



Payroll & HR as Partners

AXCET **HR**SOLUTIONS
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Presented by Jo McClure, CPP

Agenda

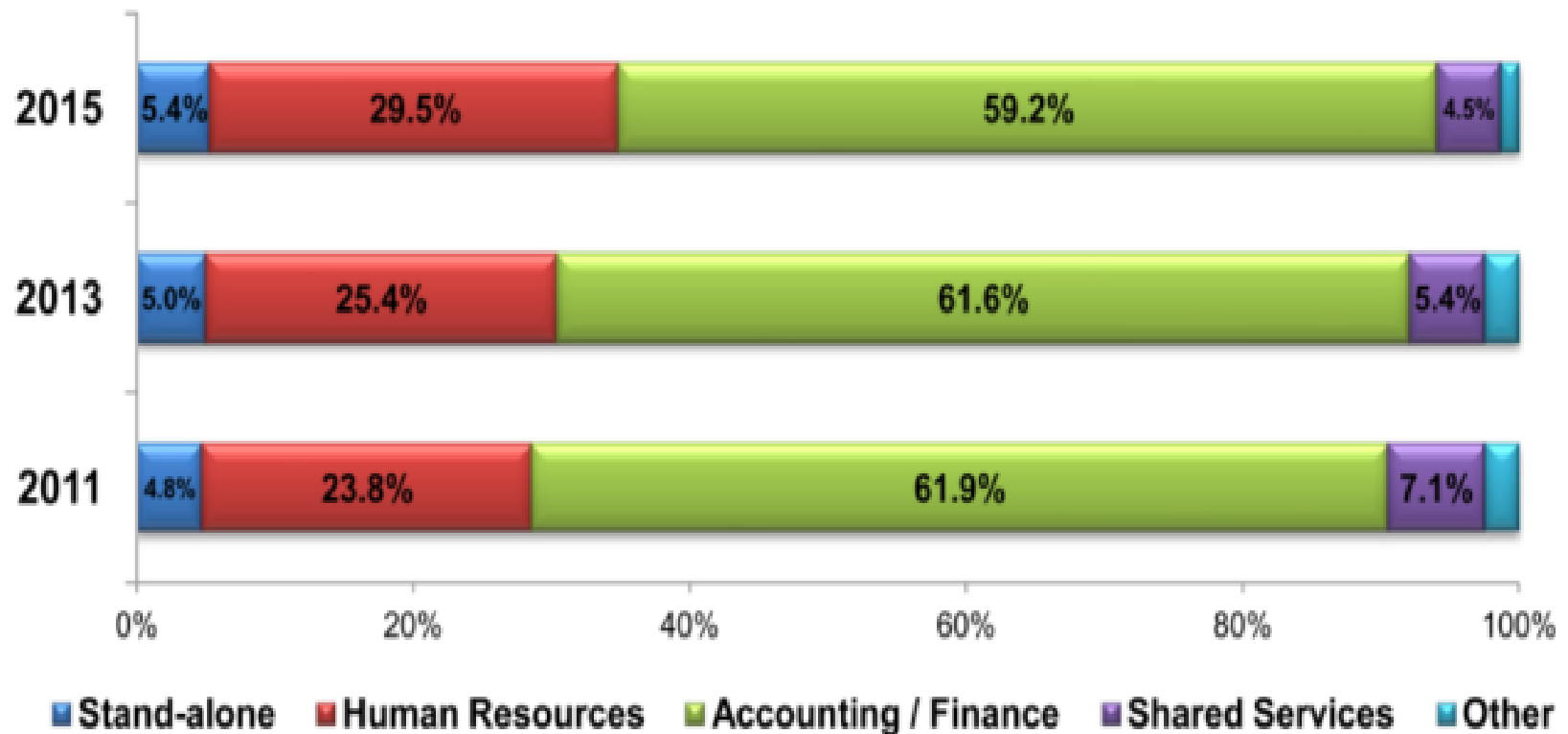
- ✓ Roll call
- ✓ Where's payroll?
- ✓ Table talk
- ✓ Stereotypes, misconceptions & generalizations
- ✓ Reasons for partnership
- ✓ Success factors of great partnerships
- ✓ Tools for partnering
- ✓ Increasing the payroll profile

Which hat(s) do you wear?

