2015 FALL FORUM

SEPTEMBER 23-25 • ROSEN SHINGLE CREEK • ORLANDO, FL

THE ROAD TO WORLD-CLASS PERFORMANCE

SNEAK PEEK AT
SOME PRELIMINARY RESULTS
FROM THE
2015 MERCER PAYROLL
BENCHMARKING SURVEY

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Moderator

Jim Medlock, CPP

Director of Education and Training

American Payroll Association

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Panelists

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MERCER PAYROLL BENCHMARKING SURVEY

Karen Beaman, HRIP

Founder/Lead Researcher

Mercer Payroll Benchmarking Survey

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Panelists

MERCER | APA | GPMI Global Payroll Management Institute

MERCER PAYROLL BENCHMARKING SURVEY

Karen Piercy

Partner

Mercer, HR Effectiveness Practice

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Panelists

Brent Gow

Director, Global Payroll

Starbucks

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Panelists

Linda Obertin

Senior Vice President

Global Payroll

Wells Fargo Corporation

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Agenda

- 2015 Survey Demographics
- Two Strategic Business Models
- Sneak Peek at Six Global Payroll Trends
- Summary
- Q/A

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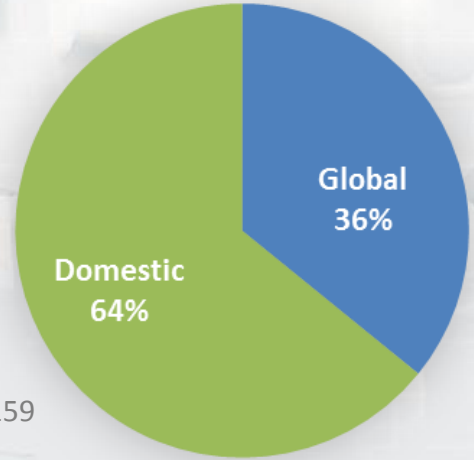
2015 SURVEY DEMOGRAPHICS

2015

Survey Demographics (1 of 3)

Global/Domestic Participants



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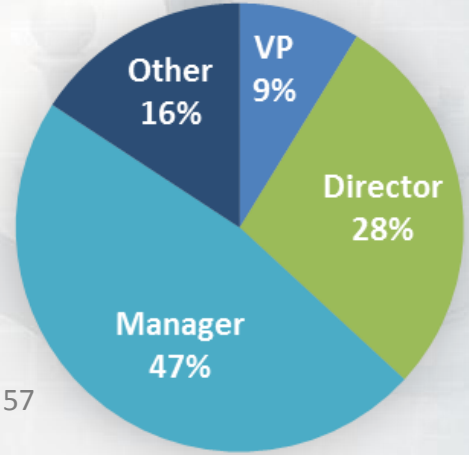
Respondents by Title



N = 57

SLIGHTLY MORE THAN A THIRD OF PARTICIPANTS RESPONDED TO THE SURVEY FROM A GLOBAL PERSPECTIVE, MOSTLY MANAGERS & DIRECTORS OF PAYROLL.

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2015 Global Survey Participants

Abercrombie & Fitch
Aruba Networks, Inc.
Atos
Avery Dennison
Baltimore Aircoil Co., Inc.
Bank of America
bhpbilliton
Blount International
Bombardier Transportation
Bristol-Myers Squibb
Cargill
CH2M Hill
Concur Technologies
Crocs Europe BV
Dell, Inc.
DTI Inc.
Energizer
Equinix LLC
ESCO Corporation
Fidelity
Fluor
Fossil Group Inc
Halyard Health
Honeywell
Humana Inc.
Ingersoll Rand
Intuit
Jason Inc.
Lenovo
Linear Technology Corp
Marathon Oil Corporation
Mapletree Investments Pte Ltd
Mastercard
McKesson Corporation
Medtronic
Merck
Monsanto
Mine Safety Appliances Company
NBC Universal
PATH
Pegasystems
Royal Philips NV
Polaris Industries
Portfolio Recovery Associates
Ports America
Quadion
RaboBank
Sandvik
SCI Corporation
Starbucks Coffee Company
Stuller, Inc.
Syngenta
Tetra Pak
The Travelers Companies
Wellington Management Company
Wells Fargo Corporation

