

Speaker 1:

Welcome to PayTalk the podcast for payroll professionals, with your host Nina Talley. In the podcast, we explore the human side of payroll by speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Hey everyone, thanks for joining us for PayTalk the podcast that brings you payroll's human side. I'm your host Nina Talley. And today we're joined by Brian Proctor principal for Deloitte consulting, LLP and the lead of Deloitte's global payroll and workforce management practice, as well as by Susan Leal, managing director for Deloitte consulting, LLP and the lead of Deloitte's advisory services within the global payroll and workforce management practice. Brian and Susan. Thank you so much for joining me today. Why don't you give us a little background on your experience in payroll and why listeners should be excited to hear from you?

Brian Proctor:

Thank you so much, Nina for having us on PayTalk. We're very excited to be here. And just by way of background I've spent the last 23 years working exclusively in the payroll and workforce management industry, advising clients in the fortune 100 as well as not for profits tackle these challenging payroll and workforce management issues and challenges that come across their desk. I'm delighted to have my dear friend and colleague Susan Leal on the phone with us. And Susan, would you like to introduce yourself?

Susan Leal:

Thanks so much, Brian, and thank you, Nina as well. I have spent about 20 years myself in payroll consulting and outsourcing. And what I really enjoyed doing is helping organizations with figuring out what is their payroll service delivery model, and really in particularly enabling them to become a world-class payroll organization. And I'm really looking forward to talking today about our survey.

Nina Talley:

Well, thank you both again for joining me. I think that you have such great insight to share with our listeners, and I'm excited to dive into that. I understand that late last year and early this year, Deloitte launched a payroll benchmarking survey that was sponsored by the APA and the GPMI. Why don't you tell us a little bit about that survey and what was the main purpose of it?

Brian Proctor:

The main purpose of the survey was to really collect the world's largest data set, as it relates to payroll operations. We had over 750 organizations respond and the purpose was to get beyond the traditional payroll studies and predict traditional payroll benchmarking activities, and really explore new areas such as what does payroll talent look like? How are organizations next generation technologies, and really give the industry a modernized look at how to manage payroll in the future.

Nina Talley:

That's an excellent point and an excellent reason for this survey data like this gets me so, so excited, because I think that it really gives you something to chew on and it gives you something definitive to

make decisions by. And so what do you see as some of the goals that these results should provide a payroll professional with? Where will these results point them?

Susan Leal:

Yeah, so Nina this survey really provides data that enables the payroll professional to have a conversation with the C-suite to help them make the C-suite make those critical business decisions.

Nina Talley:

That's an excellent point. And I think that's something that we constantly talk about on this payroll podcast is how to get payroll professionals, a seat at the table. And it seems like this data is an excellent way to do that. Can you share with me some of the demographics of the survey participants things like population size, geography and industry, just so that our listeners can help position themselves in it as well?

Brian Proctor:

Absolutely. We are very pleased and overwhelmed by the positive response. As I mentioned earlier, we had over 750 organizations respond to this survey and they span across all of the primary industries that we deal with. Lots of public sector clients, lots of high tech clients, financial services, manufacturing, and the geographies, the majority of the respondents were American based multinationals. However, we collected data on over 55 countries as it relates to this survey, and the employee population size varied a number of participants, a significant percentage that had 15,000 employees or greater as well as a significant number of respondents who were in that one to 5,000 employee head count range. So regardless of the payroll platform you're operating today, we have data that can help advise your situation.

Nina Talley:

That's excellent. Being able to leverage data of this type, regardless of the size of your organization, regardless of the size of your payroll department is so impactful. Again, data like this cannot be understated the value of it and correct me if I'm wrong here. I think that this might be one of the largest benchmarking surveys for the payroll market?

Brian Proctor:

Absolutely. Through the help of the APA and the GPMI membership and Deloitte's client base risk, there's the largest dataset of payroll data in the marketplace or available for individuals to define their strategy.

Nina Talley:

Why don't you tell me a little bit about the use of breakouts used in generating these type of survey results?