- ✓ Payroll
- ✓ Human Resources
- ✓ Mainly Payroll but some HR
- ✓ Mostly HR but some Payroll
- ✓ Payroll within an HR Team
- ✓ Payroll within an Accounting Team
- ✓ Office manager
- ✓ Controller

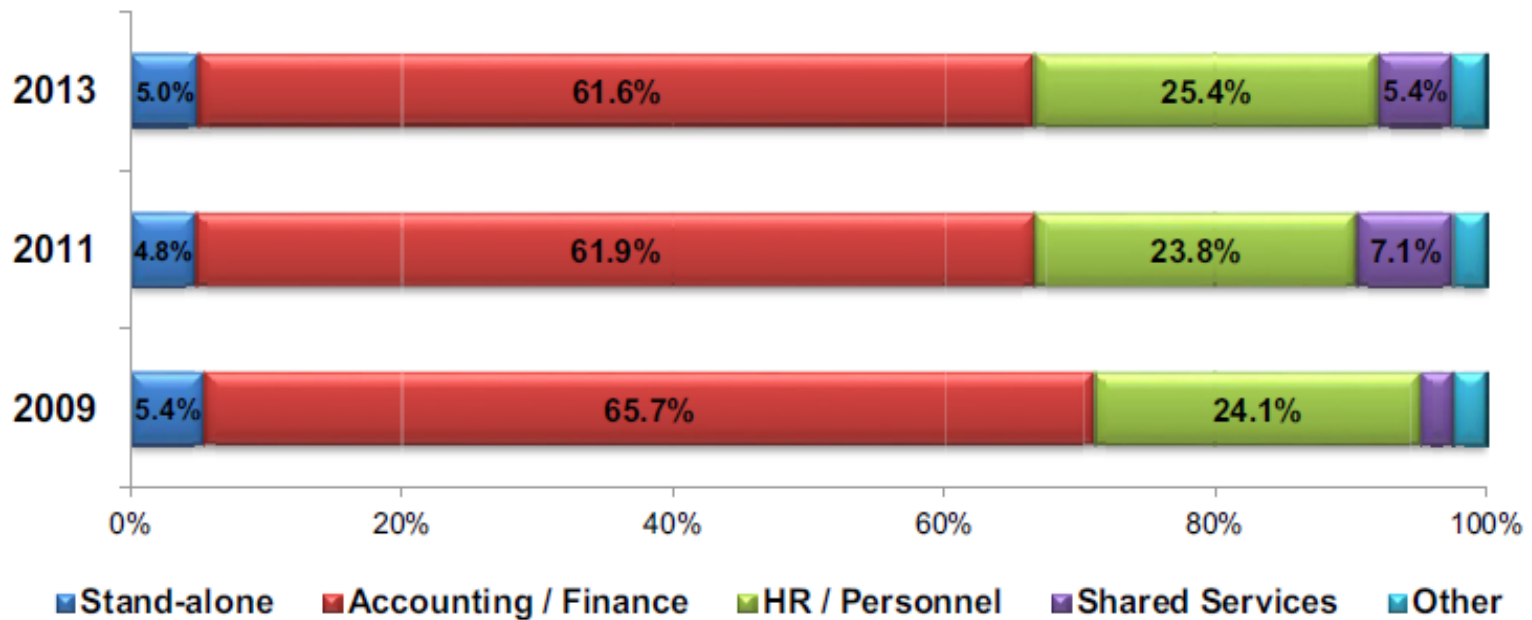
Where's Payroll?

APA Survey Results 2011 through 2015



Where's Payroll?