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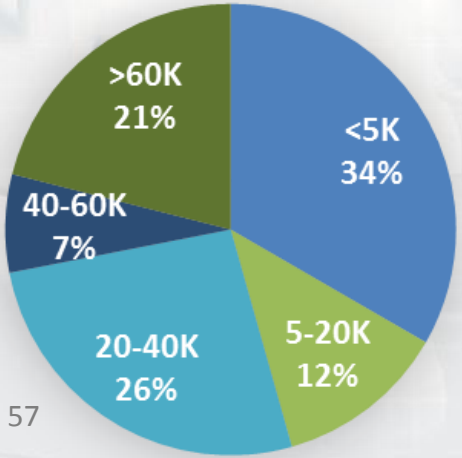
2015

Global Survey Demographics (2 of 3)

Global Workforce Size



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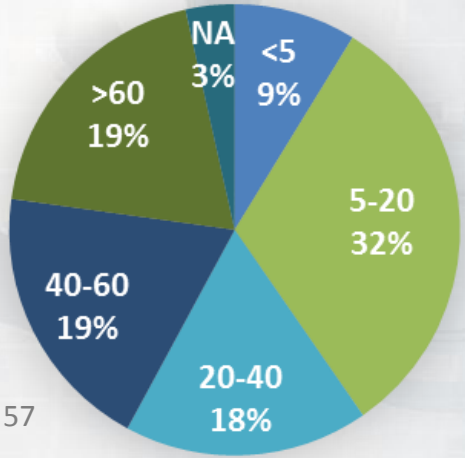
Number of Countries



N = 57

THIS YEAR'S RESPONDENTS INCLUDE A LARGER NUMBER OF ORGANIZATIONS UNDER 5,000 EMPLOYEES AND IN FEWER COUNTRIES THAN IN PRIOR YEARS.

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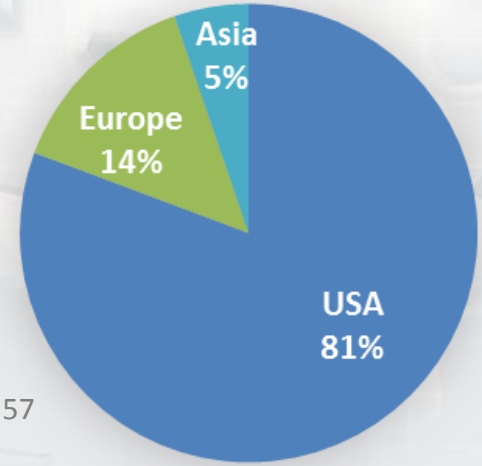
2015

Global Survey Demographics (3 of 3)

Headquarters Location



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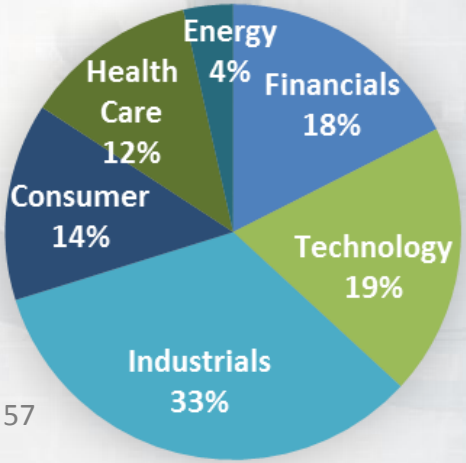
Industries Represented



N = 57

THE VAST MAJORITY PARTICIPANTS ARE U.S. MULTINATIONAL FIRMS ACROSS A BROAD CROSS-SECTION OF INDUSTRY SECTORS.

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STRATEGIC BUSINESS MODELS

Efficiency-Innovation Model (EIM)

Five Efficiency Factors

1. Service Delivery Model
2. Governance Model
3. Vendor Rationalization
4. Process Standardization
5. HR/Payroll Integration

