Session 163

Driving Globally Strategic Payroll: The Paradoxical Journey to Efficiency and Innovation

Karen Beaman

CEO/Founder/Global Strategic Advisor

Jeitosa Group International

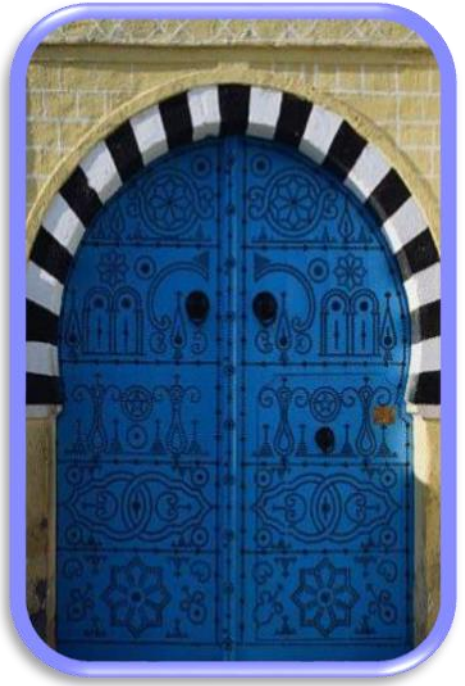
About Karen Beaman

- Founder and CEO of Jeitosa, a global HR business and systems consultancy.
- Led the team that built the global strategy for Workday's new Human Capital Management offering.
- Previously responsible for ADP's professional services across the Americas, Europe, and Asia/Pacific.
- Co-founder and Editor-in-Chief of the *IHRIM Journal* and Program Chair for IHRIM's Global Technology Forum.
- Published extensively in fields of Linguistics, Humanities, Human Resources, and Information Technology
- Recipient of IHRIM's Summit Award in 2002, honoring her lifetime achievements in the field of HR and HRIT.
- B.A. from Old Dominion and an M.S. from Georgetown University; Ph.D. candidate in Sociolinguistics.
- Fluent in English, German, and French; conversational Spanish and Portuguese.

Karen Beaman
Jeitosa Group International
Strategic Global Advisor
Home Base: San Francisco
Karen.beaman@jeitosa.com
+1.415.690.5465 (global cell)

Topics for Today's Session

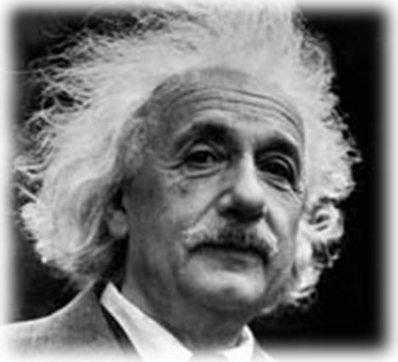
- Today's Business Drivers
- Global Payroll Landscape
- Efficiency-Innovation Model
- Nine Practices of Top-Performers



Today's Business Drivers

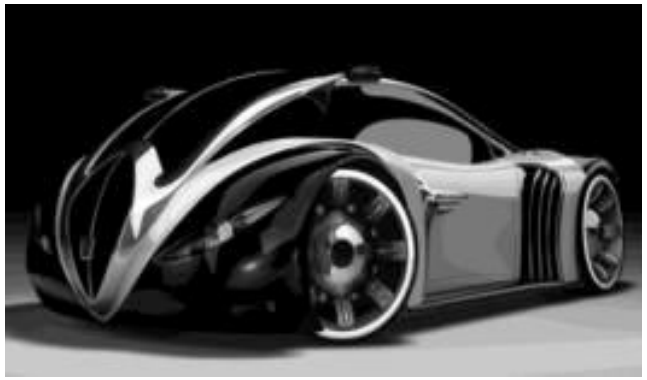
- Age-old paradox: how to do more with less
- Organizations are simultaneously trying to:
  - Seek *efficiencies* through lower costs and increased productivity
  - Pursue *innovations* and opportunities that promise better ways to get work done

> *"Any intelligent fool can make things bigger, more complex. It takes a touch of genius – and a lot of courage – to move in the opposite direction."*
> *–Albert Einstein*



