

TAPS

Breakfast Briefing

Payroll Benchmarkings

30 May 2008
Angel Place, Sydney



Payroll KPI's...

- It is not just the sales team who has to perform.
- There is an increasing trend to outsource HR and payroll.
 - **#1 reason is to save money**
 - **#2 focus on core business.**

Payroll KPI's...

- The biggest challenge for payroll is to turn that perception around
- Supply key information to the business that they cannot get from anywhere else.

Payroll KPI's...

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" THE GOOD NEWS IS, PROFITS ARE UP 74%, THE BAD NEWS IS, WE DON'T KNOW WHY. "

Payroll KPI's...

- **Question:**
 - What sort of information can payroll supply, that business cannot get from any other area?

Payroll KPI's...

- **How does management rate your department's performance and how do you compare to others in the industry?**
 - A 'Google' search of "Payroll KPI" produced 17 hits for Australian websites...
 - "payroll metrics" produced 287 hits worldwide and only 0 hits for Australian website.

Payroll KPI's...

- In some cases it may be that you have to decide what to measure and how to measure it yourself.

Payroll KPI's...



" THIS IS A 'PLACEBO' LINE. IT SERVES NO PURPOSE BUT IT MAKES US FEEL GOOD. "

Payroll KPI's...

- **KPIs what are they?**
 - Key – needs to be worthwhile and meaningful
 - Performance – if it is not improving something it's not worth spending the time on it
 - Indicator – (n.) Pointer, sign.

Payroll KPI's...

- **KPIs what are they?**
 - They can be charts, graphs, tables, or reports
 - what it was like to what it is like now

Payroll KPI's...

- **Bench marking**
 - how to go about designing your own benchmark targets
 - something that should not be rushed in to.
 - It will take careful thought
 - Understanding about the business expectations
 - Understanding about your managers expectations
 - Good knowledge of what information can be collected

Payroll KPI's...

- **Bench marking**

- Know what you want to collect.
- Understand why you want to collect it
- Work out what information you need to show a result
- design a collection form
- start collecting data
- enter in to a spreadsheet and produce your graphs

Payroll KPI's...

- **Comparisons – who do you compare yourself to?**
 - For payroll to prove that it adds value, you must be able to compare yourself to someone.

Payroll KPI's...

- **Comparisons – who do you compare yourself to?**
 - Why?
 - All the stats in the world showing really neat graphs don't mean anything if you cannot show an improvement against a benchmark.

Payroll KPI's...

- **Question:**
 - Who are your peers in the industry
 - How would you go about find out benchmark information from them

Payroll KPI's...

- **So what do you track?**
 - PAYROLL PROCESSES AND TRANSACTIONS
 - Average Number of Days Between New Hire Date and Entry of Employee Into Payroll System
 - Average Number of Days Elapsed Between Payroll System Cutoff Date and Payday
 - Average Number of Days Between Receipt of Garnishment Order and Withholding in the Payroll System
 - Average Number of Days Between Employee Termination and Removal From the Payroll System

Payroll KPI's...

- **So what do you track?**

- PAYROLL PROCESSES AND TRANSACTIONS

- Percentage of Timesheets/Records Entered Error-Free the First Time
 - Percentage of Timesheets/Records Returned to Employee for Correction
 - Percentage of Timesheets/Records Returned to Managers for Approval
 - Percentage of Total Payroll Payments Processed Error-Free the First Time

Payroll KPI's...

- **So what do you track?**
 - PAYROLL PROCESSES AND TRANSACTIONS
 - Voided Checks as a Percentage of Total Payroll Payments
 - Manual Checks as a Percentage of Total Payroll Payments
 - Percentage of Total Payroll Payments Reflecting Pay Adjustments
 - Stop Payments as a Percentage of Total Payroll Payments
 - Error Rate as a Percentage of Total Payroll Payments
 - Average Number of Days to Resolve a Payroll Error

Payroll KPI's...

- **So what do you track?**

- PAYROLL PROCESSES AND TRANSACTIONS

- Percentage of Employees on Direct Deposit
 - Percentage of Employees Receiving Paper Checks
 - Percentage of Employees Using Paycards
 - Percentage of Employees Receiving Pay Advices Electronically
 - Percentage of Employees Receiving Paper Pay Advices

Payroll KPI's...

