

Improving payroll performance

Applying technology to improve payroll process performance in the cloud



Tap into technology

As some economists are keen to remind us, the pandemic has not only shifted working patterns, but also prompted the “great resignation.” Whether quitting or changing professions, many employees have experienced a career “eureka moment.” Coupled with the race to embrace digital transformation to cope with remote working demands, the exodus is placing even more pressure on organizations already battling a war for talent.

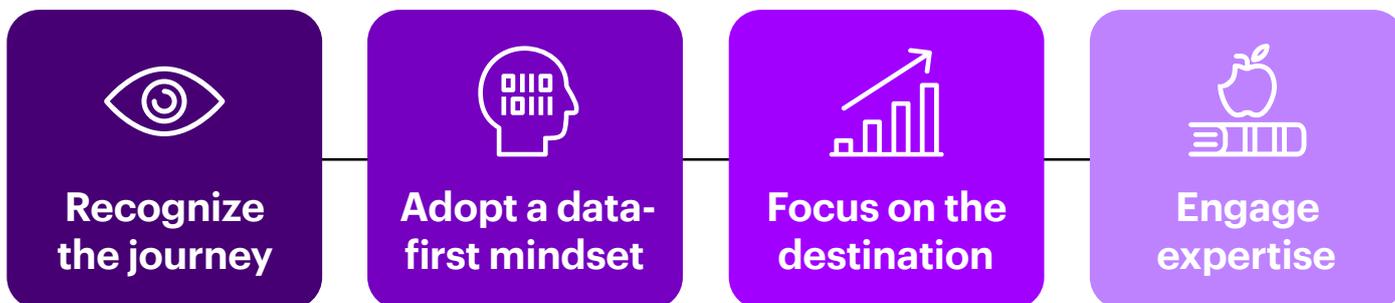
Every HR team knows that employee engagement and retention is a priority. Technology helps to improve experiences and ease processes. But it’s getting the fundamentals right that can be seen to have the greatest impact on taking care of talent—basic employment processes, such as accurate and timely payroll.

In a complex and demanding HR landscape, having the right technology tools and being able to automate and accurately manage such processes can be game-changing. Let’s examine some of the issues HR teams face and how they can better control payroll outcomes in a consistent, sustainable way.

Every organization starting to implement a new HR solution should do so with payroll in mind.

Enhance payroll performance

The following steps highlight the actions organizations should take to address payroll issues and maintain performance—and why.



Recognize the journey

“Big picture” thinking to identify a payroll outcome and the best means to achieve it is essential as a new HR solution is designed and implemented. In a landscape where Employee Central and Employee Central Payroll (or other payroll systems) are connected, it’s important that these systems work cohesively together. As a result, iterations of the HR solution and rounds of amendments need to include a view of how the system operates end-to-end. Any disconnect could mean that the information isn’t supplied to coordinate an accurate payroll process.

Payroll should be designed in such a way to accommodate the nuances of individual employees’ remuneration. For instance, it can interrogate a table of information based on the attributes of a person’s employment terms, such as their pay grade level or a table of information that links the work contract with special compensation rules. However, some HR systems are designed without payroll systems in mind—their global templates are not sophisticated enough to consider the classification and order of data to drive and manage an automated payroll system as well.

Similarly, organizations can stumble with their payroll solution if they fail to consider the purpose of testing, or don’t determine worthwhile success criteria. There are two key questions that need to be asked when embarking on a testing activity:

Is the system fit for purpose?

Any test should determine if the solution supports the completion of a required business process—since the system should only exist to meet business process requirements.

Are there appropriate metrics in place?

There must be appropriate, valuable and measurable ways of determining that the outcome of any activity is successful. For example, one test may be to verify that a payroll administrator can key in an appropriate pay component for an employee. Success criteria for a test such as this should consider:

- Can the administrator access the employee record?
- Do they have the appropriate permissions to enter the pay component and value?
- Does the record save without error messages being shown?
- Does the saved record result in the appropriate payment being shown on the payslip?

It is not helpful to have every test script check whether or not an employee can log onto the system. If an employee can't log on, all tests will fail, so measuring it in every test isn't productive. In short, testing can be too prescriptive and ineffective if it does not account for current business processes, the reason for testing the data or the preferred outcomes from it.

Undertaking any transformation journey is not a one-and-done event. Along the way, adjustments should be made—and will need to be made if your finance and payroll systems are to work effectively together. For instance, for HR teams that are running their financial accounting systems and payroll systems independently, the two systems should speak the same language and be configured appropriately.

To achieve this requires deep knowledge and understanding of how these systems work, so that data can flow through easily from the finance system to the HR system. Here is where software tools can make a difference—helping to compare environments, achieve data alignment, quality, reporting and, ultimately, troubleshooting between systems.