APA Survey Results 2009 through 2013



*2009, 2011, 2013 Survey of Salaries & the Payroll Profession

Linkedin Survey

- **25% HR**
- **24% Finance**
- **36% Sit between HR & Finance**
- **15% Outsourced**

“I'm familiar with reasons why Payroll should be a part of HR. What are some reasons Payroll should be a part of Accounting. Which works better?”

Opinion #1

Running a payroll involves a lot of accounting functions/tasks/knowledge, such as posting to the general ledger and having a detailed knowledge of tax law. As well, keeping payroll out of HR is a "check" to make sure that HR stays honest. This is part of the standard accounting checks and procedures and can be explained in full (and better) detail by an accountant. While it's probably easier (for HR staff) to have Payroll report in to HR, it's probably not the best way to ensure things are done properly and legally (it's hard for HR to supervise the accounting portion of the job when they - HR - are not accountants).

Opinion #2

With our organization, payroll used to be part of the Finance group and about 5 years ago it moved to HR. It works SO much better as part of the HR team. We no longer have the same issues of confidentiality surrounding employees' salaries and deductions, insufficient communication of the important stuff, and misunderstanding on the part of payroll of the urgency of some of the compensation issues that HR deals with.

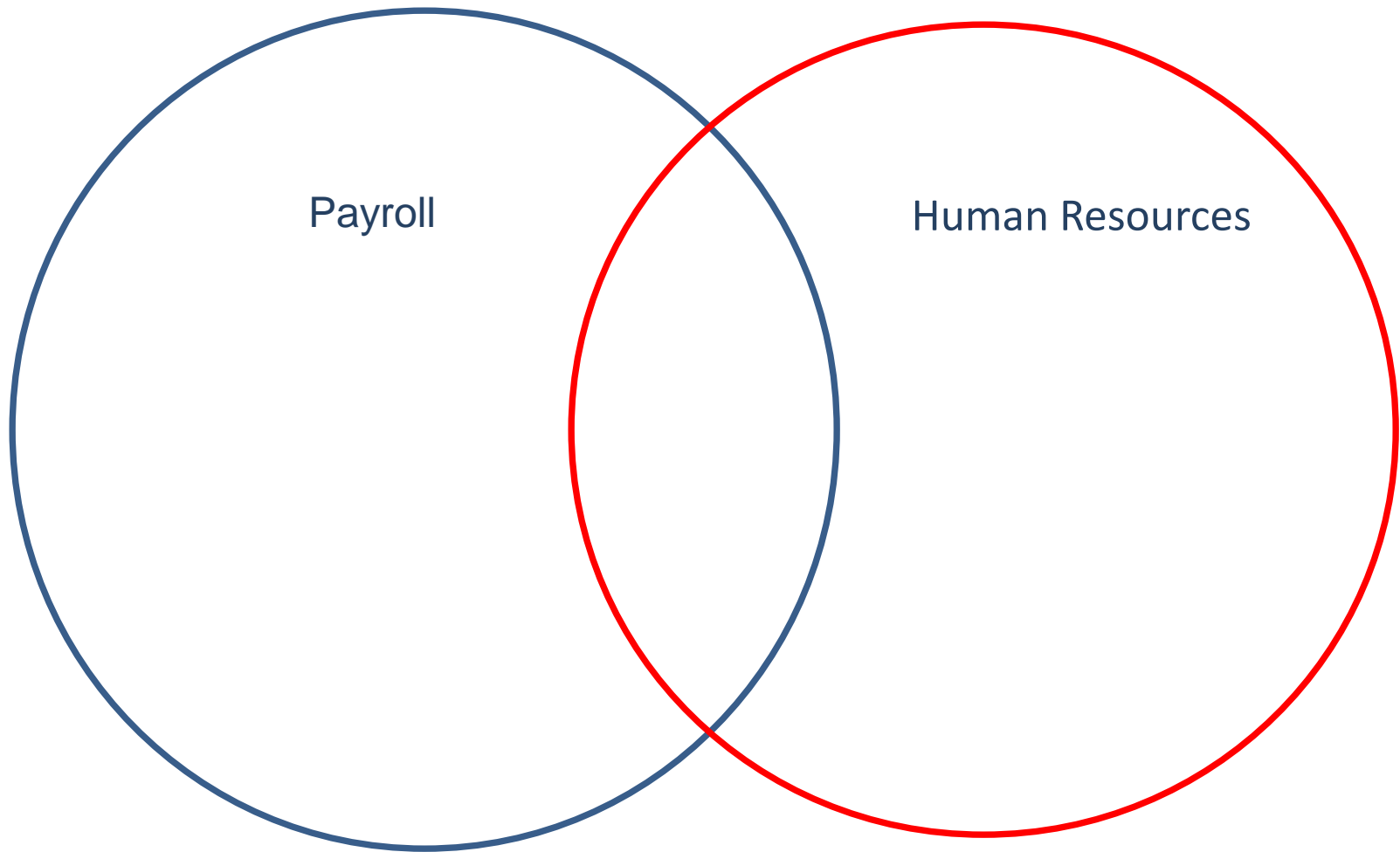
Now the combined team works really well together and we don't have any of the problems that we used to have. We have an integrated HRIS system and we take payroll to the point where it is ready to be interfaced into Finance and then Finance takes it from there. HR reconciles the liability accounts (yes, I have accounting training as well as HR training) but Finance reviews them all to make sure everything is on the up and up -- and this all meets with the auditor's approval.