- **So what do you track?**

- THE PAYROLL DEPARTMENT STAFF

- Average Number of Payroll Department Payments
 - Average Cost Per Payroll Payment
 - Average Number of Timesheets/Records Processed
 - Average Number of Employees Paid
 - Average Number of Payroll-Related Inquires
 - Average Number of Manual Checks
 - Average Cost Per Manual Chock

Payroll KPI's...

- **So what do you track?**
 - PAYROLL OUTSOURCING: THE PERENNIAL QUESTION FOR PAYROLL DEPARTMENTS
 - Average Annual Cost to Outsource
 - Average Annual Expenditures on New Payroll System
 - Average Annual Expenditures for Training on New Payroll System
 - Average Annual Expenditures on Payroll System Upgrades
 - Average Annual Expenditures for System Upgrade Training

Payroll KPI's...

- **So what do you track?**
 - CUSTOMER SERVICE IN THE 21ST CENTURY
PAYROLL DEPARTMENT
 - Total Number of Payroll-Related Inquiries Received
 - Average Number of Payroll-Related Inquiries Per Employee*
 - Average Number of Days to Resolve Payroll-Related Inquiries
 - Average Cost Per Payroll Inquiry

Payroll KPI's...

- **Information specific to the previous list**

Payroll Benchmarks and Analysis Report
2007

www.ioma.com/pay

Payroll KPI's...