Five Innovation Factors

1. Key Accountabilities
2. Metrics Framework
3. Process Automation
4. Quality Methods
5. Global Mindset

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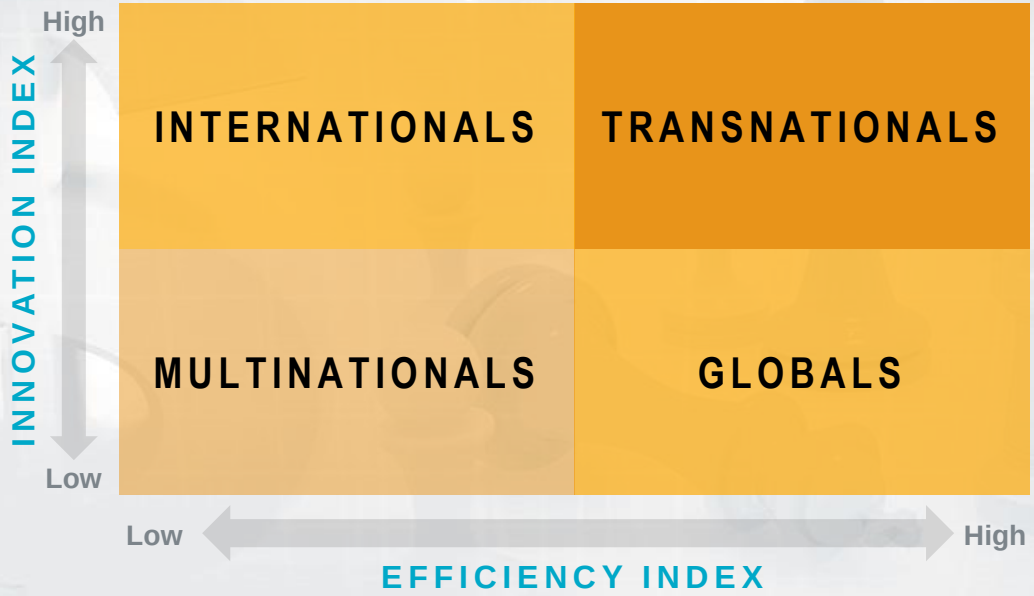
Efficiency-Innovation Model (EIM)



FOUR CATEGORIES OF BUSINESS EFFECTIVENESS BASED ON FIVE EFFICIENCY AND FIVE INNOVATION FACTORS.

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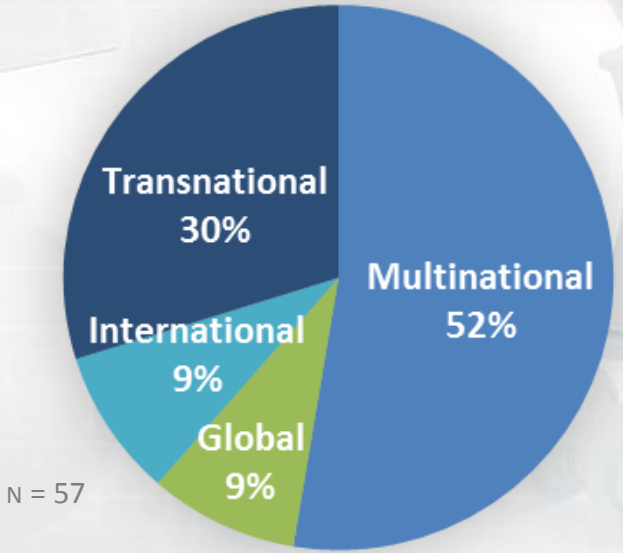
2015

2015 Efficiency-Innovation Models



N = 57

MOST ORGANIZATIONS HAVE A MULTINATIONAL PAYROLL STRUCTURE (52%).