We couldn't ask for a better system!

Opinion #3

I've been in payroll for over 20 years working for four different companies paying 1,000 to 36,000 employees and the position has always been within the accounting umbrella. What's true is accounting is only a portion of what payroll has to know and do and once it is set-up in an integrated or automated system, the accounting work is basically done. My experience has shown that because payroll professionals often know the whole picture they are considered the "go to group". Also, because Payroll is the "end of the line" it often shoulders the burden of HR/Benefit and supervisory tasks not performed timely or accurately in order to complete the process on-time and accurately. **Payroll's most difficult role is to be audited by employees each and every payroll as well as to ensure HR, Benefits and Accounting are performing the tasks within the tax and accounting law.** Payroll is a unique department and depending on the size of the organization should actually stand alone or if smaller, be within the HR area.

Table Talk



Activity

Payroll

Accounts payable	Employee time processing
Benefits program	Control validation
Check distribution	Deduction processing
W-2 reprints	Compensation program
Employee data	Document management
Employee inquiries	GL reconciliation
Employee services	Time and attendance
Fed tax filing	Training & development
Personnel records	General ledger interface
Payroll accounting	Labor/ cost accounting
IT liaison and testing	
State and local tax filing	
Workers' compensation plan	
Bank account reconciliation	
Sarbanes- Oxley compliance	
Year end and period end closing	
Independent contractor payments	
Payroll tax dispersement/ reporting	

Human Resources

Recruitment	Coaching management
Hiring	Unemployment claims
Terminations	Employee orientation
EEO issues	Job descriptions
Benefits program	Evaluations
Employee data	Employee relations
Employee inquiries	IT liaison and testing
Handbooks	Compensation program
Team building	Training
Leadership development	
Organizational and space planning	
Company employee communication	
Employee safety, welfare, wellness and health	

Stereotypes, misconceptions & generalizations

Human Resources on Payroll

- ✓ Computational
“numbers people”
- ✓ Demanding & inflexible
- ✓ Short sighted versus
strategic and imaginative
- ✓ Transactional versus
relational/ not people
focused enough
- ✓ Obsessed with accuracy
- ✓ Disposable?

Payroll on Human Resources

- ✓ Inaccurate & disorganized
- ✓ Late with information
- ✓ Stooges for management
- ✓ Too relational/ focused on
soft people skills
- ✓ Lacking accountability
- ✓ Idealistic, unrealistic or
unworkable policies &
procedures

It's Just Payroll



NERDS

You cannot kill what already has no life.