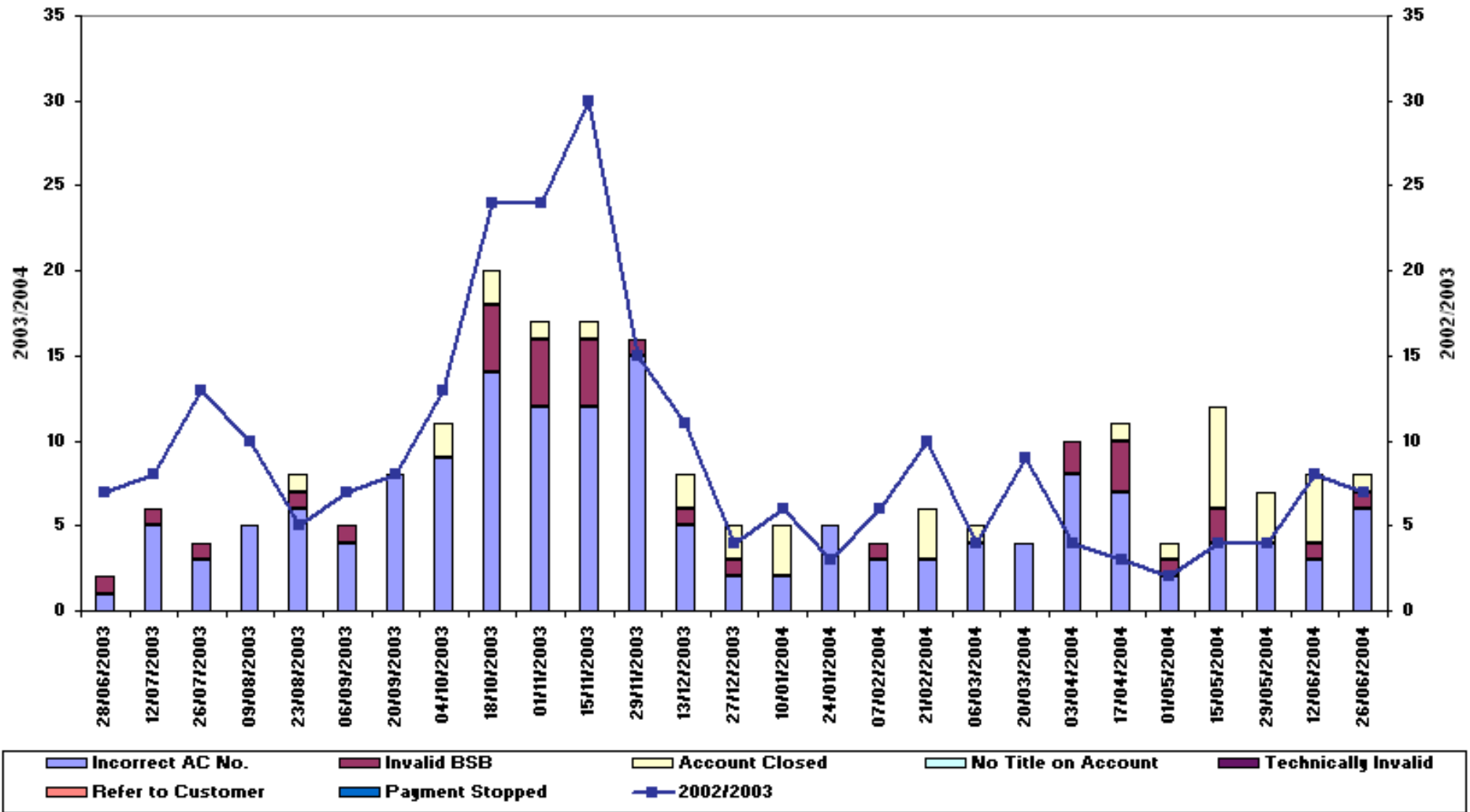


"This is where the person who makes this graph started taking an anti-depressant."

Payroll KPI's...