Balance Efficiency to Drive Greater Innovation

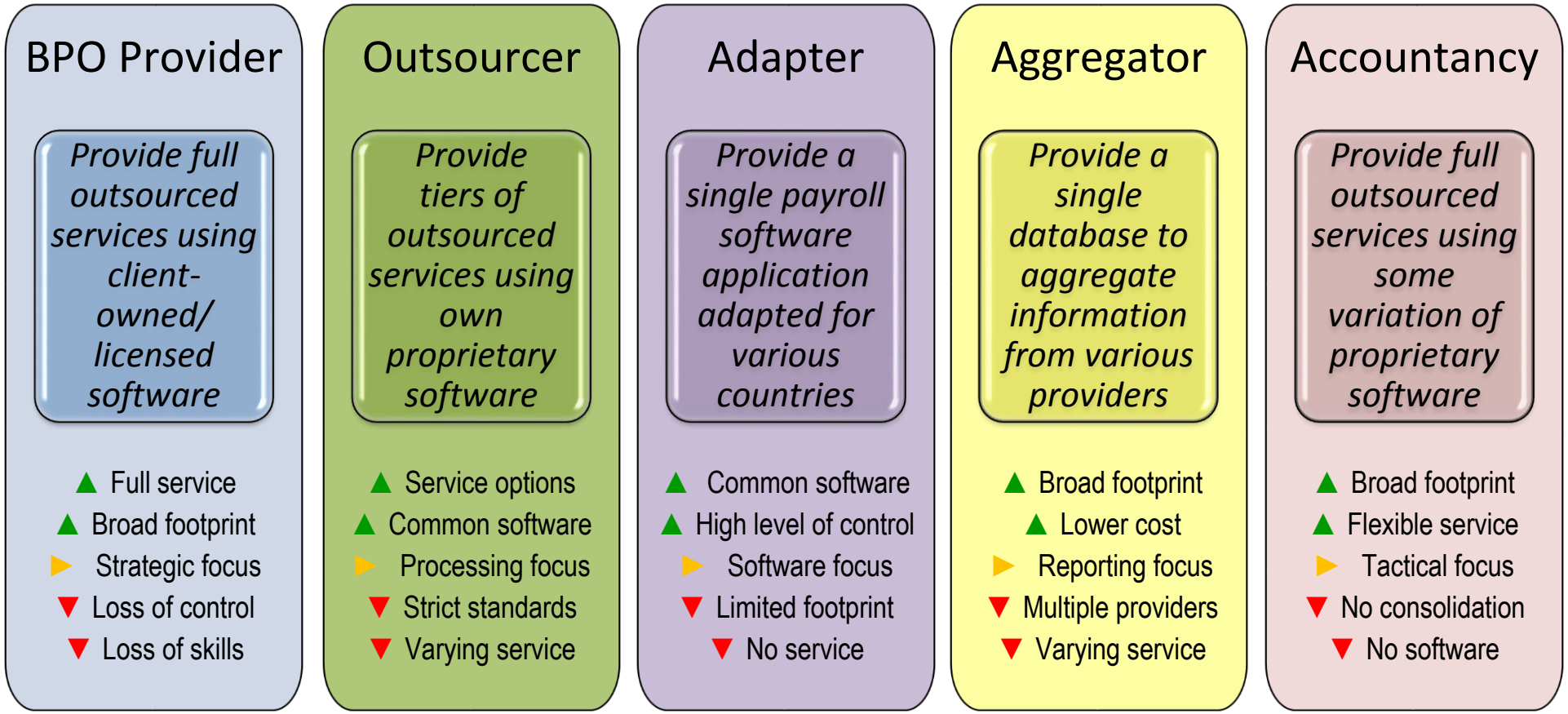
Drive for Efficiency



Pursuit of Innovation

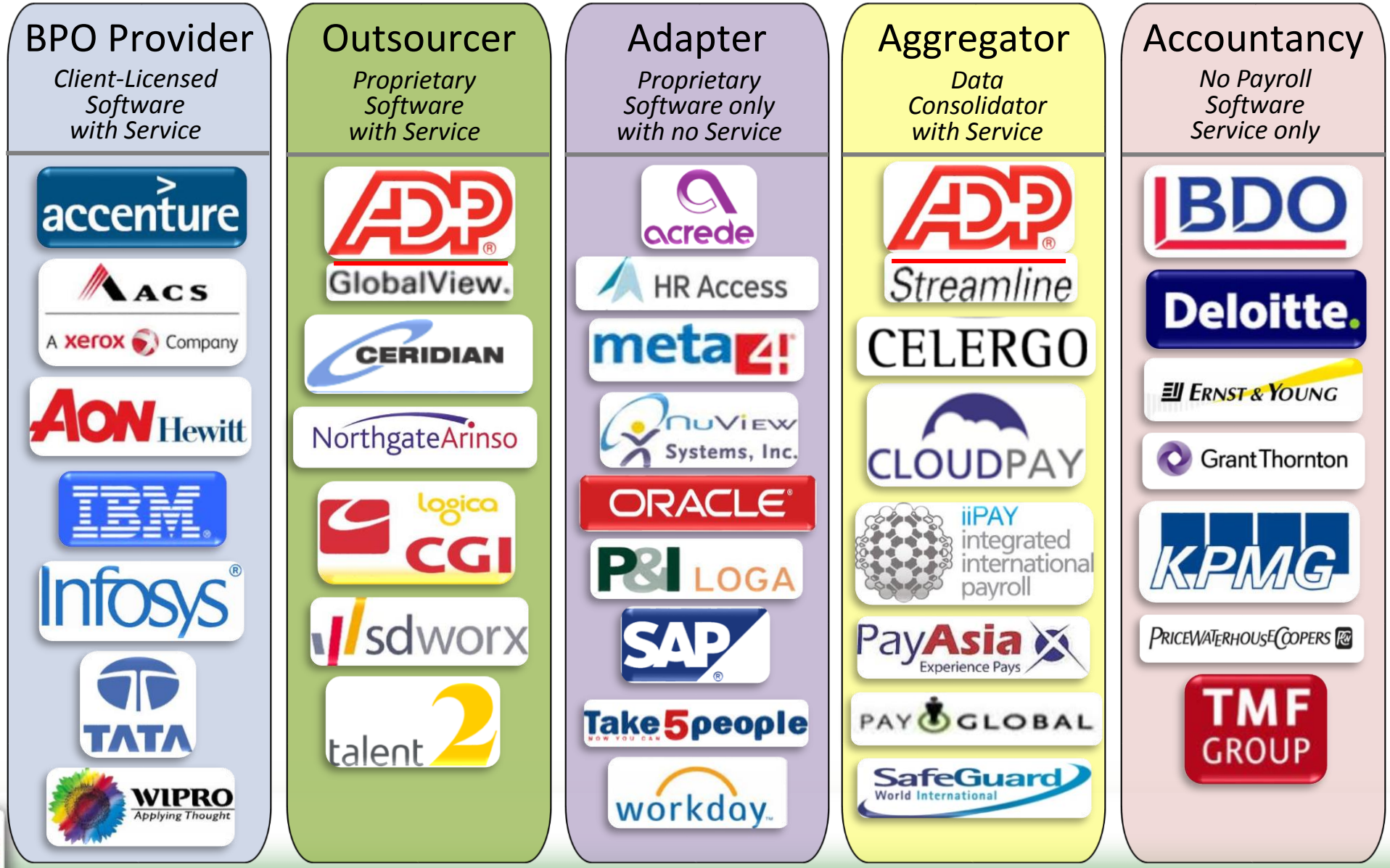
Balance, not Compromise

Global Payroll Vendor Models – Typology



Source: Jeitosa Group International

Global Payroll Vendor Models – Vendor Landscape



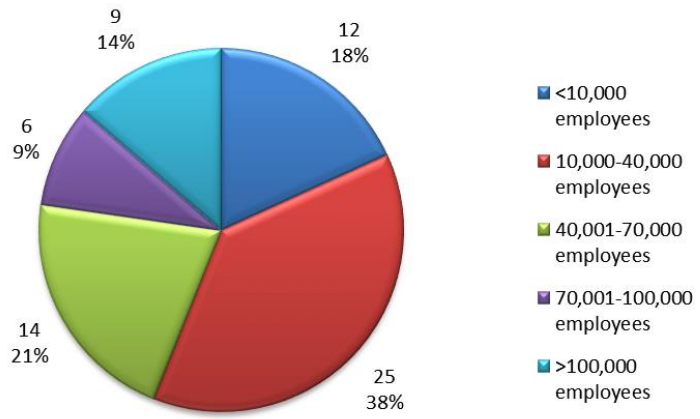
Source: Jeitosa

Global Payroll Research Background

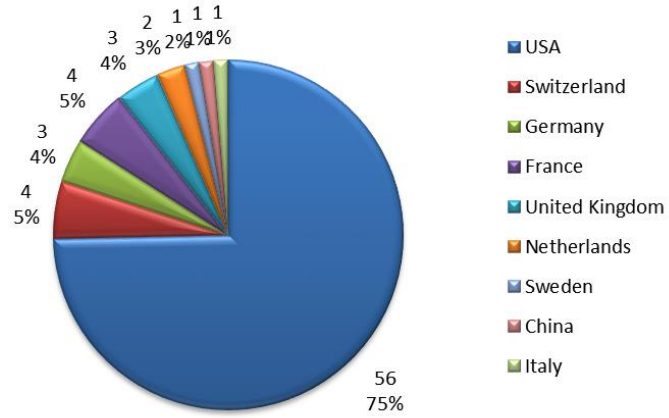
- Initiated 18 months ago with the goal to be the premier global payroll benchmarking database in the industry.
- Co-sponsored by ADP Research Institute and Jeitosa with support by many of the major global payroll providers.
- Currently 75 global companies currently participating with sizes ranging from 5,000 to over 200,000 employees.
- Benchmarks for both strategic issues, such as global organizational and service delivery models, as well as detailed staff and vendor licensing/processing costs, country by country.
- Deliverables include a customized global report and detailed country payroll reports – the fundamental principle is that payroll costs are only understandable within the organizational context.

Research Study Demographics (1 of 2)

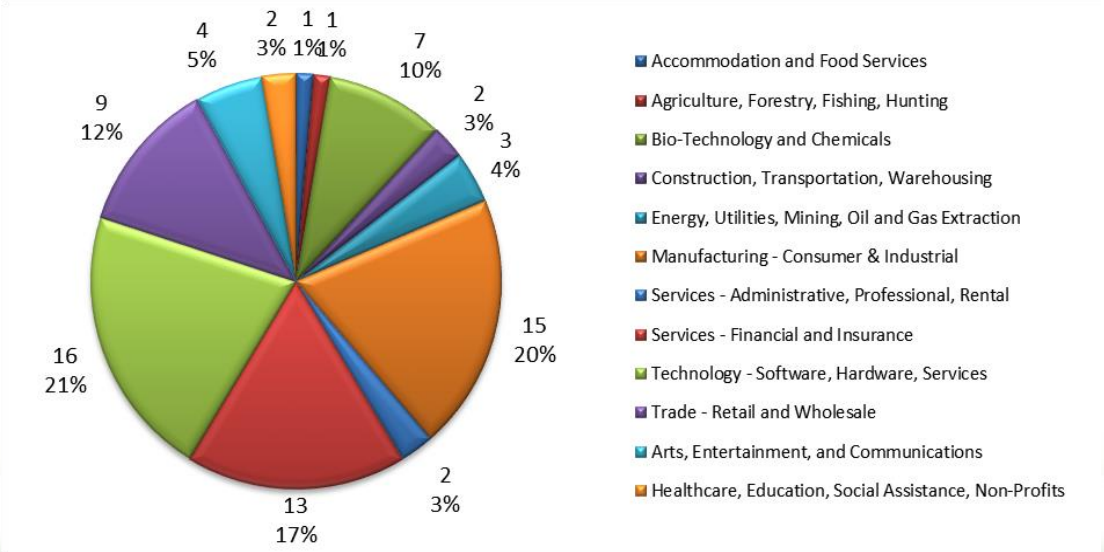
Employee Population Size



Headquarters Country Location



Industry Sectors Represented

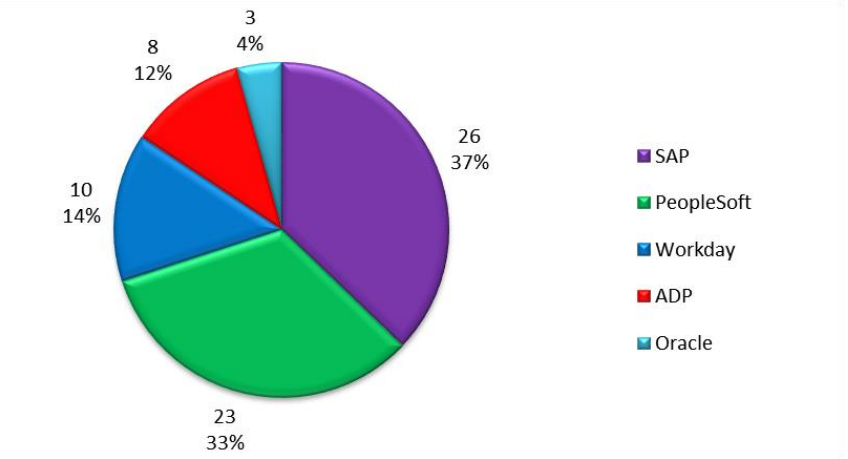


n = 75

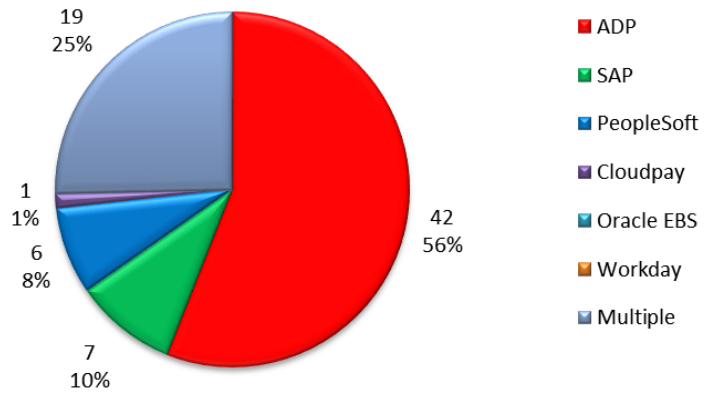
Source: Jeitosa

Research Study Demographics (2 of 2)