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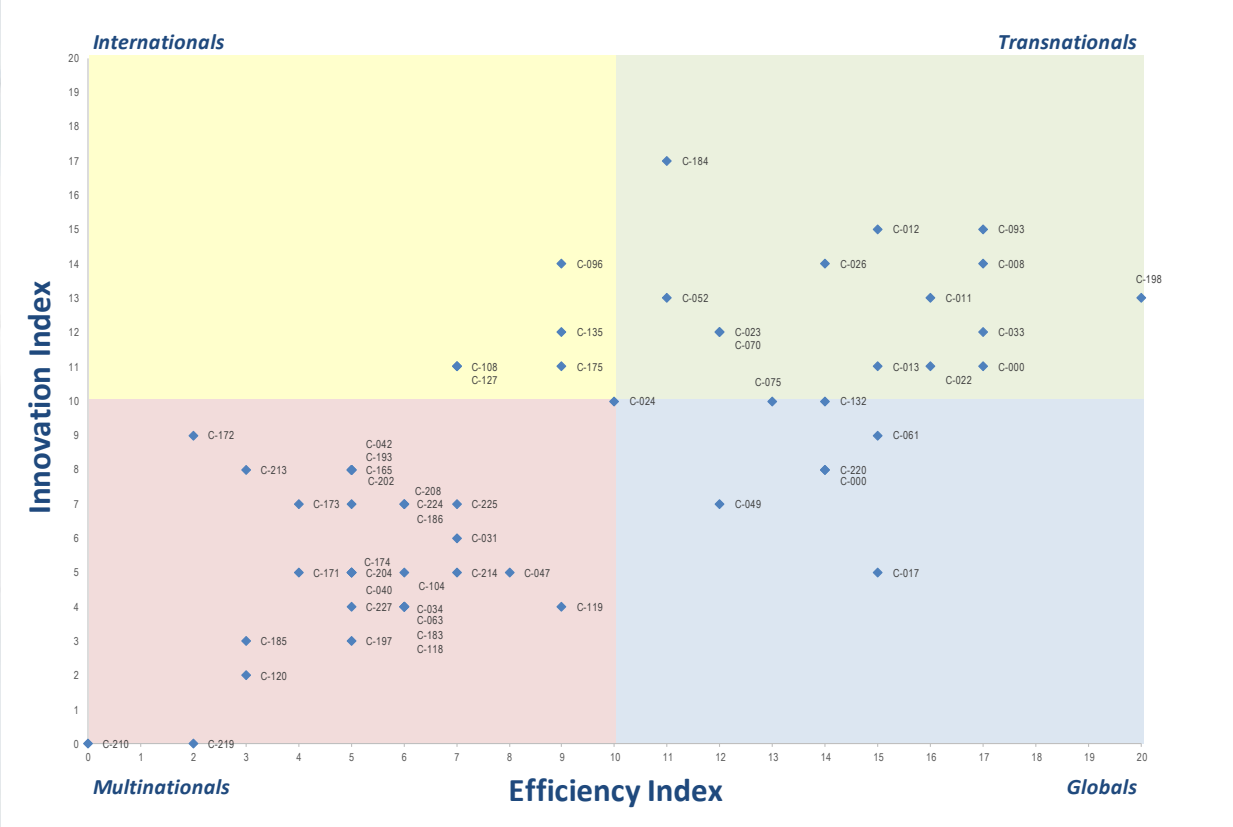
2015

2015 Efficiency-Innovation Models



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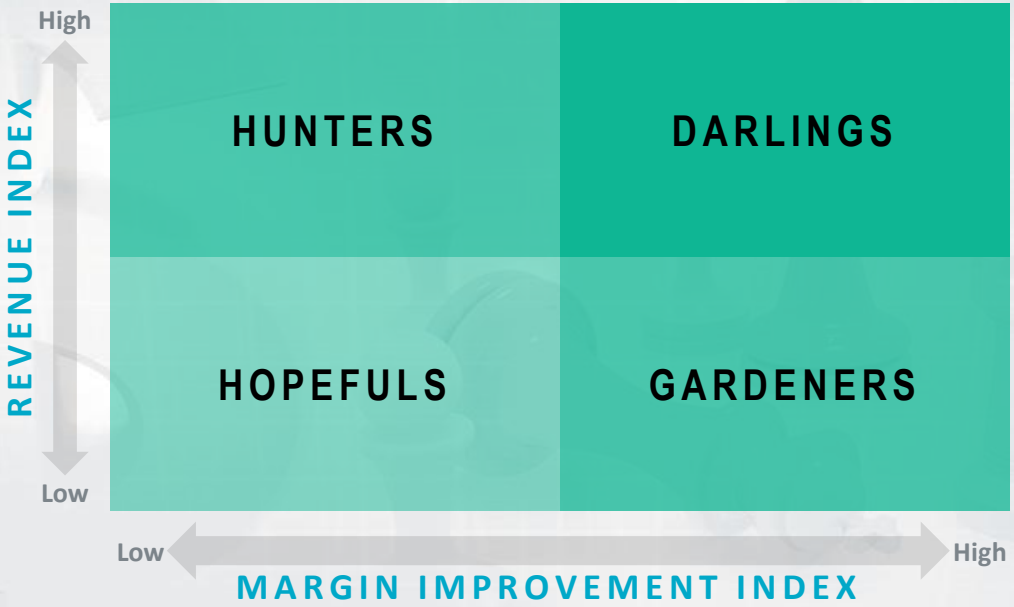
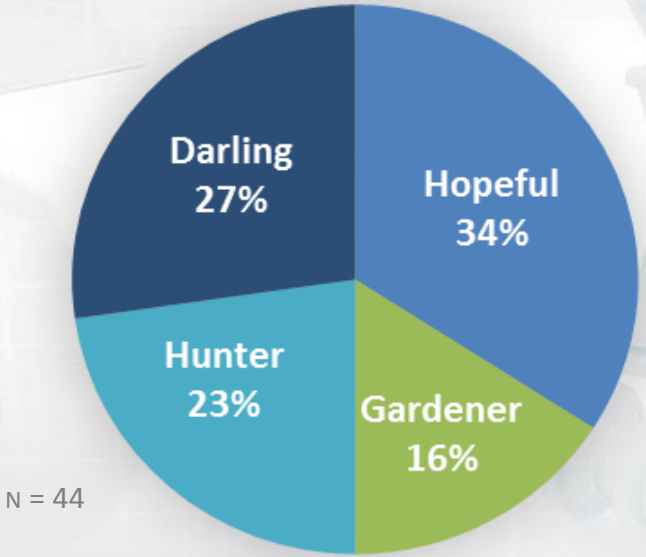
Financial Performance Model (FPM)



