GL-Solutions Inc

Payroll Processing Improvement

Payroll should be straight forward and error free. Every organization must do it and do it right to keep its employees engaged and to be in compliance with various laws, regulations, and reporting requirements. Mess up your payroll, your employees head for the doors and the regulators breath down your neck. In this case study we review the challenge, our approach, and the results of a recent assignment where we had significant impact on a client's payroll processing.

Challenge

When we started at our client, they were experiencing a high level of errors in their payroll process. The client had a full time dedicated person responsible for the payroll who ran a series of manual processes to integrate data from Deltek GCS to ADP. Each time they ran the semi-monthly payroll process, they generated a large amount of errors with wrong payment amounts, inconsistent labor distributions calculations as a result of inconsistencies on understanding and interpreting cost, wages and salaries. . In addition to the errors, lengthy processes were delaying closing which was becoming a painful management distraction due to the cost variations within a program by managers.

Approach

The first step in our methodology was to assess the situation. It was important for us to understand the current process, errors, and dedicated resources to the payroll processing activity. This was done fairly quickly as the client was already acutely aware of the situation however, we still needed to assess and validate. The next step in our methodology was to analyze the errors and processes. We accomplished this by interviewing the payroll lead, review processes against leading practices and the practices embedded in the software systems, Deltek GCS Premier and ADP. We then developed draft recommendation that we tested and analyzed. We then worked with our client to roll-out the changes in the following pay cycles. We were pleased with the results and more importantly so was our client.

Results

There were three basic benefits to our recommendations and efforts, increased efficiency, greater compliance, greater employee satisfaction, and improved cash flow. All these had significant positive impact on our client.

Increase Efficiency

We implemented new payroll business processes that increased our client's payroll efficiency. By utilizing the delivered functionality in Deltek GSC Premier system were able to configure it by updating the payroll tables with new codes that eliminated 98% of the manual processing during the payroll process. Overall processing time was reduced from 8 days to less than 2 days. During the process the Deltek GCS system was in full compliance for controlling and making the correct allocation of cost within each period.

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Compliance and Accountability Improvement

a) Payroll was change from semi-monthly to bi-weekly to eliminate cost variations between periods and normalize the payroll reporting and cost associated with projects. .

b) Re-training and understanding on how to manage exceptions to payroll rules, such as Leave Without Pay, salary increases and Over-time rules were all incorporated into the electronic system and rules enforced. Thus making the company full compliance with the DOL and State rules.

c) Both system, GCS accounting and Payroll for ADP were normalized with the pay types entries to facilitate the integration of a module for faster and 100% accurate process. The QA/QC for the payroll was reduced from several days and inconsistency in cost to less than an hour each time.

Employee Satisfaction

With accurate payment and cost employees gains trust on the payroll calculations and understanding what was earned and what was not. Also with the normalization of the pay periods (bi-weekly vs Semi-monthly) and standardization of payments it was easy to understand and explain within the two-weeks if the employees was or not subject to overtime.

Improve Cash Flow

d) Elimination of a full time dedicated person for payroll, providing real cost savings on cost processing and time for the overall company.

e) By reducing the processing time, less time is expended by accounting in reviewing and QA/QC the payroll thus reducing the processing cost by 28.5%

Summary

GL Solutions was able to make a significant impact on our client's payroll operations. The benefits were real financially. GL Solutions saved our client over $60,000 per year in processing cost. Estimated return on investment was an inmediate 50.00% cash-on-cash, with a higher return expected for next periods. This also allow our client to smoothly expand its services and sales while reducing their operating cost per employee. Thus providing real time and continues savings along with lower indirect cost. We have found many small to mid-sized firms struggle to maintain basic operations like payroll processing as they have grown faster than their administrative staff can adjust to.

About the Author

Gregory Llinas is the CEO of GL-Solutions. He has overall strategic and operational responsibility for the growth and development of the firm. As the CEO he determines the direction, vision, and strategic plan for the company. Over the last 20 years, Gregory has managed over half a dozen organizations at the executive level, including Business Development, Operations Management, and Executive Leadership. Gregory has been responsible for Financial Planning, Performance Management, and overall business performance.

Previous positions in corporate management include Chief Financial Officer, Vice President of Client Services, Senior Vice President of Financial Planning and Analysis, Chief Operating Officer, and

Controller among other corporate roles. As Chief Operating Officer, Gregory was responsible for increasing revenues from $180M to $280M within a 14 month period. As Chief Financial Officer of over four federal contracting businesses, including 8(a) and Small Disadvantaged Businesses, his leadership resulted in dozens of contract awards.

Gregory holds an MA in Development Banking from The American University in Washington, DC and a Masters in Engineering from UNPHU.