Brian Proctor:

Yes. Very good question. The breakouts become important because oftentimes people are looking for a one size fits all answer to their payroll questions. When the fact of the matter is they're geographies that you're operating in very dramatically and have different needs as well as your businesses needs in those geographies. So one specific breakout that we focus on for the survey participants, and in a readout is

just geographic regional. What do your headcount ratios, how many payroll professionals should you have employee in Europe, as opposed to say the Asia-Pac region or North America? In addition to that, how do your workforce management and time and attendance issues vary, whether you're in a manufacturing setting versus a largely professional services staff.

Brian Proctor:

In two of the interesting tidbits we've seen is that organizations, one of the areas where there are room for improvement is we see that in the workforce management space organizations have historically invested in essentially consolidating HCM and getting a global system of record, consolidating platforms, but many organizations still have a way to go to consolidate their workforce management footprint as it relates to streamlining their technologies and employee experience. So based on your industry and the regions you're operating in our breakouts help you get to that level of specificity for recommendations for your organization.

Nina Talley:

Did you notice any key, big differences between any of your large demographic breakouts? Was there anything that you found interesting or maybe even surprising?

Brian Proctor:

Yeah I would say the most surprising thing we discovered the most aha moment that our clients and colleagues have reacted to is related to payroll professional talent. This survey does an excellent job of categorizing, what does a high performing payroll professional look like? And based on different regions and demographics, we would run into situations where maybe there are some payroll talent, deviations, or considerations, specifically, getting around how many years of experience it takes to become a credentialed payroll professional in North America against say, Europe, what we found on average is in Europe to get a credentialed payroll professional typically required additional training, as well as additional years of experience.

Nina Talley:

That's very interesting. Was there any details in the data that pointed as to why ?

Brian Proctor:

Some of it in the data and then some of it just our understanding of their landscape pointing towards regulatory requirements in many of the European geographies regarding what's training is required to become a credentialed payroll professional that drove much of the defense.

Nina Talley:

And that makes a lot of sense, especially with things rolling in like the GDPR and other regulations that are just overall influencing the European market. I think that uncovering that can do a lot for seeing what upcoming changes will hit the North American market. And so I personally find that very interesting. I'm sure there's some data in the survey that points to outsourcing, and I would love to hear what the actual hard numbers have to say about that.

Susan Leal:

Yeah, Nina, so the survey, you're absolutely right. The survey did give us a point of view regarding outsourcing. We discovered that 73% of organizations outsource some aspect of their payroll processing.

Nina Talley:

Wow. Substantially higher than I expected!

Susan Leal:

It's true. But when you think about it, it's whether it's the full gross to net payroll processing, or even a small part such as taxation or garnishments. So that's what that 73% represents. But what was interesting is that even though those organizations are outsourcing some aspect of payroll, there is still a need to retain in-house payroll expertise, because even though outsourcing can reduce the administrative, and transactional components of payroll administration you still need that unique capability. In the end that organization is still responsible for the aspects they outsource. So you still need those specialists to drive policy and decision-making. Outsourcers look to them to do that.

Susan Leal:

And also another interesting fact, Nina, if I may let you know is that many organizations still believe there's sort of a myth going on that you could reduce your costs by outsourcing payroll, but our data found that it just really, isn't true highlighting for us that the need to outsourcing payroll isn't necessarily a cost play, but it's really to decrease risk, avoid having to build, stand up that entire capability in house, because it's hard to manage and maintain that really, as Brian was talking about, that really experienced in train payroll talent, or because you just don't have the technology capabilities, in-house.

Nina Talley:

That's a really wonderful point. And I think that that is the power of data collection of this type data points like this is that it can really shine a light on some of the myths that we just have culturally accepted. And I think that that's a wonderful thing to point is that outsourcing does not have to take the job from you. It make you more efficient. Thank you so much for sharing that with us. Looking at all of these results, what do you see for the future of payroll? What are the insights into where the future of payroll is going with next gen technology or daily pay, I would really love your expert insight on how these data points are going to shape the future of the payroll industry?

Susan Leal:

Yeah, so we discovered that about 15% of the organizations we surveyed currently use some type of next gen technology for HR and payroll, but they're also looking for, within three years, there's about 10% of them are actually looking to implement next gen technology is really coming up more and more as the survey shows in conversations of HR, and payroll and where it's focused now is really all around increasing the automation of sort of loading those inputs into the payroll processing because that for a lot of organizations, that's an incredibly manual process. So, a lot of the automation is really focused on that type of automating those inputs to eliminate that manual work.

