

Top Seven Tips to Globalise Payroll

By Steve Pyer, Payroll Advisor, Proservartner

We live in an age of globalisations with organisations increasingly reviewing their global options for shared services and outsourcing. We have worked with a number of organisations that have taken this journey and wanted to share 7 tips that will mitigate the risks faced in the globalisation of Payroll. Avoid these at your peril!

1. TECHNOLOGY, TECHNOLOGY AND TECHNOLOGY

Global organisations have a huge number of payroll systems that support the process. The inconsistencies with utilising a standard internal payroll solution are caused by many factors, such as local decisions made without considering the global organisation, take on of legacy systems during a takeover or because of a host of different outsourced solutions are utilised across countries.

At the design and planning stage it is essential to consider: How many different payroll systems are in use throughout your organisation; how many employees utilise these platforms; how these platforms are used; whether they are fully in house, a bureau service of some description or fully outsourced; the contractual terms that these systems are on and whether information is entered manually, via self service or are whether you are lucky enough to have a static monthly payroll throughout the entire operation.

The most important decision lies on which payroll application to select: one multi currency system or a number of systems customised for local requirements. The initial technology landscape and the journey towards the future model is an essential consideration and can impact significantly on the timeframes of globalisation.

Once you have the design and the plan, the journey is just beginning, what is essential is to include all of the required items (i.e scanning is usually underestimated), closely monitor performance, and identify risks early enough to minimise impact of delays and spend overruns.

2. STANDARDISE AS MUCH AS POSSIBLE PAYROLL TERMS AND CONDITIONS FIRST!

This is not necessarily an easy thing to do, but when you consider the amount of employees paid within your organisation and how many different terms and conditions are covered, the complexity soon becomes apparent. Make sure that you know early what different pay periods exist, how many tax regimes are in place, whether employees are paid a fixed amount or time sheeted, and how many pay elements exist.

Once you have the data, challenge the existing practices across countries to implement as much standardisation to the terms and conditions as is possible. This will make the people, process, structural and technology changes much easier.

3. WORKFORCE COMMUNICATION

The pay of company employees is an emotive topic no matter which geography, service or industry your organisation resides. In many countries the talk of money and salaries is a “no go” subject, and one mistake or delay in payroll can cause significant discontent.

It is therefore key to develop the solution early, pay particular attention to relevant data protection acts, and communicate early and frequently to keep employees on side – no payroll project is accused by staff, of having too much communication!

4. TRANSFORM THEN TRANSITION RATHER THAN TRANSITION THEN TRANSFORM (LIFT & SHIFT)

Simply repeating current processes in an offshore environment will not do, as there will invariably be issues with getting information offshore – notably the set up of scanning centres and authorisations. It is better to review the process BEFORE moving to a globalised model, and implement enabling tools such as self service or e-forms.

If you align business processes, eliminate waste and reduce the dependence on paper, moving to a global model will then become far simpler and the early changes will minimise the impact to employees.

5. STAKEHOLDER MANAGEMENT

Identify, analyse then influence! There will be a number of stakeholders who benefit from a model that is not globalised, and will be in opposition to the change, others that are indifferent to the model, and a final group who will be supportive of the change but more often than not show only a lukewarm defence of the initiative.

The globalisation of any function can be fraught with internal politics, identifying the key stakeholders, and managing these stakeholders across the difficult times in the project will be imperative.

6. PLANNING

Do not under estimate how complex the globalisation of payroll will be. Many assume that payroll is simple, mainly because it runs so well. When was the last time you needed to contact the payroll department?

When globalising it is important not to disrupt the service provision in Payroll. To achieve this it will be necessary to have detailed plans with clear deliverables and milestones in place for the key workstreams: Process and Knowledge Transfer; Technology; Change; Communications and HR.

7. TIMING

The best time to start on a new system is at the beginning of the tax year, as there is no need to transfer over figures from the old system. Also starting a fresh, means you can parallel run with the old systems for a couple of months and have a contingency just in case the worst happens!

The worst time to “Go Live” with a new model is around period end or year end. It is here when staff are stretched in performing the activities required to close the period.

8. ABOUT THE AUTHOR

Steve Pyer has more than 10 years experience in the delivery and organisational change of business process environments. He has significant experience in large-scale business change and transformation, most recently leading the design and transition of a large payroll department for a FTSE 100 company to a globalised business model. Steve's main expertise remains in Payroll, Pensions and HR process transformation.

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