HR,HR,HR!



The Reality

Payroll

- ✓ Computational
“numbers people”
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Reasons for partnership

- ✓ Improved performance
- ✓ Systems integration
- ✓ Training and development opportunities
- ✓ Support for strategic initiatives
- ✓ Increased service level for employees
- ✓ Cultural impact

Reasons for partnership

The number one motivation behind partnering with Human Resources is simple...it works. According to the Paytech article “5 Characteristics of Top Payroll Organizations” the better the relationship between payroll and HR, the better the overall performance of the payroll organization. Of the top performing companies, 93% work with HR to simplify and streamline the overall payroll process.

What is a partnership?

A partnership can be defined as a formal agreement between two or more parties that have agreed to work together in the pursuit of common goals.

Success Factors for Great Partnerships

- ✓ Trust
- ✓ Common Values
- ✓ Chemistry
- ✓ Defined Expectations
- ✓ Mutual Respect
- ✓ Synergy
- ✓ Great Communication

The Speed of Trust

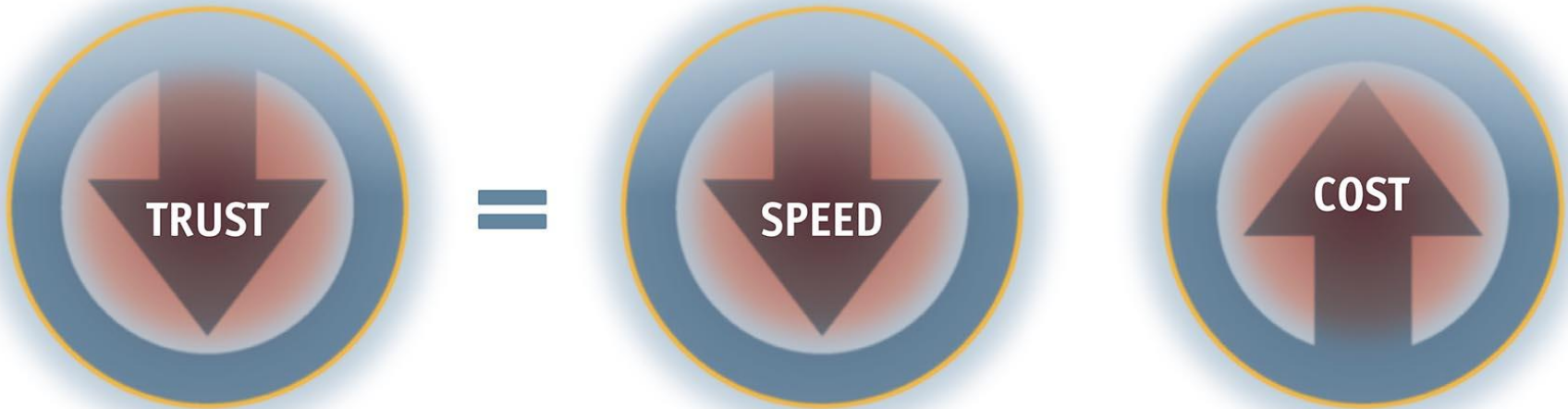
There is one thing that is common to every individual, relationship, team, family, organization, nation, economy and civilization throughout the world — one thing which, if removed, will destroy the most powerful government, the most successful business, the most thriving economy, the most influential leadership, the greatest friendship, the strongest character, the deepest love.

On the other hand, if developed and leveraged, that one thing has the potential to create unparalleled success and prosperity in every dimension of life.

That one thing is trust.

Stephen MR Covey

Trust Tax



Low Trust Slows Down Your Success

Trust Dividend



High Trust Speeds Up Your Success

The 5 Waves of Trust



“As trust is manifest in each successive wave, the effect of trust becomes cumulative and exponential.”