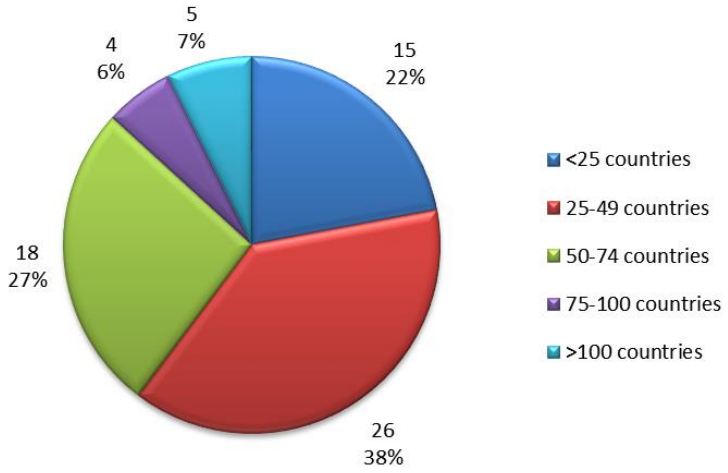
Primary Global HR Vendor



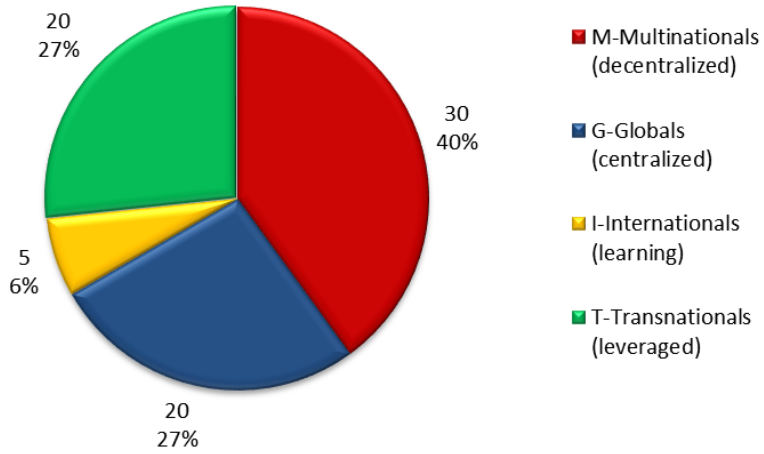
Primary Global Payroll Vendor



Number of Countries



Global Organizational Model

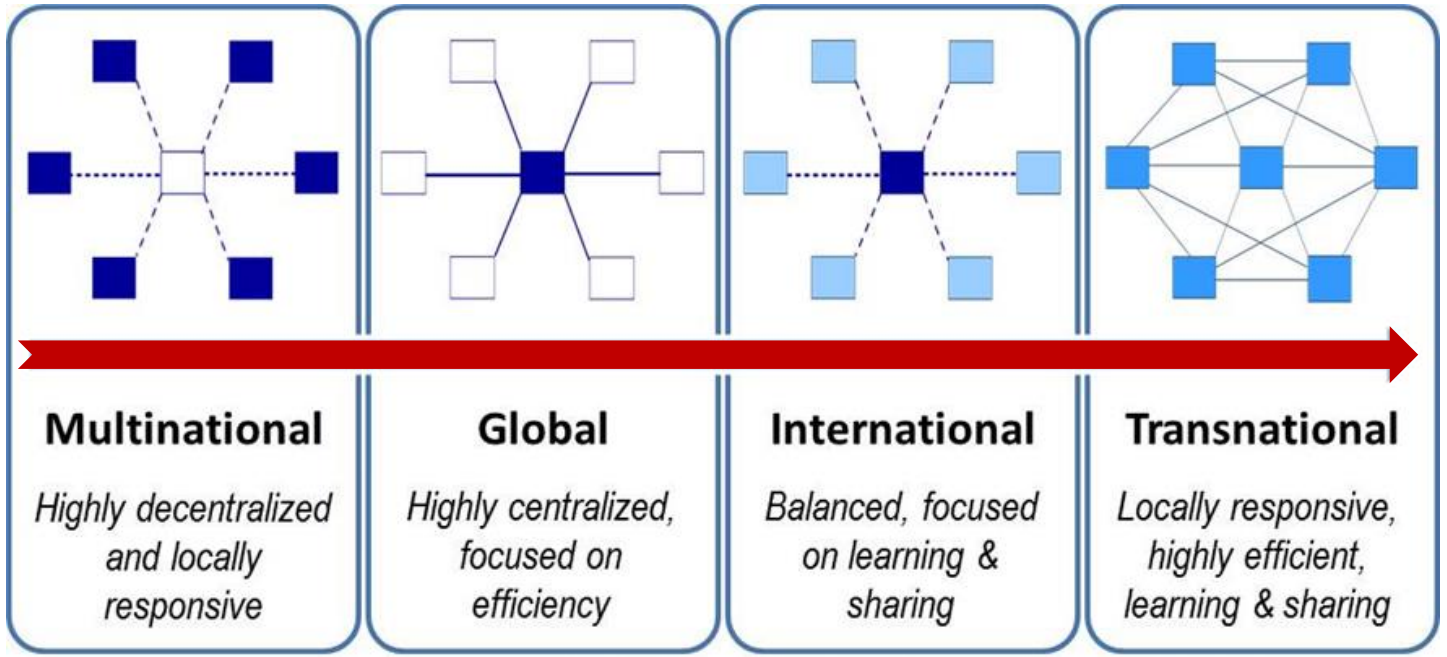


n = 75

Source: Jeitosa

Types of Global Organizational Models

Four models are typical among global companies, each with different strengths and weaknesses.



Source: Jeitosa; adapted from Bartlett & Ghoshal, 1998

Key Characteristics of Global Models

Internationals

- Strategy: Learning and sharing
- Organization: Decentralized and sharing
- People: Geocentric Mindset
- Processes: Hybrid localized and standardized
- Technology: Multi-local, optimized solutions

Transnationals

- Strategy: Networked and innovative
- Organization: Centralized and leveraged
- People: Global Mindset
- Processes: Hybrid standardized and localized
- Technology: Uniform and optimized solutions

Multinationals

- Strategy: Localization and adaptation
- Organization: Decentralized and independent
- People: Polycentric Mindset
- Processes: Highly localized
- Technology: Multi-local solutions

Globals

- Strategy: Efficiency and standardization
- Organization: Centralized and standardized
- People: Ethnocentric Mindset
- Processes: Highly standardized
- Technology: Uniform solutions

Source: Jeitosa

Efficiency and Innovation Measures

Efficiency Measures – **Centralization/Decentralization Factors**

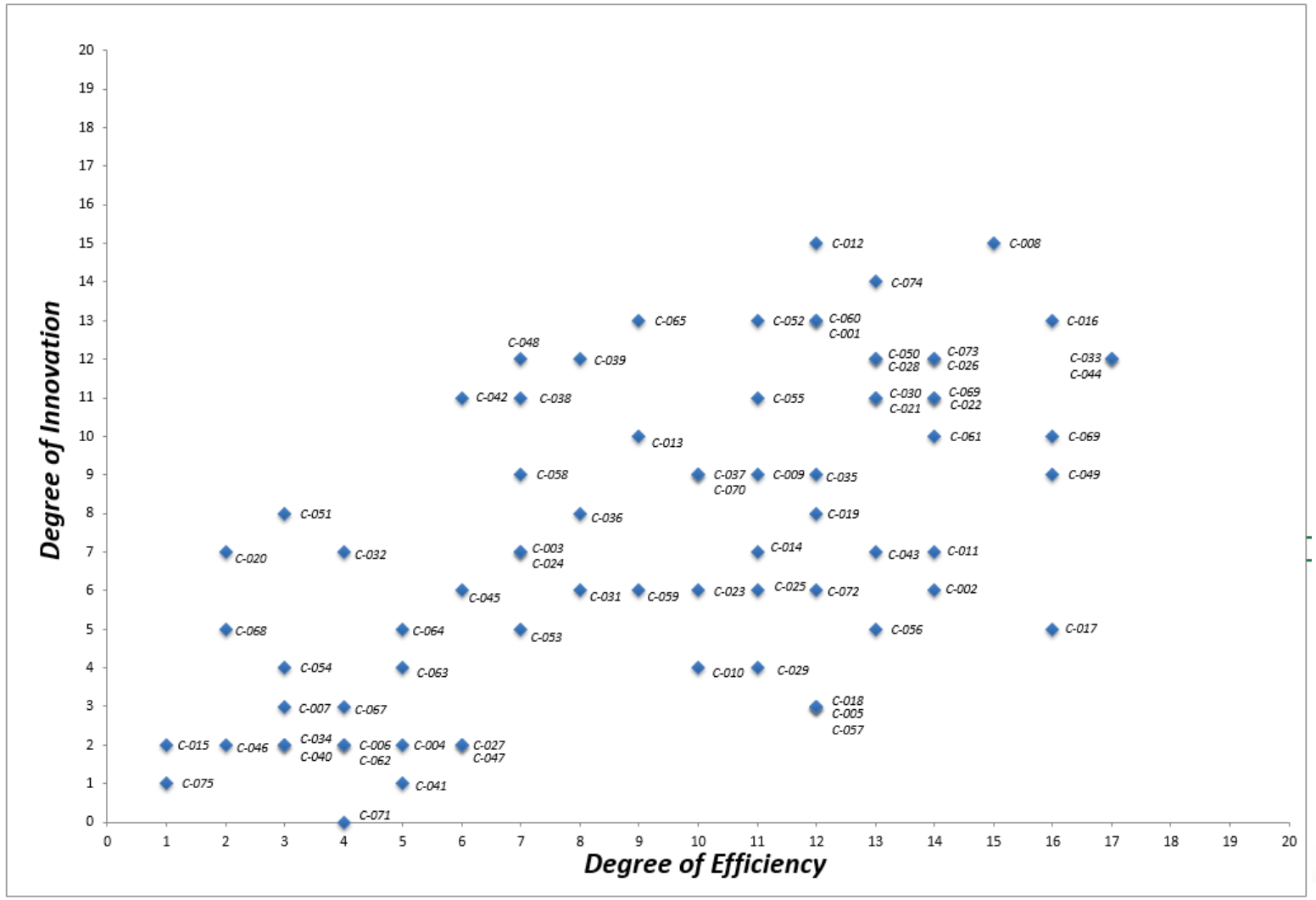
1. Delivery Model *(from local to regional to global)*
2. Governance Model *(from local to regional to HR to Finance)*
3. Global Vendors *(from multiple to several to clusters to one)*
4. Standardization *(from minimal to regional to emerging to full)*
5. Integration *(from manual to FTPs to hybrid to single system)*

Innovation Measures – **Leading Practice Adoption Factors**

1. Key Accountabilities *(from country to regional to global to process)*
2. Metrics *(from none to lagging to root cause to leading/predictive)*
3. Tools and Methods *(from none to control to process to external)*
4. Automation *(from manual to basic to workflow-enabled to portal access)*
5. Mindset *(from clerical to country to regional to process to strategic*)