Nina Talley:

Automation is King. I love automation and I'm sure all of us do as it definitely makes things a bit easier. So do we think that anything like that will roll into a global payroll strategy?

Susan Leal:

Yeah, so I do think that automation will be key as part of a global payroll strategy. And also interestingly enough, we have seen quite a lot of uptick on the organizations realizing how critical it is to develop that global payroll strategy. We've seen an increase of about 40% in organizations developing that global payroll strategy. We did a survey about three years ago and where we think the reason for that is not only just because of a desire for automation, but also there has been a strong desire of the last couple of years to globalize HR data and typically a global HR solution definitely puts a spotlight on the desire to also have a comparable global payroll solution.

Brian Proctor:

Yeah. And I think what's interesting when I look at specific use cases or of how people are trying to evolve their global payroll platforms, in 2005, 2006, which is really what I attribute to the birth of global payroll in a material way where organizations would try to solve global payroll as a strategic portfolio. So, I look at that evolution compared to what this data is telling us and where we're going. I draw a few conclusions. The first conclusion is initially it was just about getting one provider to standardize platforms around the globe. People have reauthorized that that objective though is not always cost effective or the best route to go. As we look at how people are looking to manage their global payroll portfolio and what this data tells us. I think there's a few themes that emerge.

Brian Proctor:

Number one, in was five to seven years from now. Everybody's going to have next generation technology in their global payroll platform. And what does that mean? It means they're going to have RPA, and bots that are performing reconciliations that are currently done manually. It means they're going to have an odd mannered employee servicing strategy with chatbots that can interact with employees on the employees time, as it relates to their sensitive payroll questions. And we're going to see organizations looking at their global payroll strategy as having a portfolio of strategic suppliers that help them achieve their objective. Instead of arbitrarily, just looking for one platform around the globe.

Nina Talley:

That is so insightful. Really, that is where the world is going. And it's just a matter of us. [inaudible 00:16:04] Want to hear more payroll benchmarking results? Then sign up for payroll benchmarking trends an online forum now available as a webinar on demand. This online forum brought to you by the American Payroll Association, the Global Payroll Management Institute, and Deloitte showcases the groundbreaking results from the Deloitte Global Payroll benchmarking survey, and celebrates the success from the APA prism award recipients in the areas of technology, processes, management and overall best practices.

Nina Talley:

The Deloitte global payroll benchmarking survey provides insights into payroll operations, such as employee experience, compliance, accuracy technology, and more. The future of the workforce and how work gets done is changing quicker than most organizations can keep up with. And the payroll function is not immune learn how you can leverage the results to prepare your payroll organization for the future. The APA prism awards showcase outstanding payroll department operations that have improved business practices and overall processes throughout the year. Achieving such an award helps departments garner, organization and industry wide recognition and validates an organizations worth to company officials.

Nina Talley:

Learn from these award winning organizations, so you can optimize your own payroll department's operations. Make sure you have the chance to prepare your payroll organization for the future and register today. Go to the American Payroll Associations website at www.americanpayroll.org, and search for the payroll benchmarking trends forum today. So obviously payroll is evolving. Evolving with us. It's evolving with technology, it's evolving with the world, but not everything is set to evolve. So what are your thoughts on what has changed the most and what has primarily remained the same? Because some things change and some things never do.

Brian Proctor:

Remain the same is the easiest. What is the cost of my payroll operations, are payroll checks going out the door accurately? And am I operating a compliant solution around the globe? That has not changed, will never change, and is at the heart of the mission of every payroll organization. I think what has changed the most, going back to kind of the payroll talent question is specifically the types of trainings required to be an effective payroll professional at an organization. Yes, you need to know tax laws. Yes. You need to understand basic accounting principles, but it's much more important that organizations and their payroll teams in particular adopt new skills like agile training methods new skills such as design thinking, because in order for payroll to influence the CFO, the CHRO, the business operations, you have to speak the same language that your stakeholders are speaking as they tackle a strategic initiatives for your organization.