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Adopt a data-first mindset

Confusion around data ownership can lead to problems further down the line, especially with more stringent regulatory demands, such as the General Data Protection Regulation (GDPR) in Europe. These legislations are clear on the boundaries of what is acceptable when it comes to using and storing personal information. In an HR context, where there is a wealth of sensitive data, it is vital to have someone on board who understands the data in the context of the legal demands, to avoid a situation where data can be misused and the organization subject to punitive fines as a result.

Even once ownership has been established, there are various pitfalls that can be experienced through the process of data migration. To use a simple example, it may be that the legacy system identifies male persons with a zero and females with a one—but in Employee Central these fields are M and F and in the payroll system they are written as male and female.

These different representations of the same values should be mapped across all three systems so that the information is recognized appropriately. Understanding where data sits and having the correct taxonomy will make it easier to handle efficient data migration and maintain data quality.

In our experience, data transformation and validation can be easy and automated using the right software tools—without manual intervention or the need for extensive, ongoing training.



Focus on the destination

Running a busy HR department is an action-oriented role. But there are situations when less is more. Taking time before mobilization, with a strong focus on overall requirements that are fully understood and aligned at the start, can avoid speculation and wasted time and effort during the delivery process.

And it's important to be collaborative. Shared understanding is necessary, specifically on the scope of the solution and degree of harmonization to avoid the need to "retrofit" activities in Employee Central.

Many practitioners think that running HR in the cloud requires less effort. Indeed, scaling in the cloud to be agile in the face of business demand is far better than the static capabilities of any on-premise system. But because it is open and flexible, the cloud also involves access to multiple systems.

Accustomed to making changes in one system, with all the functionality handled in one place, some HR teams believe that running services in the cloud should be faster than on-premise. As a result, they may fail to do due diligence to make sure that they are ready for the additional "ticks and ties" of the transition. Moving to the cloud is not to be underestimated—it is a landscape-changing project that demands focused attention on the data lifecycle and necessary integrations.



Engage expertise

Accelerating a payroll solution should accommodate the proper safety measures to enable the required outcomes to meet aspirations. There can be not only hazards from working in a faster, more automated way, but also an impact on change management and deployment.

Some organizations are keen to speed up the build of a payroll system—they want to realize the benefits of reducing the manual activity required and de-risk the activity, eliminating mistakes. But doing things too quickly in build mode may mean the organization hasn't had the time to flex around the changes that come with this new technology—adapting to a new look and feel, implementing new training or proving new access accounts. Indeed, organizations can fail to consider the need for automation for data migration and parallel comparison tests which are essential to maintaining data quality.