Source: Jeitosa

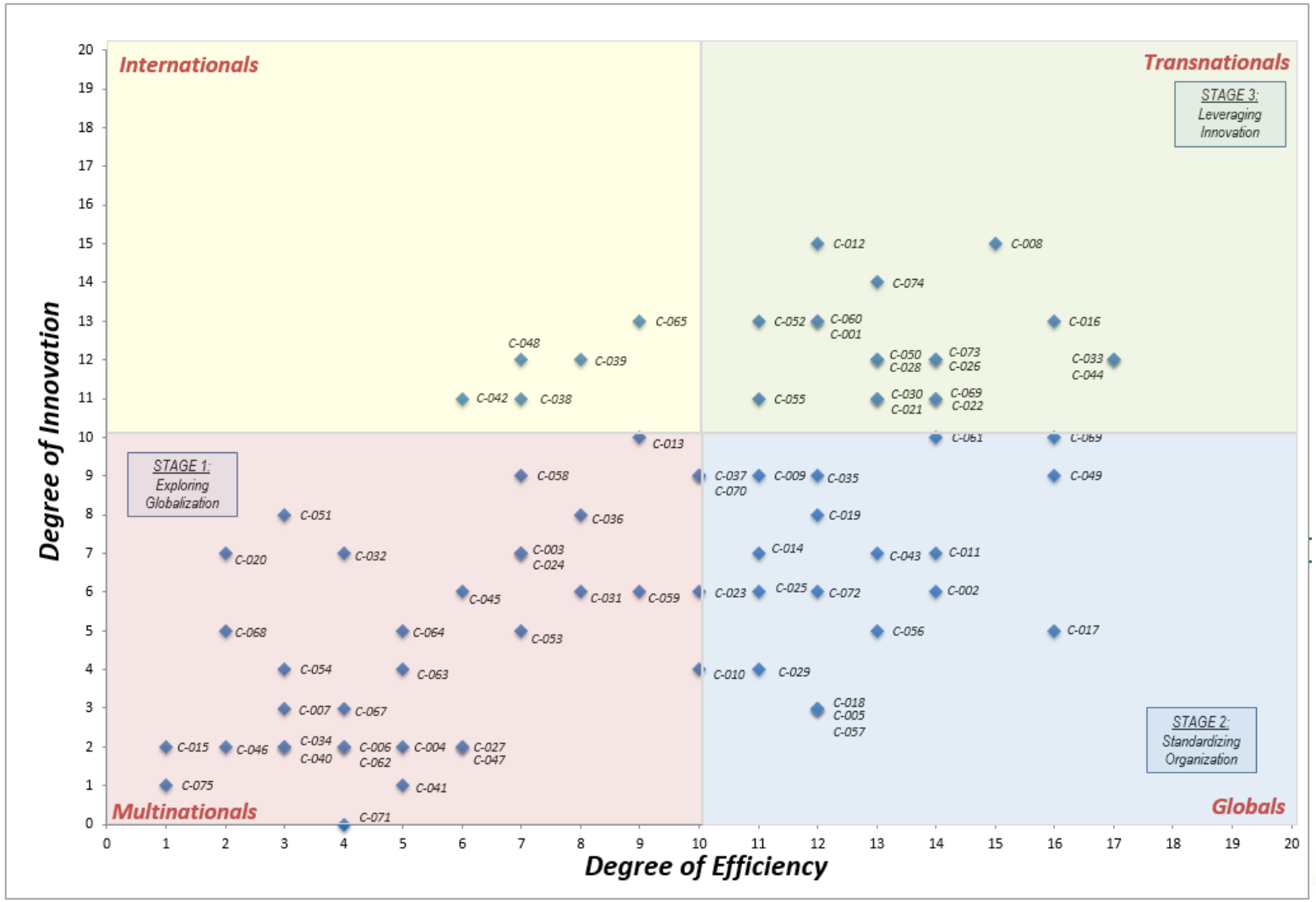
Efficiency-Innovation Model



n = 75

Source: Jeitosa

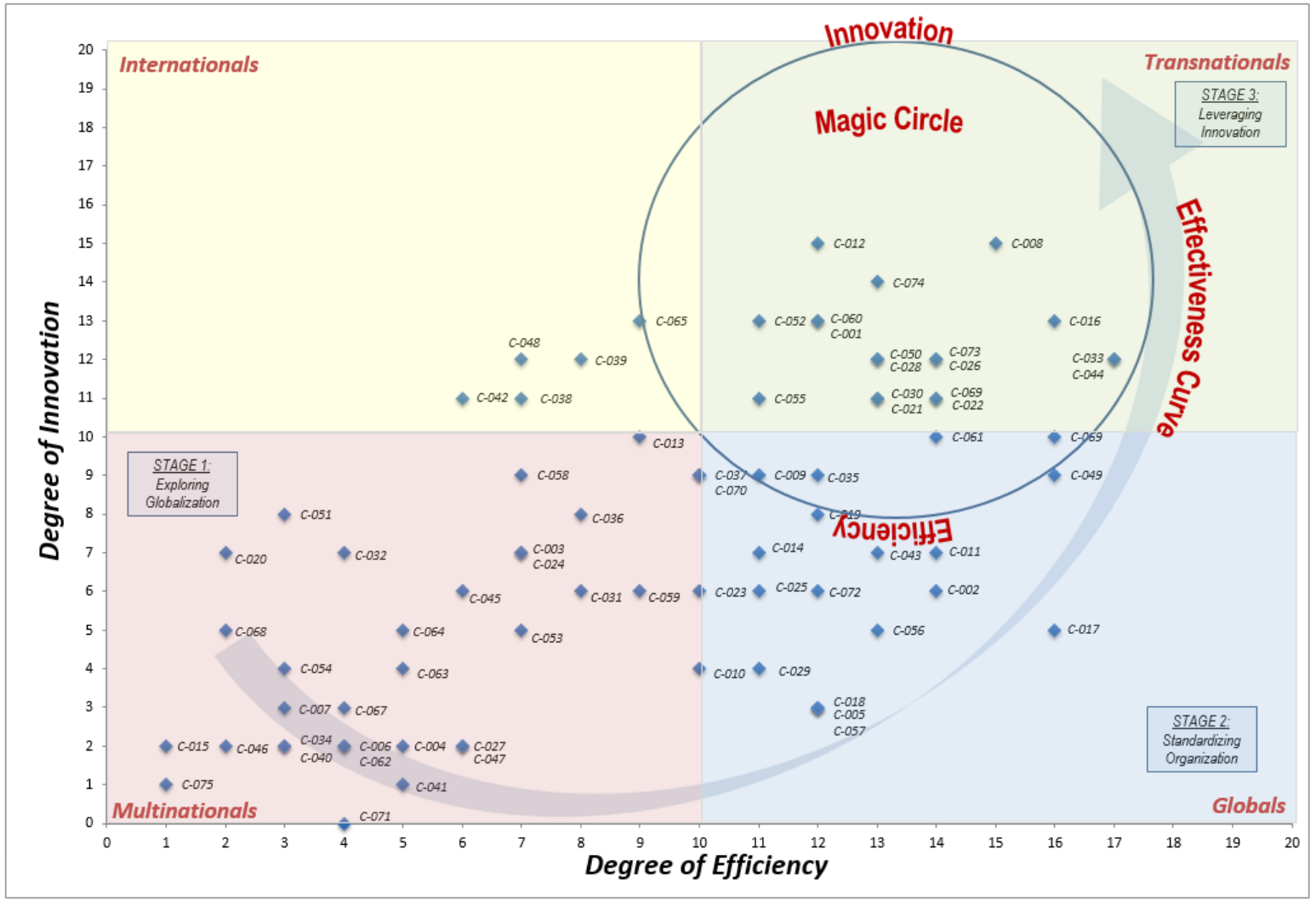
Efficiency-Innovation Model



n = 75

Source: Jeitosa

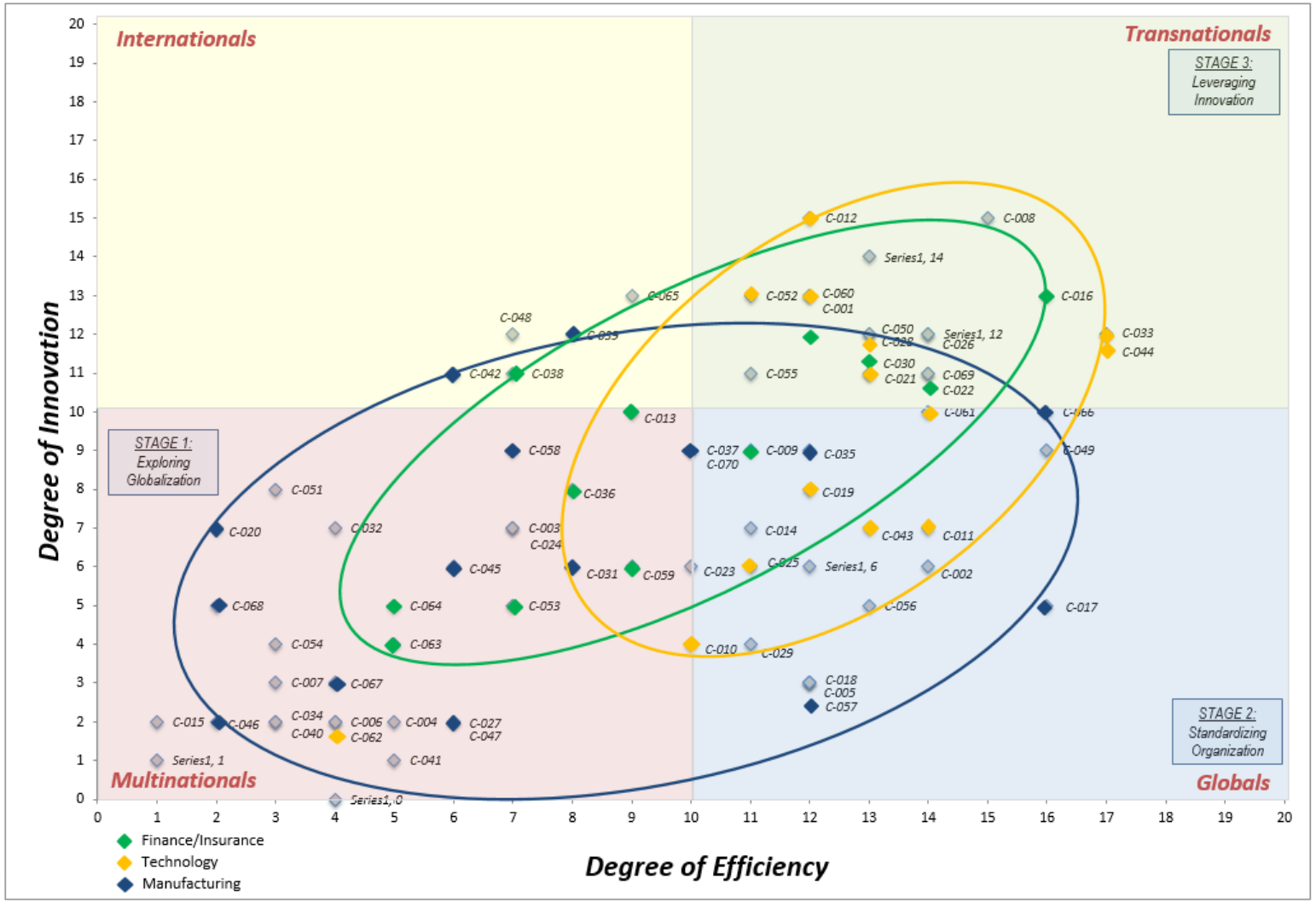
Efficiency-Innovation Model



n = 75

Source: Jeitosa

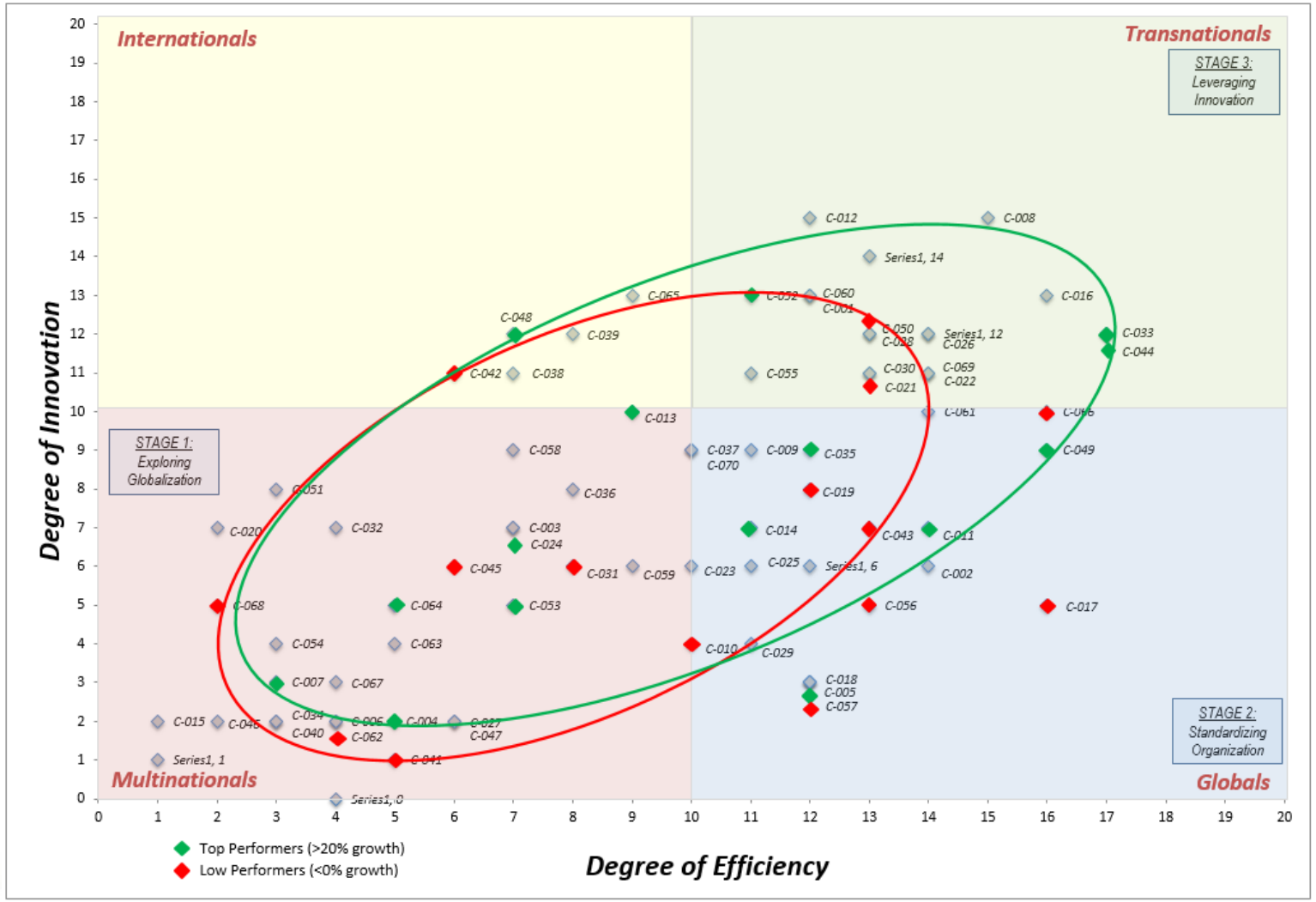
Efficiency-Innovation Model – Industry



n = 75

Source: Jeitosa

Efficiency-Innovation Model – Performance



n = 75

Source: Jeitosa

Summary of Major Research Findings

Characteristics of 'Multinationals' (Less Efficiency / Lower Innovation)	Characteristics of 'Globals' (Greater Efficiency / Lower Innovation)	Characteristics of 'Transnationals' (Greater Efficiency / Higher Innovation)
Financials: Report greater Income growth (68% more) and less Revenue growth (67% less) over last year.	Financials: Report greater Income growth (275% more) as well as Revenue growth (9% more) over last year.	Financials: Report more balanced business growth: Employee (55% more), Revenue (23% more), and Income (17% less) than other models.
Authority: Show considerably less global authority over the payroll process (37% less) than other models.	Authority: Show somewhat more global authority over the payroll process (11% more) than other models.	Authority: Show considerably more global authority over the payroll process (20% more) than other models.
Vendor Strategy: Less likely to have some form of outsourced payroll strategy (5% less) than other models.	Vendor Strategy: Most likely to have some form of outsourced payroll strategy (16% more) than other models.	Vendor Strategy: More likely to have some form of outsourced payroll strategy (12% more) than other models.
Payroll Visibility: Considerably less likely to have global visibility and control over the payroll process (64% less) than other models.	Payroll Visibility: More likely to have greater global visibility and control over the payroll process (10% more) than other models.	Payroll Visibility: Considerably more likely to have greater global visibility and control over the payroll process (20% more) than other models.
Payroll Standards: Exhibit the least amount of global payroll standardization (45% less) than other models.	Payroll Standards: Exhibit a high degree of global payroll standardization (16% more) than other models.	Payroll Standards: Exhibit the greatest degree of global payroll standardization (27% more) than other models.