Brian Proctor:

Oftentimes, we've seen payroll professionals lose credibility in an organization because the only language they're speaking is the language of controls and compliance and costs, which are absolutely table stakes. But if you can augment your talent from a payroll operations perspective, to meet people on an agile methodology approach towards a new addition, to be able to intelligently influence a merger or acquisition playbook, or a design in high impact employee experience consistent with your employees brand, that's where you're going to move the needle and elevate the brand of the payroll department within your own organization. And our data shows us that those are the types of trainings that are having the biggest impact for clients.

Nina Talley:

And that makes a lot of sense because, as we said, it's rapidly evolving, but it's not just payroll itself. It's businesses right now are very much so rapidly evolving. And it seems like you need to take the technological bull by the horns. And by doing that, you will carve out a space for yourself where you can influence the CFO. And it seems like the data in this survey is backing that up. And I believe that it can really provide some confidence for someone who wants to make a change in their payroll department, but doesn't necessarily feel that they themselves have the confidence. I think that the survey is an excellent tool for anybody who wants to make a large change in their payroll department.

Brian Proctor:

Oh, Nina, you're a hundred percent correct. And that's exactly what this was designed for. We wanted to make readily available a data set that would empower every payroll professional to be able to walk into the CFO's office, and justify strategic investments in the payroll function.

Nina Talley:

This is why I love data. Data is such an incredible tool because we may feel that we have the natural insight, but then once you get the data to back it up, it not only gives you the confidence that you're an excellent payroll professional, who is taking care of their employees and making sure that everybody gets paid, but that you're staying on the cutting edge and that you're making the businesses as efficient as possible, which then in turn makes your own life better. Thank you so much for sharing that data with me. And I know that we've probably only touched on the tip of the iceberg here today. So what is another way for payroll professionals to learn more about these survey results?

Brian Proctor:

Well, I think the easiest way to learn more is to reach out to Brian Proctor, Susan Leal or Tina Giuliana directly on LinkedIn. Tina wasn't able to join us on this podcast, but she was instrumental to the creation of this survey. So, whether you were to hit myself, Susan or Tina directly on LinkedIn from Deloitte, we'll be glad to have a one-on-one conversation with you about the survey and any of your payroll questions. In addition to that in the podcast notes, there's a link to our webinar. So, register on that link and we'll go into much more detail about the payroll survey results. And then of course, if you're ever interested in learning more, the American Payroll Association is a great source of information and you can contact the APA and they will put you in direct contact with us to learn more about the survey.

Nina Talley:

I just want to say, thanks for Deloitte providing this survey and to the both of you for offering up your expertise on a one-on-one basis. And please everyone go and find Susan and Brian on LinkedIn, that's Susan Leal and Brian Proctor. They are excellent connections to have, and I highly encourage you to reach out for that. So now is the time in our podcast for something we like to call payroll nightmares. So normally we ask that our listeners send us their payroll nightmares to podcasts@americanpayroll.org, or leave us a comment on the APAs Facebook page, we're going through and curating those stories. And we're going to share them with our listeners. But for today, Brian is going to share a nightmare that he picked up on from the survey results and his advice on how to handle that. Brian, why don't you go ahead and share that with us now?

Brian Proctor:

Well, I think it's perfect. It's October, the leaves are changing in much of America in the weather's getting cooler. And we're talking about nightmares, with Halloween approaching. And I think most common nightmare that payroll departments CFOs experience is when they unexpectedly lose a critical member of their payroll team. My phone rings off the hook on a weekly basis from our hundreds of clients asking me for how to find the right payroll talent. And this survey result gives you the profile of what the high performing payroll professionals look like within an organization and give you the roadmap to go there. And so my advice to anybody who finds themselves in that situation is number one, just keep breathing. Yes, it's true. Payroll talent is very hard to find.

Brian Proctor:

And is a very hot and in demand skill, even with this most recent economic downturn, the demand for payroll talent has been dramatic, but leveraging your network, whether it's Susan, myself, or others, as well as the survey data can give you the roadmap for you to find the right payroll professionals, and being good to the payroll department more than just during payroll week is very important because cultivating that talent and giving them a career path, either directly within payroll, or to other parts of the organization is the key to maintaining payroll, stabilization for your organization.

Nina Talley:

Value those team players. Value them. That's an excellent, excellent point. And I think that oftentimes payroll can get a little overlooked at some companies it's not necessarily seen as the most needed for talent, but I think that payroll stabilization is something that all organizations need to be looking at. You never want to lose that person who knows where the bodies are buried.