FOUR CATEGORIES OF FINANCIAL PERFORMANCE BASED ON LAST FIVE YEARS OF REVENUE GROWTH AND MARGIN IMPROVEMENT.

© MERCER 2015

2015 Financial Performance Models



N = 44

RESPONDENTS COVER ALL CATEGORIES OF FINANCIAL PERFORMANCE.

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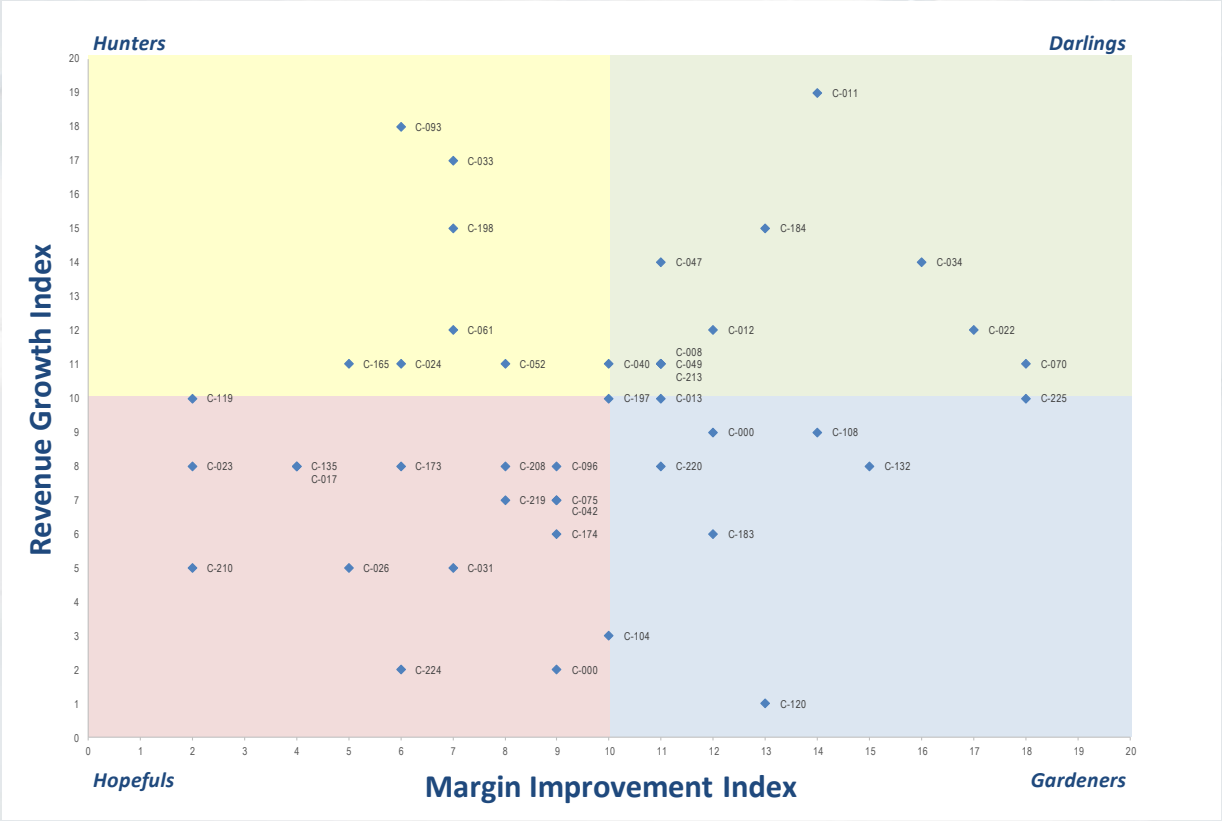
2015