Compliance: Considerably less likely to have global oversight over the payroll compliance process (74% less) than other models.	Compliance: More likely to have global oversight over the payroll compliance process (16% more) than other models.	Compliance: More likely to have global oversight over the payroll compliance process (20% more) than other models.
Self-Service: Have the least amount of employee self-service (11% less) and manager self-service (15% less) than other models.	Self-Service: Have less employee self-service (9% less) and manager self-service (20% less) than other models.	Self-Service: Have considerably more employee self-service (18% more) and manager self-service (18% more) than other models.
Cultural Competence: Show the lowest level of cross-cultural competence and global mindset (66% less) than other models.	Cultural Competence: Show an average level of cross-cultural competence and global mindset (+3% variance) than other models.	Cultural Competence: Show the greatest level of cross-cultural competence and global mindset (18% more) than other models.
Change: Report an average amount of change going on in their organizations (+1% variance) than other models.	Change: Report the most amount of change going on in their organizations (8% more) than other models.	Change: Report an average amount of change going on in their organizations (-1% variance) than other models.
Longevity: Show average longevity with their current payroll strategy (+2% variance) than other models.	Longevity: Show the shortest longevity with their current payroll strategy (13% less) than other models.	Longevity: Show average longevity with their current payroll strategy (0% variance) than other models.

Source: Jeitosa

Nine Practices of Top Performers

EFFICIENCY

1. Global Service Delivery Model
2. Recent Transformation
3. Global Lines of Authority

EFFECTIVENESS

4. Consolidated Global Systems
5. Hybrid Sourcing Strategy
6. Payroll Self-Service thru HCM

7. Minor Staff Realignment
8. Advanced Metrics
9. Strategic Global Mindset

INNOVATION

Source: Jeitosa

Nine Practices of Top Performers

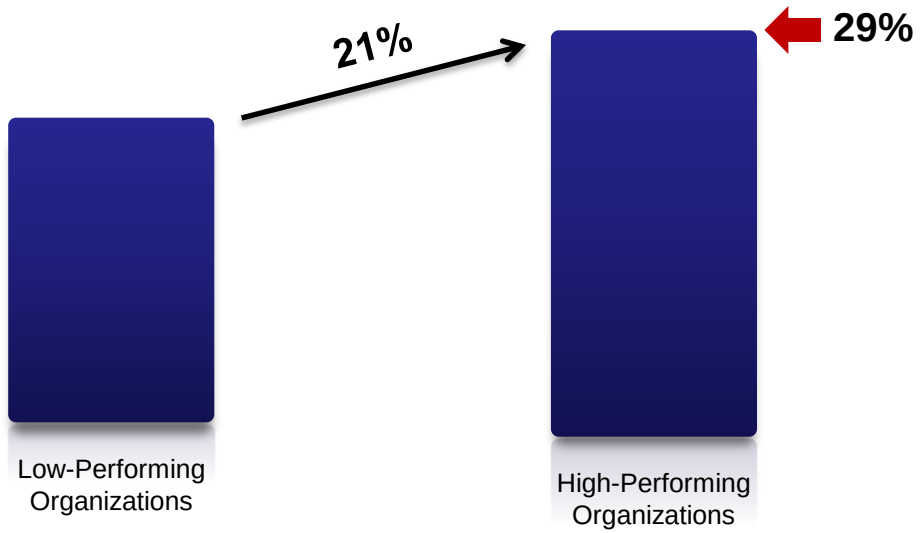
EFFICIENCY

1. Global Service Delivery Model
2. Recent Transformation
3. Global Lines of Authority

Source: Jeitosa

Top Performing Organizations….