Brian Proctor:

Absolutely. It gets overlooked. It becomes overwhelming. And at times I've literally met organizations where payroll professionals are in my office and crying because they feel they are unable to influence their organization. And the whole purpose of this survey was to equip individuals with the data. So they would never feel powerless in that event or that nightmare again, and they'd have the data to influence their organization and tell the executives what good looks like. And that is really at the mission of what we're trying to accomplish here.

Nina Talley:

I love that point, and I think that it folds so nicely and with this nightmare, and really, I feel that sometimes data can tell a story and I feel that this data really does. And I am so appreciative that you took the time to deconstruct it with me. So we don't really like to leave things on a negative note here with our payroll nightmares. So, I have just one more question for the both of you. Given the technological advances in the world, now that it's starting to make its way into how payroll services are being delivered and what might become a new normal with more and more companies shifting to a work from home model, what advice do you have for payroll leaders to make sure that they are ready to embrace these sorts of changes?

Susan Leal:

So I think one of the things that our survey highlights and I think it's become part of the new normal is really embracing the new technologies, because now everyone's working from home and they're realizing that they have a need for automation even more. And the market really is showing that organizations are starting to think about that. But I think the new norm of working from home is that those organizations now realize they might have to accelerate. They're sort of looking at those next gen technologies even quicker than what our survey had picked up on, perhaps instead of saying, "Hey, we have a three-year target. Now it's more of a one to two year target."

Nina Talley:

That's a wonderful point. And Brian, do you have any advice as well?

Brian Proctor:

Yeah, I think the advice that I would share in the good news column is technology is absolutely part of the answer, but it's not the totality of the answer. There's a human element to managing payroll across multi-dimension, there's the human element of building a strong payroll team that we've already talked about. There's the human element that's related to the responsibility we have as payroll professionals to ensure our employees receive accurate funds on time, on a consistent basis. And as we recognize that shift to working remotely was forced upon many of us, the human element should remain at the heart of many of our decisions. Specifically, you may have issues with somebody's working from a location other than their home location, so that creates tax challenges.

Brian Proctor:

Do not become overwhelmed by the regulatory landscape that you lose sight of the human element of working virtually, and the employee experience, because employees are going to remember how they were treated during this pandemic and during this work remote period, and that is as important as the shift in next generation technology. And similarly, as we transition out of the pandemic and all come back to work, payroll professionals historically have been a profession where you have to be in the office, virtual work was an exception as opposed to a norm. I think we've proven that we can consistently and accurately get payroll out the door with a virtual workforce. So, giving a little bit of your trust to your team to drive a greater talent experience will go a long way towards protecting our greatest assets, which is our employees at our organizations.

Nina Talley:

That is a wonderful point because really, to Susan's, it's we do need to embrace the technology and how it's going to shift things, but we always need to remember there is a human being behind the screen, and human beings respond to trust. And I think that that's a wonderful, excellent point, Brian. Brian and Susan, I just want to say that I really appreciate the both of you taking the time to come and share your insights with our listeners and really break down what can be sort of cold data and show us how it can really have an impact on not just our employees, and our coworkers lives and how we can help them continue to get paid in a timely fashion, but also how this can drastically shift a payroll professionals life, if you take these data points and use them.

Nina Talley:

Carve out a seat at the table for yourself and use the data to justify it. Brian and Susan believe in you as do I. So I just want to say thank you to our listeners without you PayTalk, wouldn't be possible. Make sure you'd like, and subscribe to us on your preferred podcast streaming service. That is the best way to support this podcast and ensure that we can continue to bring you the human stories that make payroll so personal. Until next time. Folks, this has been your host Nina Talley with PayTalk.

Speaker 1:

Thank you so much for joining us for PayTalk. The payroll people's podcast created by the American Payroll Association. You can find additional information about our guests and the topics discussed in the episode description for more insightful payroll content, make sure to join the APA as an official member at americanpayroll.org. Don't forget to like and subscribe to PayTalk on your preferred podcast platform and to follow the APA for PayTalk updates on LinkedIn, Twitter, and Facebook. We'll talk with you next month.