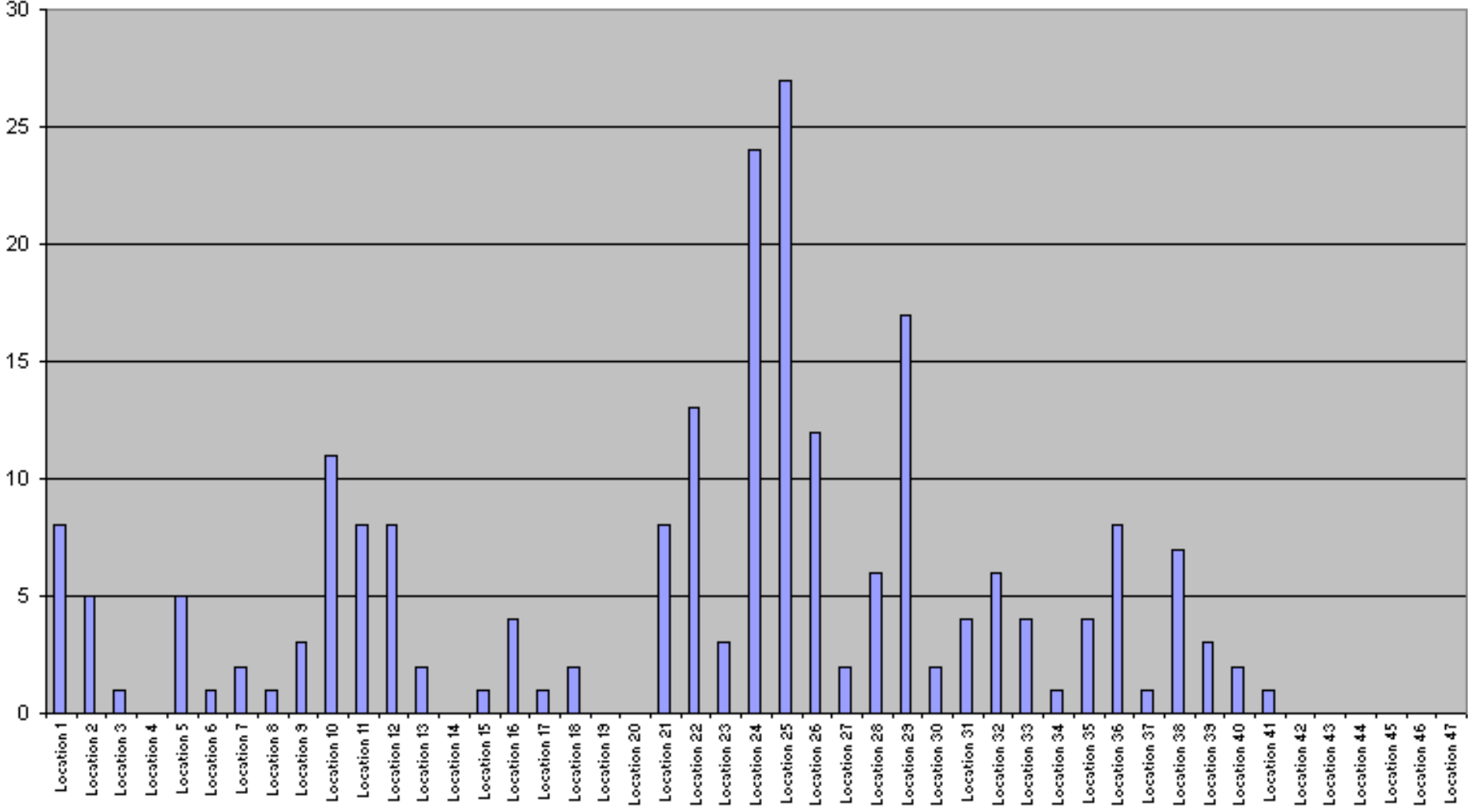
Practical Examples

Banking Errors



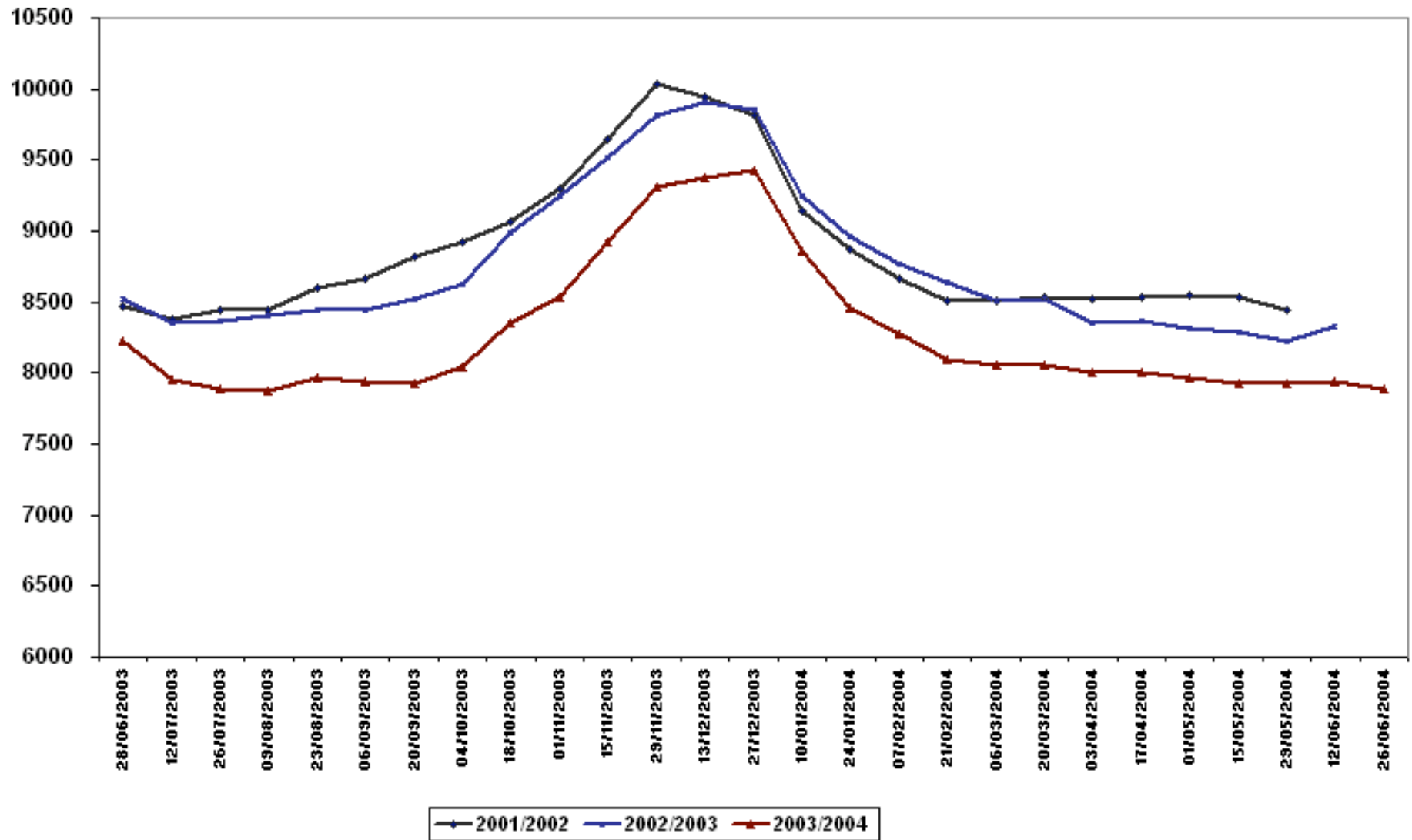
	A	B	C	D	E	F	G	H	I
1		2002/2003	Incorrect AC No.	Invalid BSB	Account Closed	No Title on Account	Technically Invalid	Refer to Customer	Payment Stopped
2	28/06/2003	7	1	1		0	0	0	0
3	12/07/2003	8	5	1		0	0	0	0
4	26/07/2003	13	3	1	0	0	0	0	0
5	09/08/2003	10	5	0	0	0	0	0	0
6	23/08/2003	5	6	1	1	0	0	0	0
7	06/09/2003	7	4	1	0	0	0	0	0
8	20/09/2003	8	8	0	0	0	0	0	0
9	04/10/2003	13	9	0	2	0	0	0	0
10	18/10/2003	24	14	4	2	0	0	0	0
11	01/11/2003	24	12	4	1	0	0	0	0
12	15/11/2003	30	12	4	1	0	0	0	0