2015 Financial Performance Models



N = 44

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STRATEGIC GLOBAL PAYROLL TRENDS

2015

#1 Strategic Business Models

N = 44

MULTINATIONALS ARE MORE LIKELY TO BE HOPEFULS (42%) – LOW PERFORMERS.
GLOBALS ARE MORE LIKELY TO BE GARDENERS (40%) – PROFIT-FOCUSED.
TRANSNATIONALS ARE MORE LIKELY TO BE DARLINGS (41%) – TOP PERFORMERS.

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NOTE: CORRELATION DOES NOT IMPLY CAUSATION.

POV

#1 Strategic Business Models

Linda: As an exemplary Darling and a Transnational, what does this mean for Wells Fargo?

Brent: As one of the few Darlings who is a Multinational, what does this mean for Starbucks?

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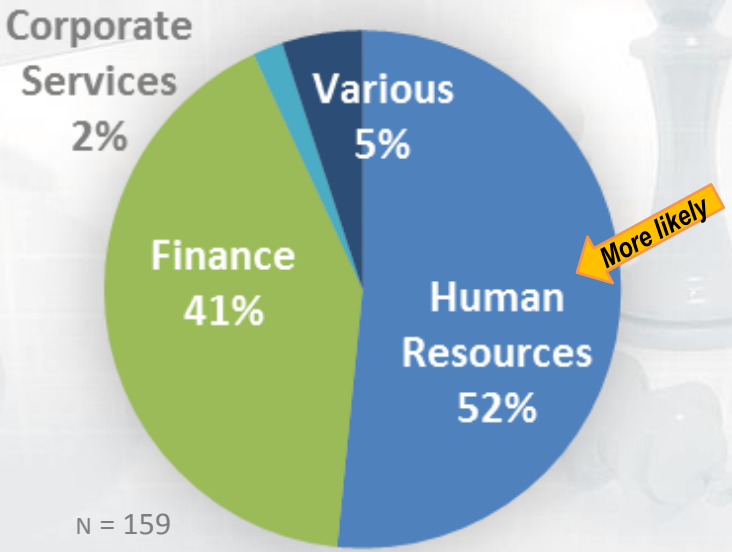
#2 Payroll Reports To … HR or Finance



OVERALL, PAYROLL IS SLIGHTLY MORE LIKELY TO REPORT TO HR (52%). HOWEVER….

