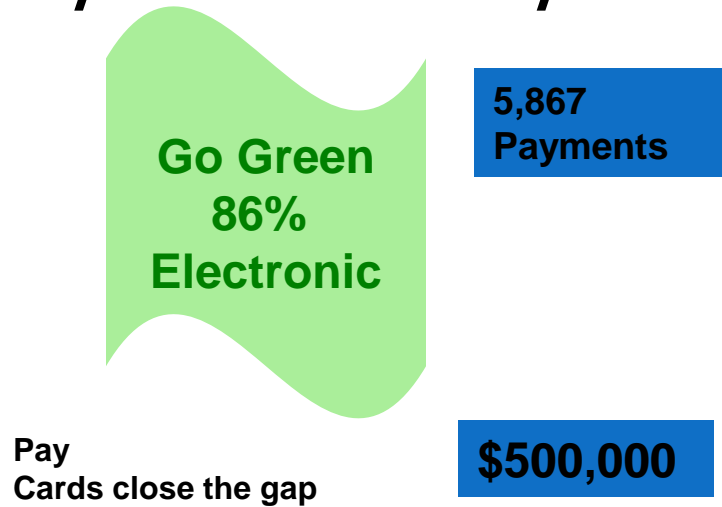
98% of Total Budget

Payroll Team

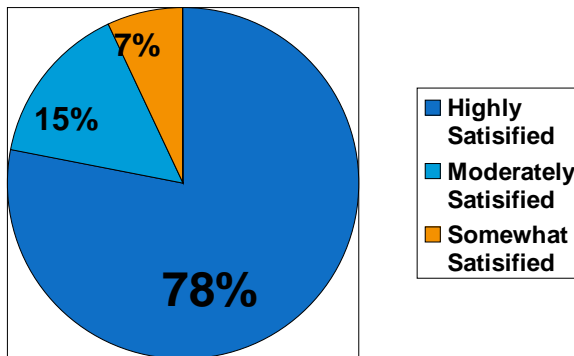
44 Years of Experience
Attended **120** Hours of Training

Your 2015 Department Scorecard

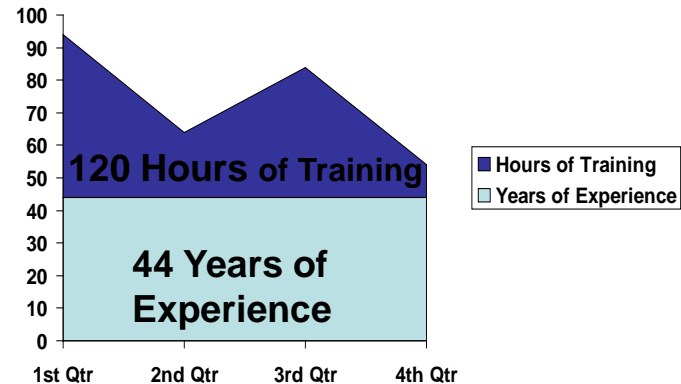
Examples with Graphics



Customers are saying... "they are Highly Satisfied"



Payroll Team Mitigates Risk and Manages Compliance with..



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

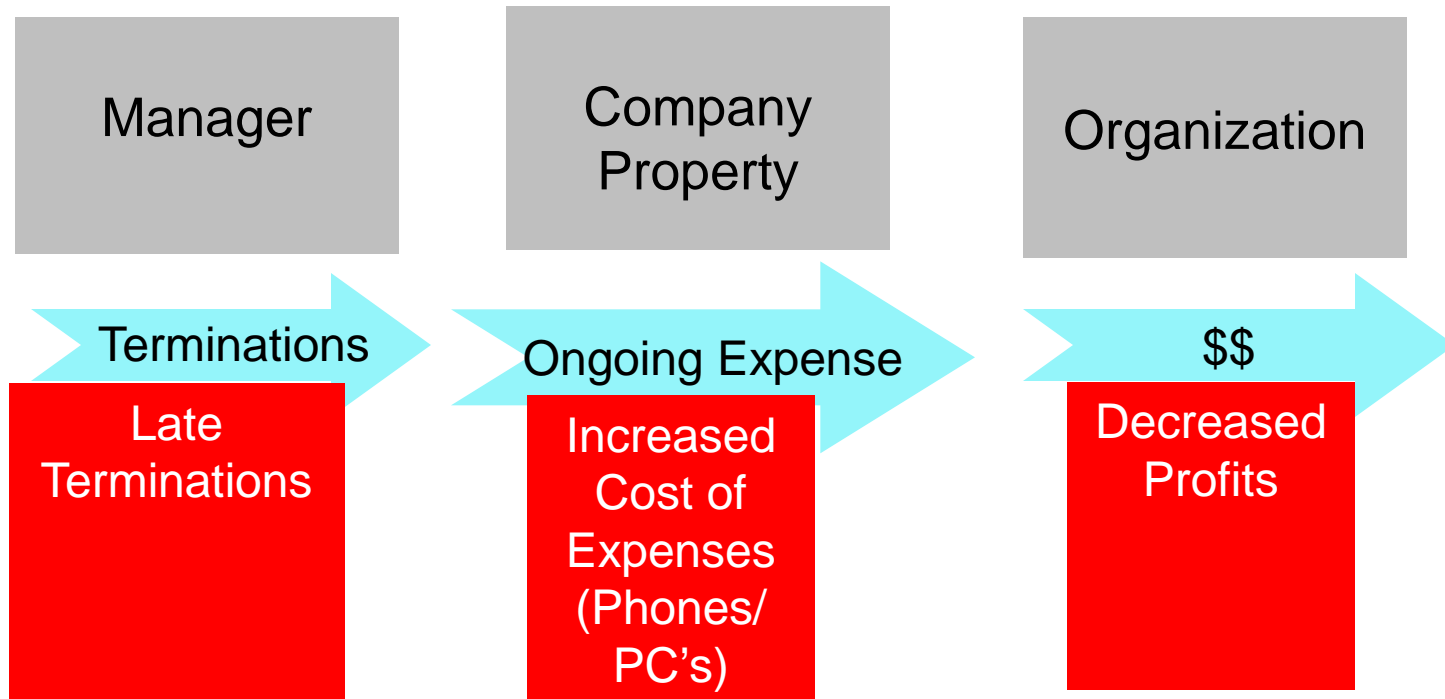
◆ Dashboard visibility into payroll operations