#1 **21% more likely to utilize a global service delivery model for global payroll**



Source: Jeitosa

Global Service Delivery Model

Answers the <u>who</u>, <u>what</u>, <u>when</u>, <u>where</u>, <u>how</u>, and <u>so what</u>

Global Service Delivery Model (GSDM)

Function Model	Impact Model	Global Model	Organization Model	Service Model	Role Model
"WHAT"	"SO WHAT"	"WHERE"	"HOW"	"WHEN"	"WHO"
HR Operations	Compliance	Local Site	Self-Service	T0-Self-Service	Call Center Rep
Benefits	Mission-Critical	Provincial	Business Group	T1-Call Center	HR Generalist
Payroll	Important	National	Service Center	T2-Case Mgmt	Analyst
Time & Attendance	Table Stakes	Regional	Center of Expertise	T3-Expert Support	Manager
Mobility	Neutral	Global	Outsourcer	T4-Consulting	Director

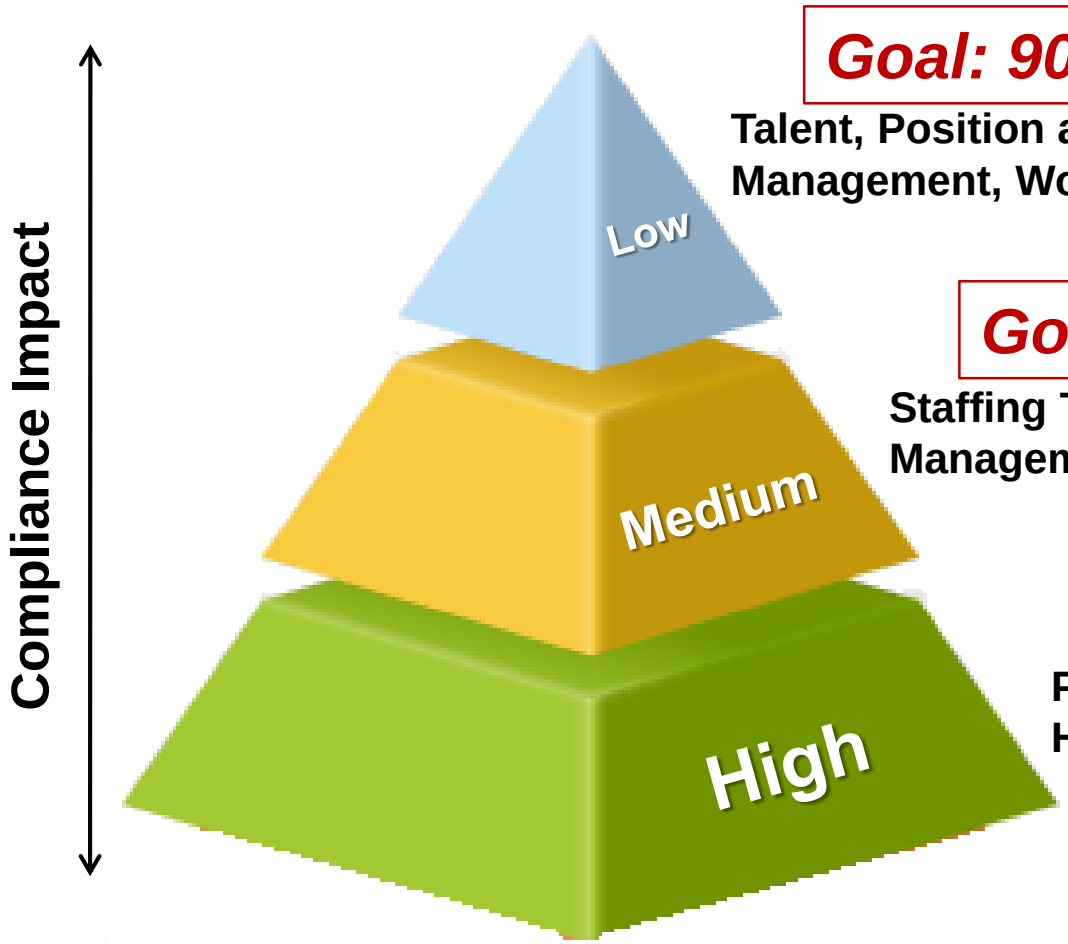
Source: Jeitosa

Global Accountability Model

Defines the Organizational Accountability ("How")

Source: Jeitosa

Global Compliance Model



Goal: 90% global

Talent, Position and Headcount Management, Workforce Planning

Goal: 75% global

Staffing Transactions, Absence Management, Compensation

Goal: 60% global

Payroll, Time and Attendance, Health and Safety, and Benefits

Source: Jeitosa

Global Service Delivery Model – Action Plan

#1 **21% more likely to utilize a global service delivery model for global payroll**

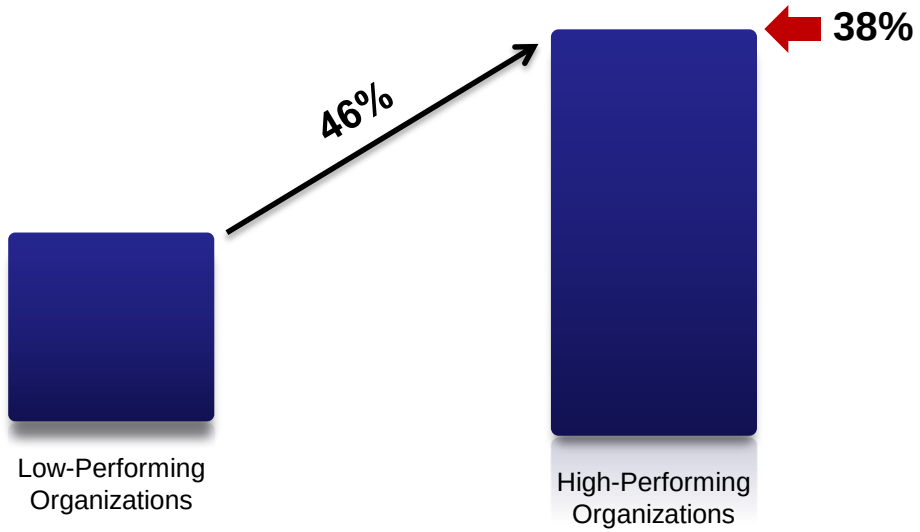
- *Define your end-goal for global service delivery*
- *Build the service delivery model by defining the who, what, when, where, how, and so what for each service you offer*
- *Identify the organizational accountability for each service (Service Center, COE, self-service, local HR, business group, etc.)*

Source: Jeitosa

Top Performing Organizations….

#2

46% more likely to be transforming their global payroll service delivery model



Source: Jeitosa

Global Transformation – Action Plan

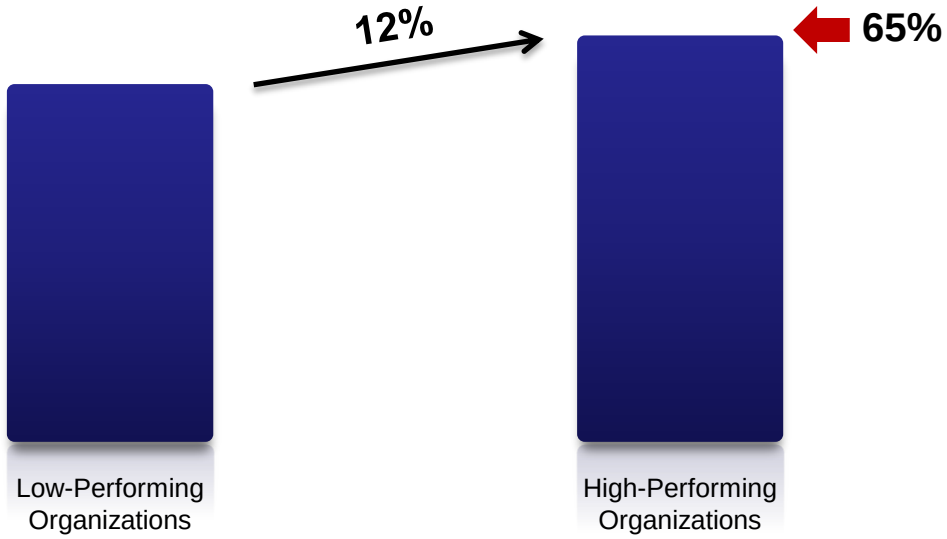
#2 **46% more likely to be transforming their global payroll service delivery model**

- *Garner executive sponsorship to start your efficiency-innovation journey now*
- *Gather industry benchmarks and other relevant research to support your goals*
- *Develop a step-by-step roadmap on how you're going to get there*

Source: Jeitosa

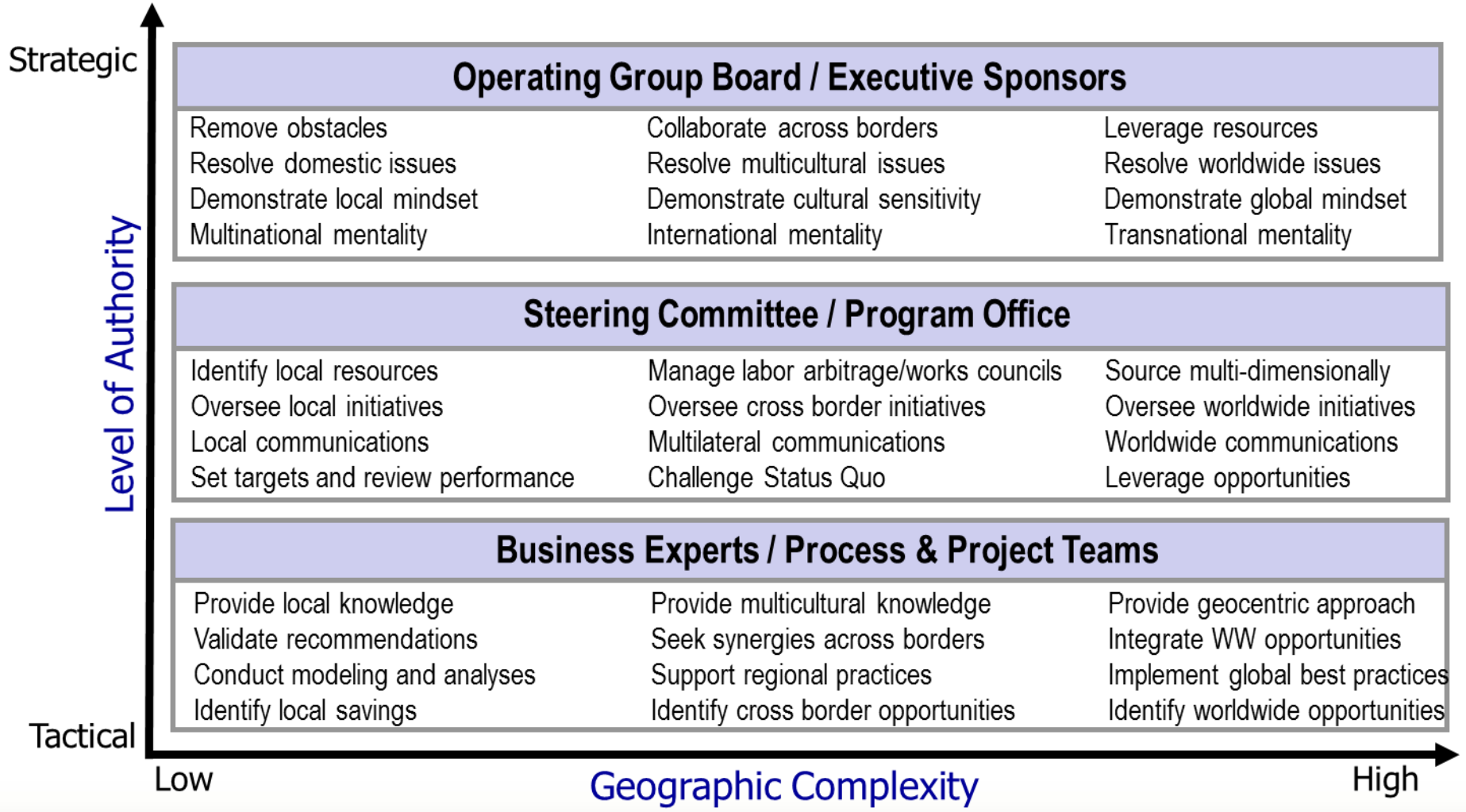
Top Performing Organizations….