**Total Banking Errors
July 02 - June 03**



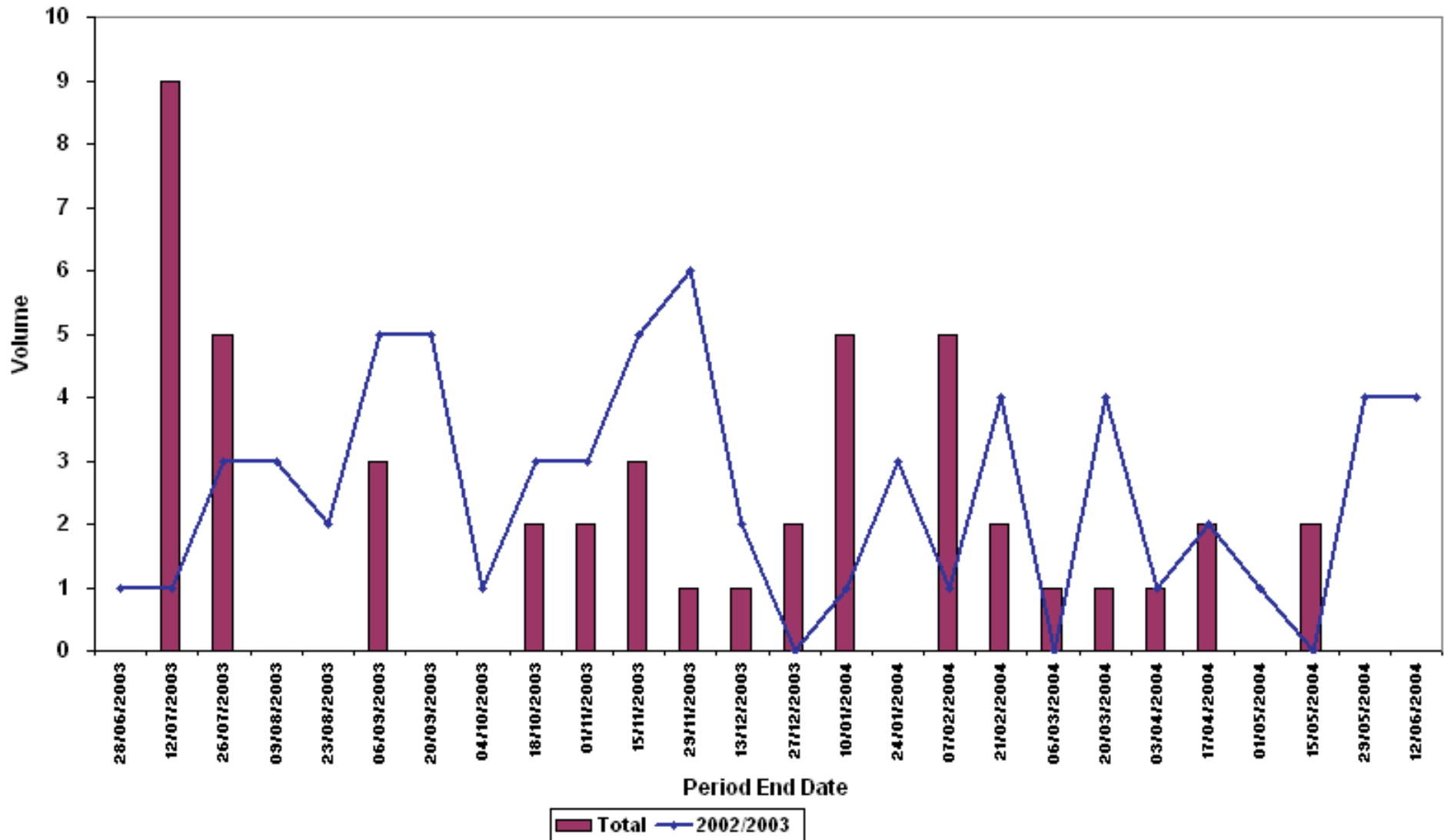
	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	
1			28/06/2003			12/07/2003				26/07/2003				09/08/2003			23/08/2003			06/09/2003	
2		Total Banking Errors	Incorrect AC No. Invalid BSB	No Title on Account		Incorrect AC No. Invalid BSB		Incorrect AC No. Invalid BSB	Account Closed Technically Invalid		Incorrect AC No. Invalid BSB	Account Closed		Incorrect AC No. Invalid BSB	Account Closed		Incorrect AC No. Invalid BSB	Account Closed		Incorrect AC No. Invalid BSB	Account Closed
3	Location 1	8							1			1									
4	Location 2	5				1															
5	Location 3	1																			
6	Location 4	0																			
7	Location 5	5																			
8	Location 6	1				1															
9	Location 7	2																			
10	Location 8	1																			
11	Location 9	3																			
12	Location 10	11		1				1													
13	Location 11	8																			
14	Location 12	8																		1	
15	Location 13	2										1									
16	Location 14	0																			
17	Location 15	1																			
18	Location 16	4																			
19	Location 17	1																			