- Overtime (number of hours, cost) breakdown by country, site, employee
- Total (blended) labor costs by job profile, country
- Actual labor costs vs. budgeted costs

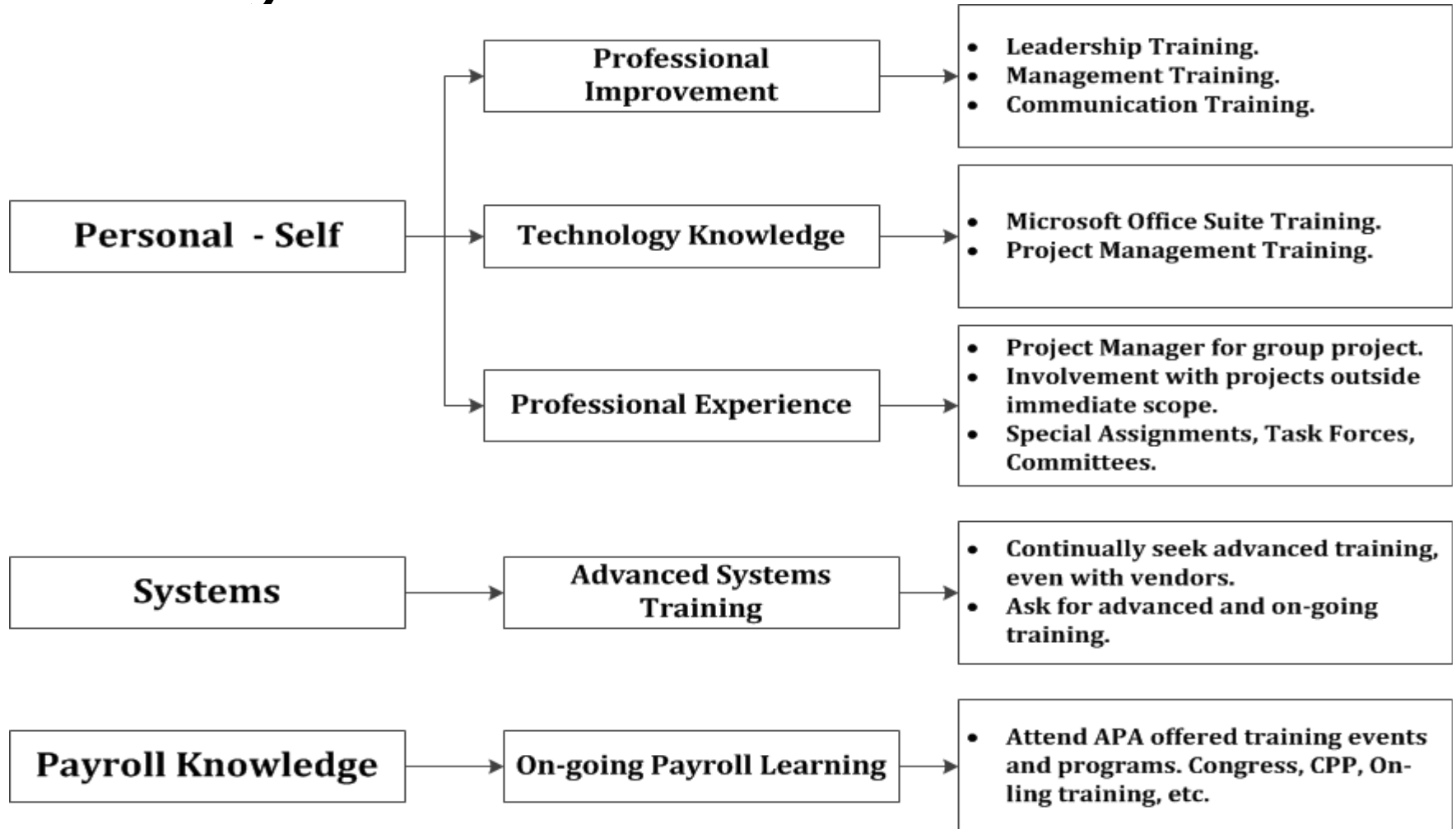
Bigger Picture Story:

"Payroll Department Data Correlates to Bottom Line Success"

Metric: Timeliness of Termination Notification Days Late for Notification



Developing Your Talent; Your Key to Success.



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!