#3 **12% more likely to have payroll leaders with global accountability**



Source: Jeitosa

Global Governance Model



Source: Jeitosa

Global Accountability – Action Plan

#3 **12% more likely to have payroll leaders with global accountability**

- *Whether reporting to HR, Finance or Shared Services, define a multi-tier governance model*
- *Identify global and regional leaders and charge them with full accountability for the process*
- *Change the solid and dotted reporting line*

Source: Jeitosa

Nine Practices of Top Performers

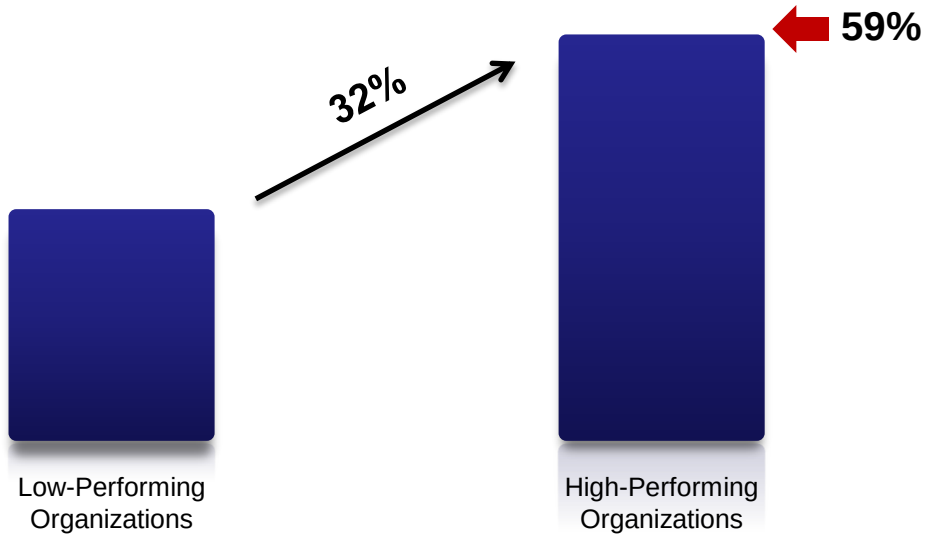
EFFECTIVENESS

4. Consolidated Global Systems
5. Hybrid Sourcing Strategy
6. Payroll Self-Service thru HCM

Source: Jeitosa

Top Performing Organizations….

#4 **32% more likely to be consolidating their payroll vendors globally**



Source: Jeitosa

Vendor Consolidation – Action Plan

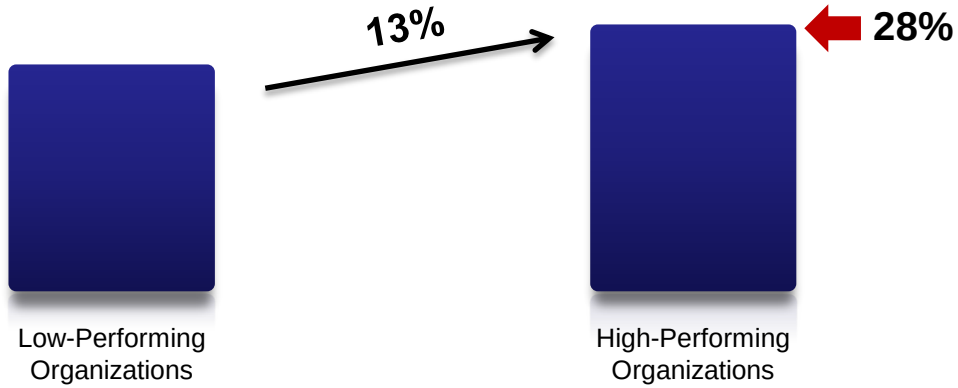
#4 **32% more likely to be consolidating their payroll vendors globally**

- *Develop an inventory of your current payroll systems country by country, provider by provider*
- *Take advantage of low-hanging fruit and look for opportunities to consolidate*
- *Develop a business case to determine the feasibility of regional and/or global consolidation*

Source: Jeitosa

Top Performing Organizations….

#5 **13% more likely to adopt a hybrid sourcing strategy for global payroll**



Source: Jeitosa

Top Performing Organizations….

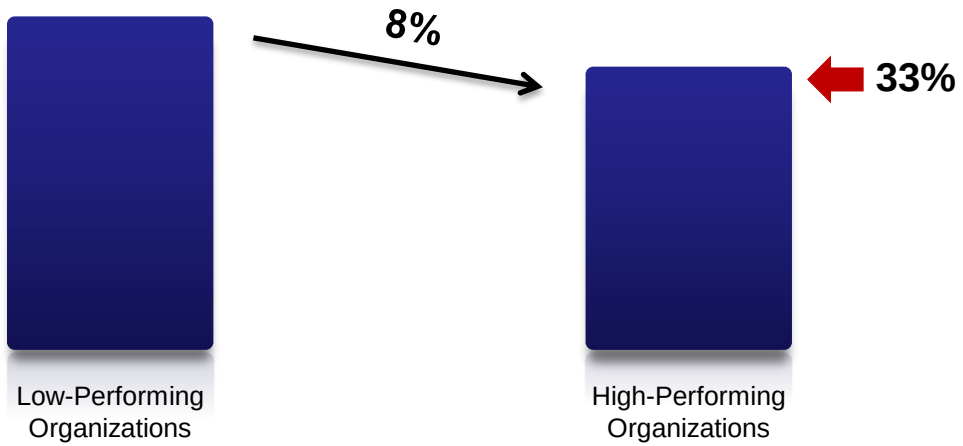
#5 **13% more likely to adopt a hybrid sourcing strategy for global payroll**

- *Determine your organizational goals vis-à-vis in-house, hosted, partially or fully outsourced*
- *Understand market availability and maturity of various payroll sourcing options*
- *Define thresholds / break-even points based on population size, risk-compliance, etc.*

Source: Jeitosa

Top Performing Organizations….

#6 **8% less likely to provide self-service through their payroll system**



Source: Jeitosa

HR Self-Service – Action Plan

#6 **8% less likely to provide self-service through their payroll system**

- *Assess the self-service functionality available via your HR and payroll systems*
- *Develop a roadmap for rolling out self-service functionality, for both employees and managers*

Source: Jeitosa

Nine Practices of Top Performers

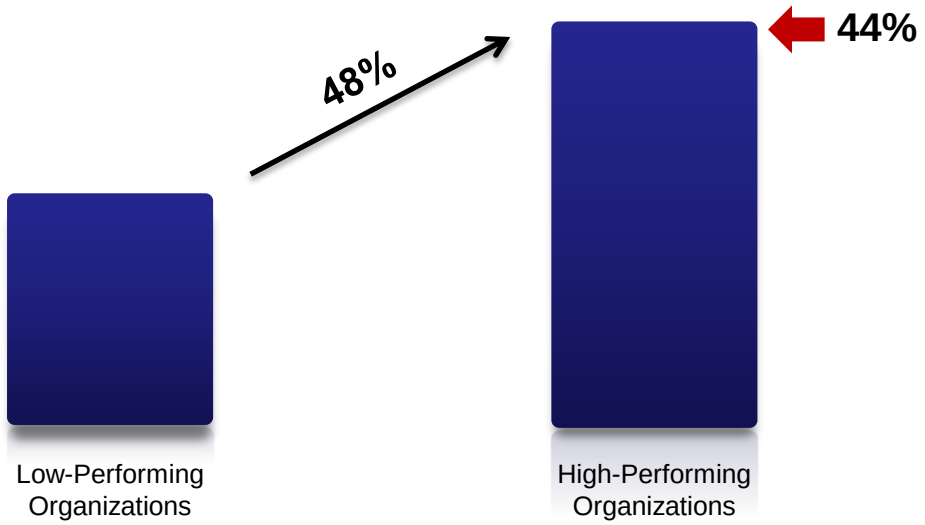
7. Minor Staff Realignment
8. Advanced Metrics
9. Strategic Global Mindset

INNOVATION

Source: Jeitosa

Top Performing Organizations….

#7 **48% more likely to experience minimal payroll staff realignment when outsourcing**



Source: Jeitosa

Staff Realignment – Action Plan

#7

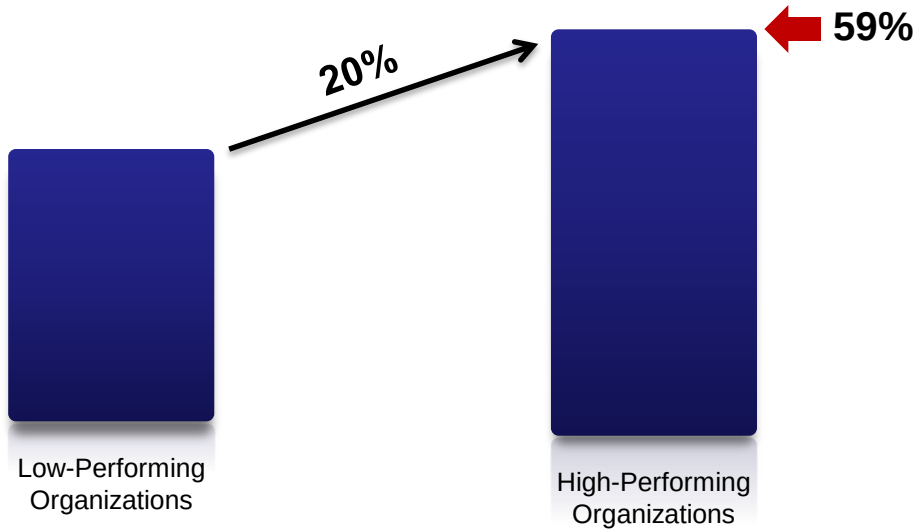
48% more likely to experience minimal payroll staff realignment when outsourcing

- *Understand that outsourcing is most often strategic and does not always bring staff reductions*
- *Local staff may need to be re-skilled to handle vendor management and quality control*

Source: Jeitosa

Top Performing Organizations….