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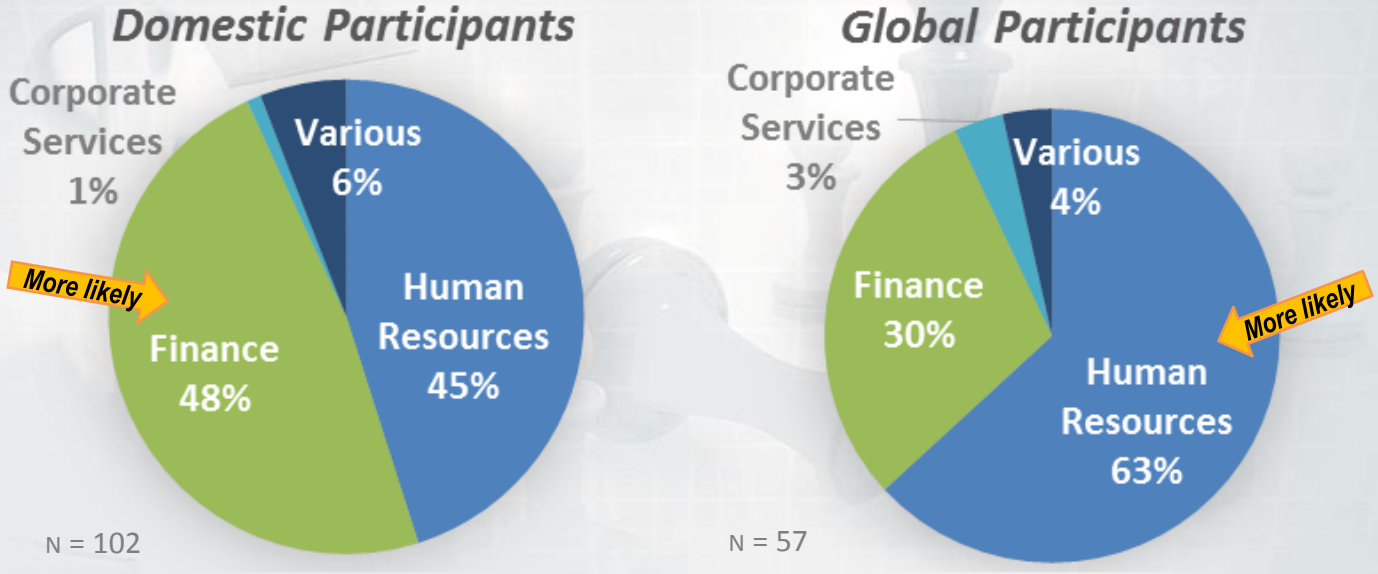
2015

#2 Payroll Reports To ... HR or Finance



PAYROLL IS MUCH MORE LIKELY TO REPORT TO HR IN GLOBAL ORGANIZATIONS (63%).

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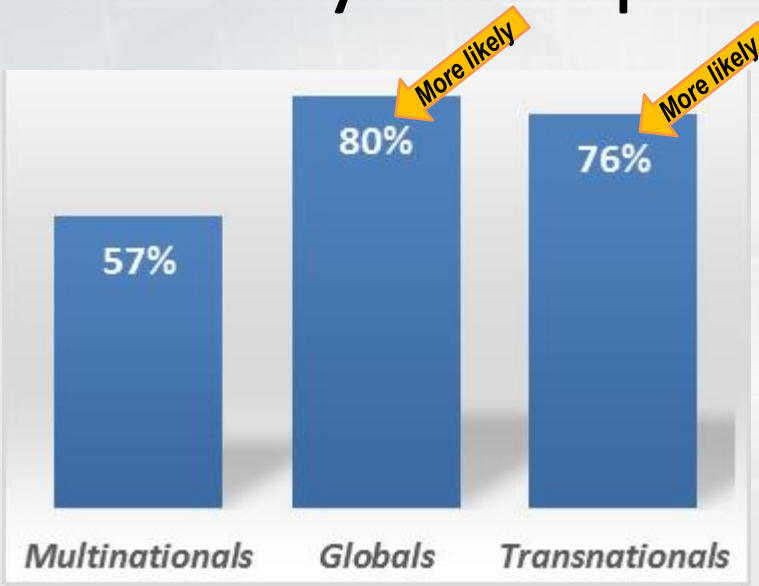
2015

#2 Payroll Reports To … More Likely HR



N = 57

N = 44

PAYROLL IS MORE LIKELY TO REPORTS TO HR FOR GLOBALS (80%), TRANSNATIONALS (76%), HUNTERS (70%) AND DARLINGS (75%).

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POV

#2 Payroll Reports To … HR or Finance

Linda: What advantages/differences do you see with Payroll reporting into HR or into Finance?

Brent: Can you describe how and why Starbucks made the transformation from Payroll reporting to Finance to now reporting to HR?