Total Pays Produced Fortnightly Payrolls

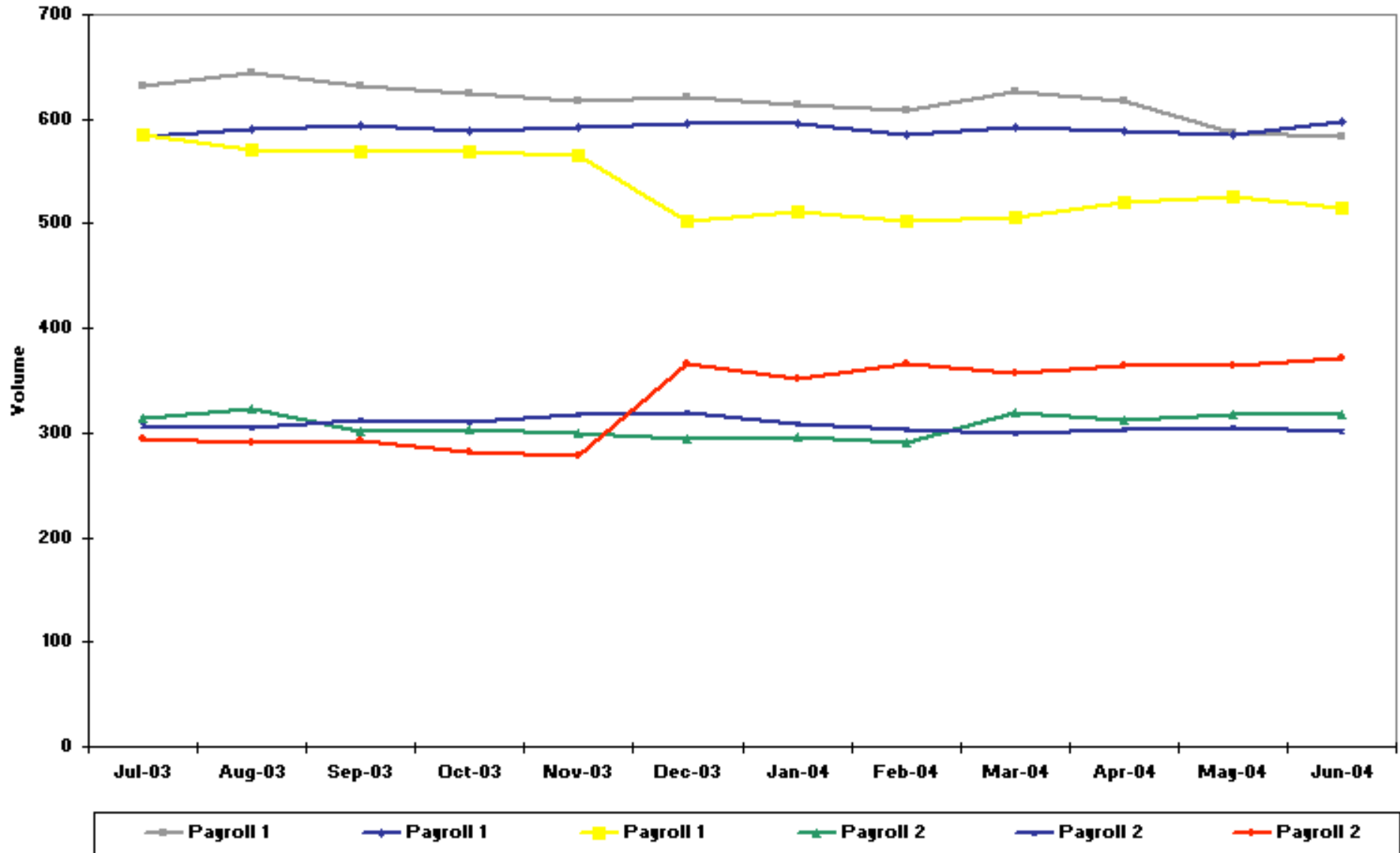


	A	AA	AB	AC
1		12/06/2004	26/06/2004	
2	2001/2002			
3	2002/2003	8334		
4	2003/2004	7942	7887	223199
5	Location 1	262	264	7527
6	Location 2	143	139	3912
7	Location 3	103	107	2958
8	Location 4	108	103	2908
9	Location 5	157	154	4261
10	Location 6	138	137	3998
11	Location 7	410	392	11665
12	Location 8	146	143	3984
13	Location 9	115	114	3264
14	Location 10	495	503	14462
15	Location 11	185	177	5186
16	Location 12	317	316	8860
17	Location 13	165	170	4707
18	Location 14	29	29	782
19	Location 15	350	343	9678
20	Location 16	129	127	3635
21	Location 17	132	138	3650
22	Location 18	89	87	2503