—Stephen M. R. Covey

Adapted from *The Speed of Trust* Stephen MR Covey

13 Behaviors of High Trust People

1. Talk Straight
2. Demonstrate Respect
3. Create Transparency
4. Right Wrongs
5. Show Loyalty
6. Deliver Results
7. Get Better
8. Confront Reality
9. Clarify Expectations
10. Practice Accountability
11. Listen First
12. Keep Commitments
13. Extend Trust

The Power of Synergy

- ✓ Synergy is the highest activity of life; it creates new untapped alternatives; it values and exploits the mental, emotional, and psychological differences between people.

Stephen Covey

- ✓ Synergism is the simultaneous actions of separate entities which together have greater total effect than the sum of their individual effects.

Buchholz and Roth

Improving Communication

- ✓ **Be aware**
 - Recognize and address your own communication errors
- ✓ **Choose the best method**
 - Assess the effectiveness of your preferred communication method and experiment with different methods based on your audience or message
- ✓ **Listen actively**
 - Maintain eye contact
 - Look for non-verbal communication
 - Listen for understanding and restate key points
- ✓ **Question effectively**
 - Employ open & closed questioning methods
 - Avoid leading questions

Tools for Partnering

- Meetings
 - Joint Sharing Luncheons
 - Policy/ Procedure/ Legal Reviews
 - Quarterly Status Meetings
- Calendars & Contact lists
- Department Celebrations (NPW)
- Joint volunteer activities
- Thank you note, appreciation notes

Tools for Partnering:

Redefining the Responsibility Matrix

- Map all the main processes and activities managed by your payroll department and under your responsibility, including pre and post payroll processes.
- Pay special attention to the interface between HR/finance and payroll.
- Next, write down alongside each activity who the responsible party is (HR, Payroll, Finance, IT).

Tools for Partnering:

Redefining the Responsibility Matrix

- Is the activity a "natural" payroll process?
- Does the payroll department offer significant added value over other business units in executing this activity?
- Will a possible transfer of responsibility for the activity optimize the overall workflow and contribute to payroll quality?

Tools for Partnering:

- Communicate Processes
 - Open Enrollment
 - New Hire Orientations
 - Final pay
- Look for Duplicate or Redundant Procedures
- Resolve Conflicting Policies
- Document in a spot accessible by all

The Payroll Challenge: Increasing the Payroll Profile

Prioritize professional development

- CPP and Payroll educational opportunities
- Compensation and benefits
- Technology specific to payroll
- SPHR and HR educational opportunities
- Subscribe to payroll blogs, newsletters, etc. or write one yourself
- Participate in payroll discussions on APA List Serve and LinkedIn

The Payroll Challenge: Increasing the Payroll Profile

Think and act strategically

- ✓ Audit current payroll practices and assess their impact in the areas of effectiveness, cost, and compliance
- ✓ Consider the value of the data you manage- is it being used to help your organization better understand how money is spent?
- ✓ Change it up- be open to new technologies and products that could improve overall efficiencies or provide additional services not currently offered
- ✓ Partner with HR to attain a better understanding of the organization's strategic direction and to ensure your goals are aligned

The Payroll Challenge: Increasing the Payroll Profile

Spearhead a pet project

To create an open flow of information and cooperation start with a project that has obvious overlap between Payroll, HR and Finance. Incentive programs are a great way to get the ball rolling. By collaborating and sharing data received and employee performance data HR, Payroll and Finance can create incentives that reward exemplary work while increasing morale, production and customer satisfaction; all of which have a huge effect on the bottom line and profit.

The Payroll Challenge: Increasing the Payroll Profile

For payroll managers- prioritize your payroll team's training

- Manage a yearly training program for your payroll specialists
- Professional seminars, technical training in the advanced use of payroll and attendance systems, project management training, soft skills seminars, professional forums are examples of topics that such a training program should include.
- Promote their accomplishments and put their newly acquired skills to use for everyone to see.

Contact Information

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