#8 **20% more likely to use advanced metrics to manage quality and make decisions**



Source: Jeitosa

Advanced Metrics – Action Plan

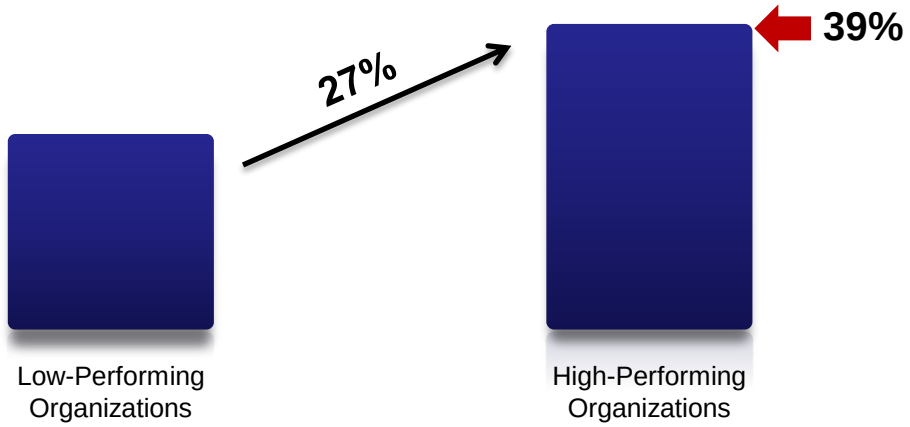
#8 **20% more likely to use advanced metrics to manage quality and make decisions**

- *Design a metrics framework for global payroll drawing on best practices from other organizations*
- *Socialize and gain commitment across the organization for the identified metrics*
- *Create a step-by-step roadmap to develop the desired global payroll metrics*

Source: Jeitosa

Top Performing Organizations….

#9 **27% more likely to foster a global, strategic mindset across their payroll staff**



Source: Jeitosa

Top Performing Organizations….

#9 **27% more likely to foster a global, strategic mindset across their payroll staff**

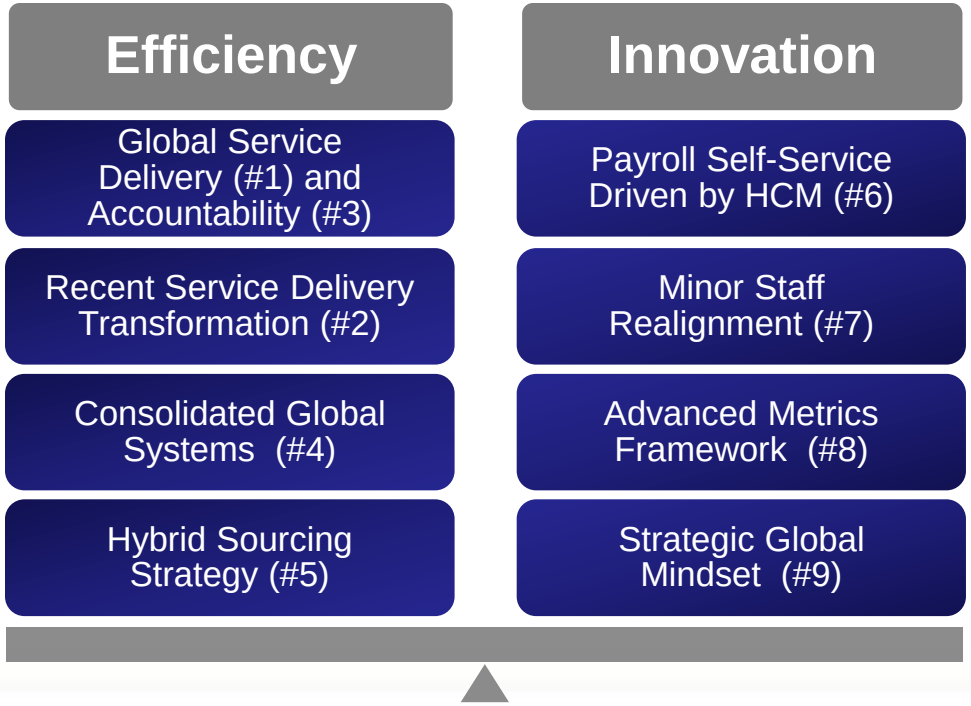
- *Foster global, cross-functional teams for designing processes and resolving issues*
- *Encourage global rotational assignments to allow people to experience first-hand what working in another country is like*
- *Promote knowledge sharing via regular global meetings, virtual and/or face-to-face*

Source: Jeitosa

Top-Performing Organizations…

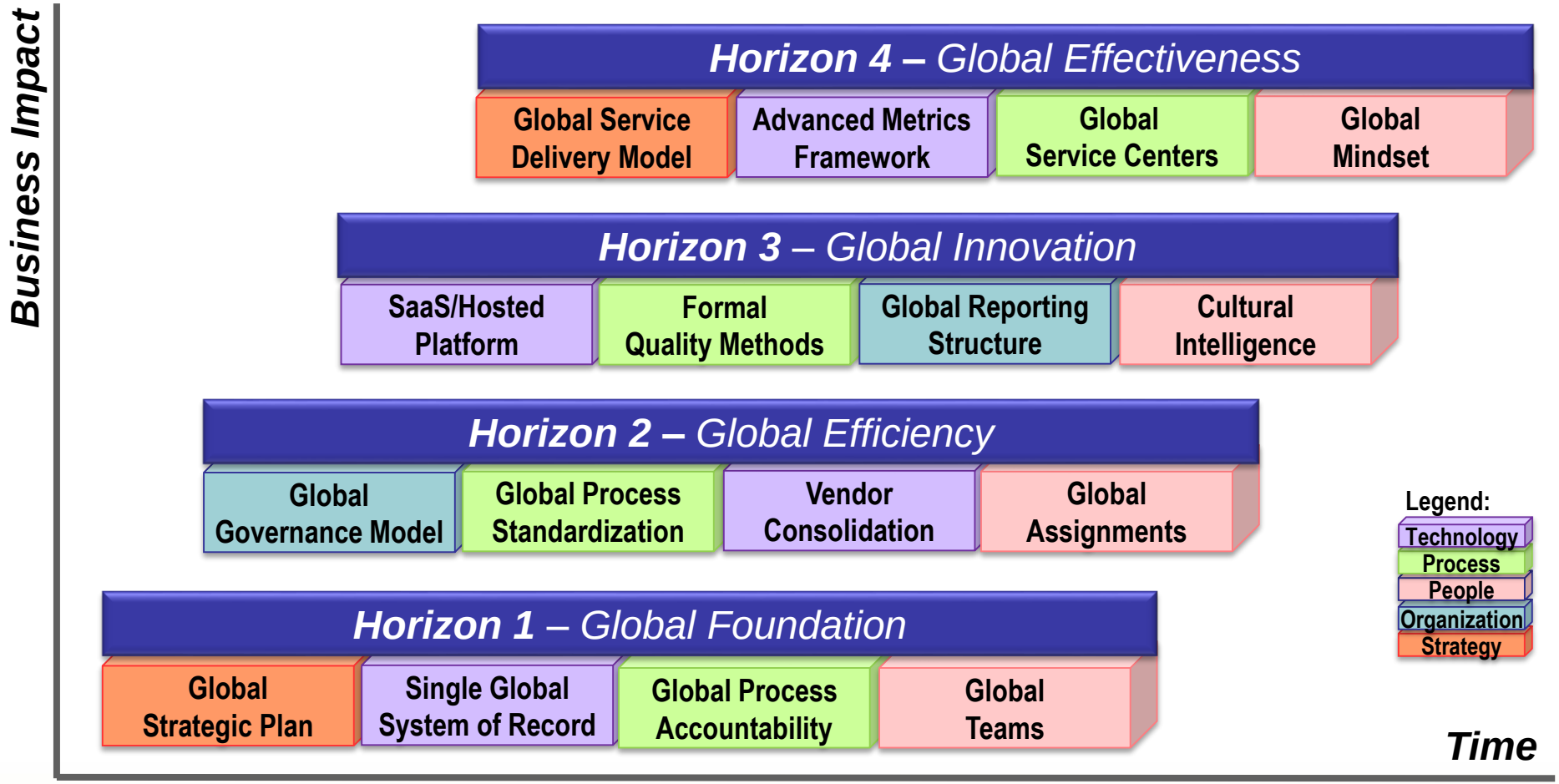
… are defying the global strategic payroll paradox

and pursing BOTH efficiency and innovation



Source: Jeitosa

Building a Global Strategic Roadmap



Summary Recommendations

1. ***Understand your organization model*** – If you don't know where you are, how can you know where you're going?
2. ***Determine your business drivers*** – What do you want to be? What's your culture? What are the risk factors?
3. ***Develop a roadmap to take you there*** – Without a plan, how will you know when you get there?
4. ***Benchmark your organization*** – How do you stack up? What metrics can support your goals with the C-suite?

Contact: benchmarking@jeitosa.com

Thank You!

***gracias*, *merci*, *efcharisto*, *hvala*, *kiitos*,**

***durdaladawhy*, *asante sana*, *bedankt*, *danke*,**

***rekhmet*, *go raibh maith agat*, *salamot*,**

***doh je*, *spasibo*, *Ευχαριστω*, *arigato*, *tack*,**

***shukriya*, *tesekkür ederim*, *bayarlalaa*, *terimah*,**

***mahalo*, *takk*, *kasih*, *mamnoon*, *dhannvaad*,**

धन्यवाद, *dziêkujê*, *tapadh leat*, *grazie*, 谢

***dakujem*, *khawp khun*, *ngiyabonga* 谢**

Contact: www.jeitosa.com

For more information on this or any other HR technology topic go to

http://core.ihrim.org

IHRIM needs your feedback!
Please submit a session evaluation for

Session 163

Driving Globally Strategic Payroll:
The Paradoxical Journey to Efficiency and Innovation

Karen Beaman
CEO/Founder/Global Strategic Advisor
Jeitosa Group International