Total Bank Recalls

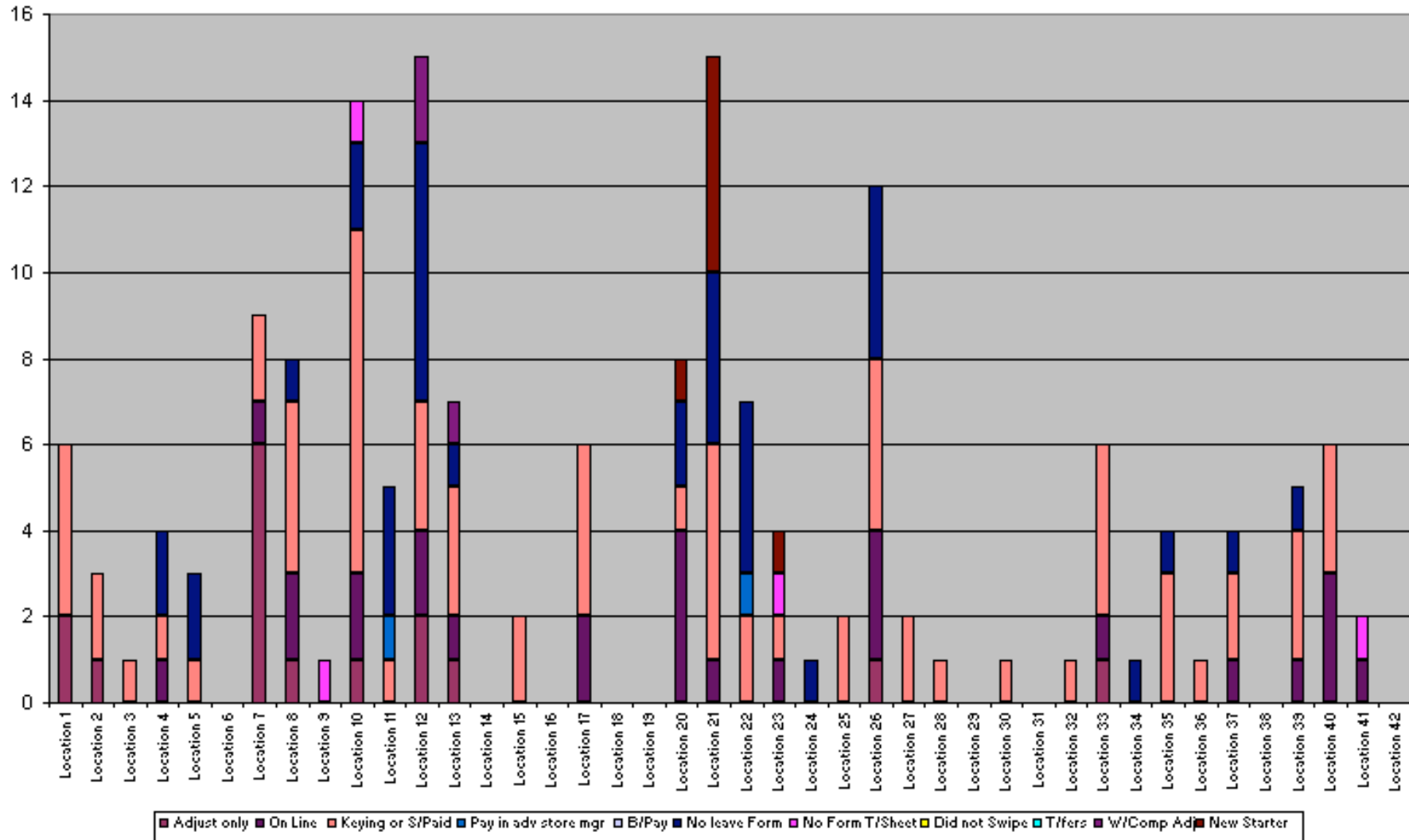


Pays Produced - Monthly



	A	B	C	D	E	F	G
1		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03
2	Payroll 1	632	645	632	624	617	621
3	Payroll 1	584	591	595	589	592	596
4	Payroll 1	585	571	569	569	566	503
5	Payroll 2	314	323	301	304	300	294
6	Payroll 2	307	305	312	311	318	319
7	Payroll 2	295	291	292	281	279	367

Payroll Adjustment Reasons July 2003



JULY 02	Break up of Adjustments					Reason for On Line / Voucher										Difference	
	No	Adjust only	Term	Vouch	On Line	Keying or S/Paid	Pay in adv store mgr	B/Pay	No leave Form	No Form T/Sheet	Did not Swipe	T/fers	W/Comp Adj	New Starter	Adj to break up	Reason to OLB / Vouch	
Location 1	7	2	1	4	0	4	0	0	0	0	0	0	0	0	0	0	
Location 2	4	1	1	2	0	2	0	0	0	0	0	0	0	0	0	0	
Location 3	1	0	0	1	0	1	0	0	0	0	0	0	0	0	0	0	
Location 4	5	0	2	1	1	1	0	0	2	0	0	0	0	0	-1	1	
Location 5	3	0	0	3	0	1	0	0	2	0	0	0	0	0	0	0	
Location 6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Location 7	10	6	2	1	1	2	0	0	0	0	0	0	0	0	0	0	
Location 8	6	1	0	3	2	4	0	0	1	0	0	0	0	0	0	0	
Location 9	1	0	0	1	0	0	0	0	0	1	0	0	0	0	0	0	

Payroll KPI's...

- **Where to get more information:**
 - TAPS
 - InfoHR
 - Derrick Consulting

Payroll KPI's...



"And this is for keeping wages down."

Payroll KPI's...

Questions