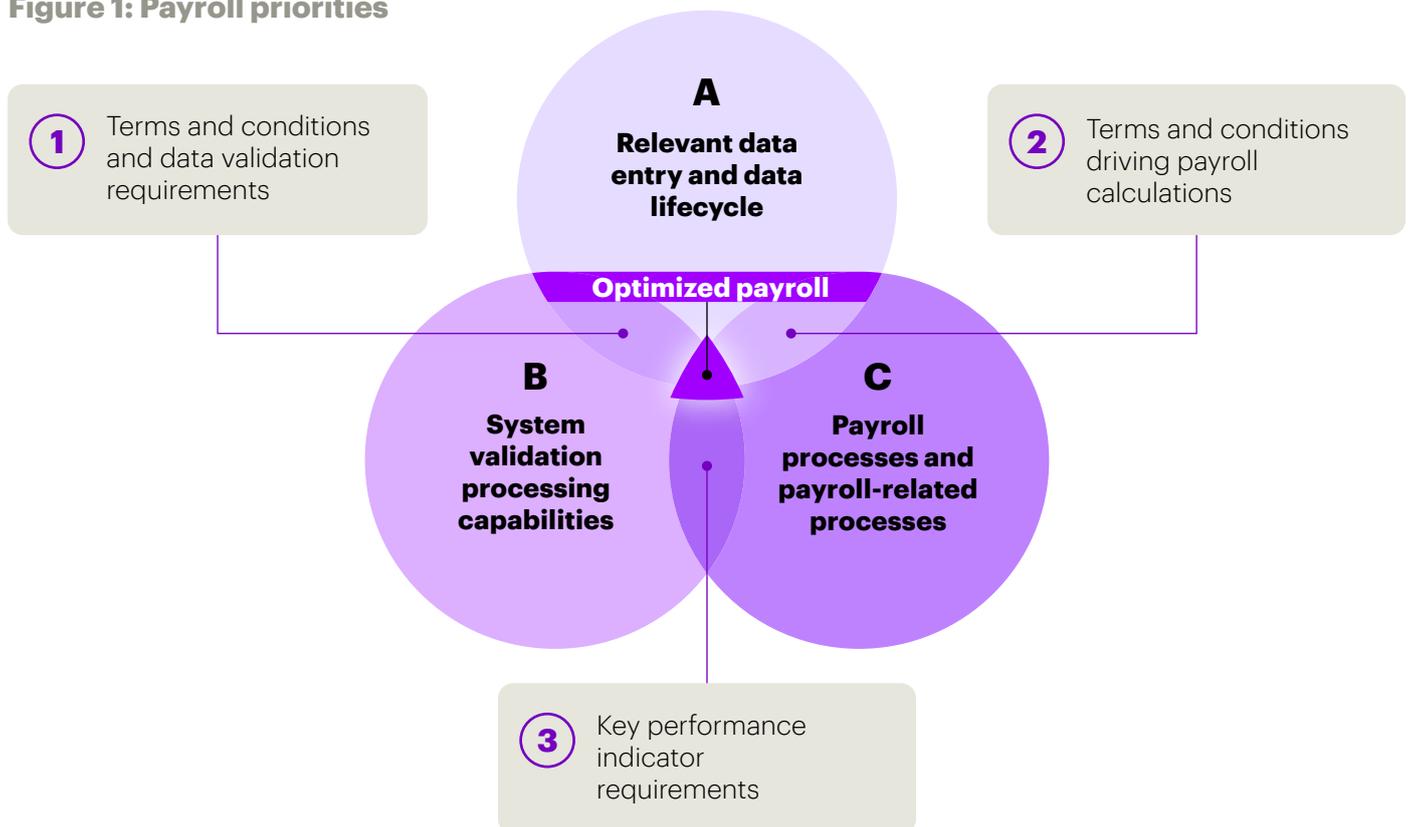
Payroll reconciliation and testing requires knowledge and effort from payroll specialists—often a scarce resource in many organizations. As a result, these specialists need the support of technology to automate as far as possible using tools and solutions that make the best use of their time and skills.

Another common error in any HR transformation is neglecting a formal change management, communication and training plan. Investing in educating existing resources can bring greater value in the long term.

Those who are practiced in introducing SAP SuccessFactors modules may feel that Employee Central is “just another deployment;” but payroll is different—it's a far more complex multi-stage function within an organization. Take training, where an HR system will simply house a record of qualifications. But for payroll there are repercussions from receiving a qualification—does that alter the employee's documented role? Should they get paid more money because they're more qualified? When does that need to take effect?

And let's not forget, unlike some of the other more standalone modules in SAP SuccessFactors, payroll accuracy has the vested interest of human beings—failure to pay people correctly or on time can have repercussions in a market where talent gaps are growing. Figure 1 below shows what's necessary to optimize payroll performance—and satisfy employees.

Figure 1: Payroll priorities



Get the best from HR in the cloud

So what are the technology tools and solutions that can help to get the best out of HR in the cloud and improve payroll process performance? Accenture is helping organizations today with tried and tested solutions that offer pre-built functionality. Consider the following actions:

Data migration

Copy and anonymize data securely and flexibly between different SAP systems to optimize quality, protection and efficiency. Construct SAP test environments using authentic SAP HR/Payroll data from production SAP ERP HCM systems or S/4 HANA (H4S4) or EC Payroll systems. The right solution can ease the testing process and ongoing post “go-live” regression testing and application bug-fixes—without hindering an organization’s productivity.

Data validation

Reduce the work effort associated with SAP payroll testing or monitoring of data replication. Support data migration from any legacy system to SAP SuccessFactors. The right solution can check the quality of large data volumes, repeat tests with limited effort and easily identify data migration errors—from any legacy system to SAP SuccessFactors.

Data quality

Use audit and compliance tools to maintain data at a consistently high quality in the cloud. Using proactive reporting capabilities, to automatically check data in SAP SuccessFactors Employee Central against predefined and customized criteria and rules. The right solution can maintain data quality in conjunction with standard SAP tools to close functionality gaps—and reduce the operating cost of managing quality assurance.

Acceleration

Use a variety of tools to enable automation faster when adopting payroll in the cloud. Employing accelerators means less manual effort is required and the process is less error prone. HR teams can benefit from greater stability, reliability and more industrialized ways of working.

Secure sustainable success

It’s important to get payroll right. Good payroll practices can increase employee morale and secure the reputation and brand of any organization. But it can be a time-consuming activity.

Making sure the organization has innovative technology solutions in place can help to bring value across the business—and continue to keep your internal customers satisfied for the longer term.

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