ASSISTING IN THE ASSESSMENT AND REORGANIZATION OF A PAYROLL DEPARTMENT

CASE **BACKGROUND**

We were asked by a leading global Content Delivery Network (CDN), cybersecurity, and cloud service provider to assess their policies and practices as they had grown from 250 million in yearly revenue to over 2 billion in a very short period of time. Their payroll manager stated that no assistance was needed in payroll and that the focus should remain on human resources. It is very typical that an organization reaches out for an assessment of how they are performing compared to other organizations in their industry. We agreed on the assessment, but required them to include payroll and part of finance as well.

CLIENT **CHALLENGE**

As a result of the assessment, we found many payroll issues including improper taxation, manually tracked timekeeping, and inefficient distribution of restricted stock units. We presented the findings to the executive team and gave them full transparency on how to resolve the issues. With this information, they had 3 options: they could ignore the problems and address them at a later date, they could try to resolve the issues themselves, or they could hire a third party to resolve the issues. Pushing things off tends to cause more problems in the long run and is always the least advisable solution. Because they had experienced so much growth, they did not have the experience to resolve the situation themselves nor did they have the resources to spare. This left hiring a third party, and since we were already familiar with the client we were the obvious choice.

THE **SOLUTION**

Our solution was to reorganize the payroll department by taking over the Payroll Director, North American Manager, and Global Manager roles as well as assigning a Payroll Associate and a Procedure Documentation Specialist. All 5 of these roles were sourced by our organization and it allowed us to move swiftly and efficiently towards the solution. The tax issues had the biggest implication and we were able to work with local and federal agencies to resolve the issues at a **savings of over 10x less than what the client was expecting to pay**. We also implemented a series of audits to prevent the issues from happening in the future along with a checklist for payroll to follow in order to avoid mistakes. We brought in additional resources to assist in the implementation of an automated time tracking system. This system standardized the many different manual systems that the many acquired entities were using and gave many more reporting options and viability to the managers. The final solution was working with the Finance department to standardize the distribution of stocks. They were providing them to new hires upon hire, which required them to process a payroll in order to deposit taxes 3 times per week. By issuing them on a quarterly basis we were able to reduce the number of additional payroll runs from 150 per year to 4, which significantly reduced payroll costs as well as freed up 1/2 payroll FTE.

THE **RESULTS**

We worked closely with the client to manage resources and provide them with the knowledge and approach for a successful payroll reorganization that included a system implementation that reduced the risk of project failure while ensuring that the strategic and functional requirements were met. We also provided resolution and guidance for taxation and equity solutions that reduced the clients liability, increased the effectiveness of their current resources, and provided a roadmap to help guide them to their next milestone.

Contact Bill Larkin at bill.larkin@sikich.com for solutions and services to optimize your organization.

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