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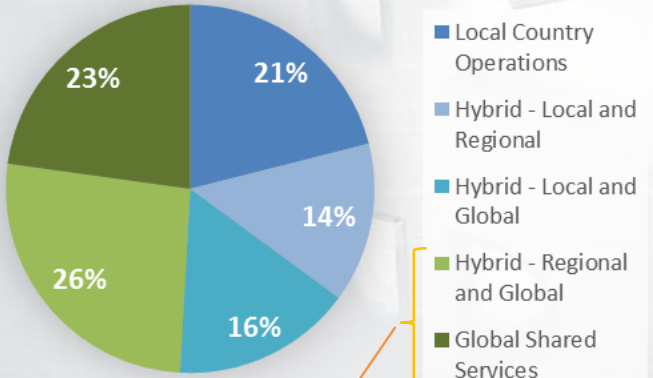
2015

#3 Global Payroll Service Delivery Model



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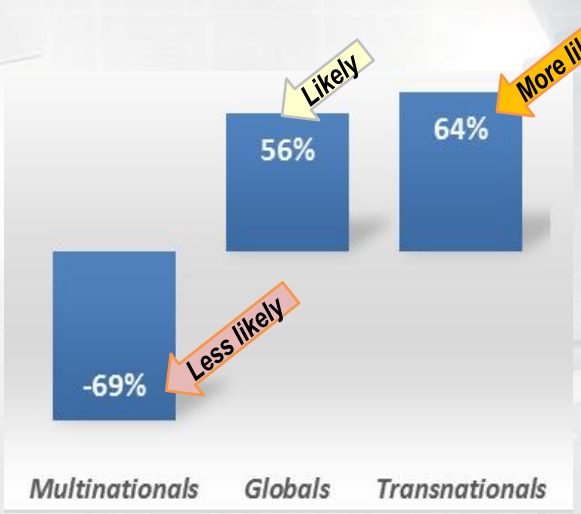
Global Service Delivery Model



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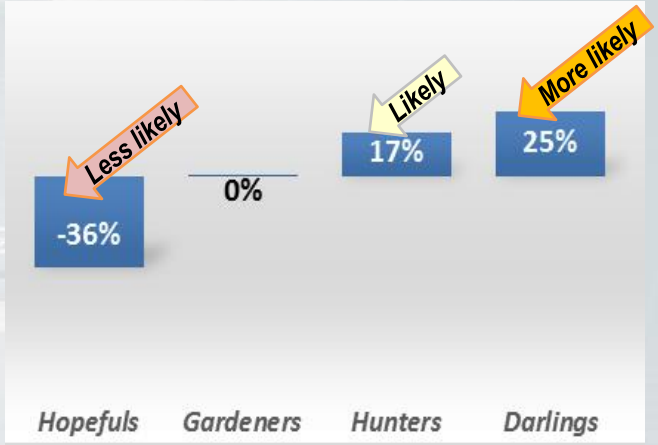

N = 44

TRANSNATIONALS (64%) & DARLINGS (25%) ARE THE MOST LIKELY TO HAVE A GLOBAL SERVICE DELIVERY MODEL FOR PAYROLL.

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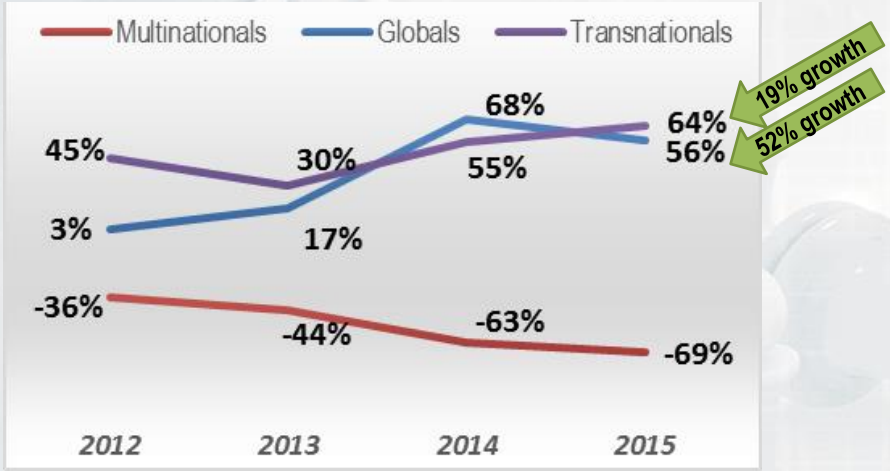
FOUR YEARS

#3 Global Payroll Service Delivery Model



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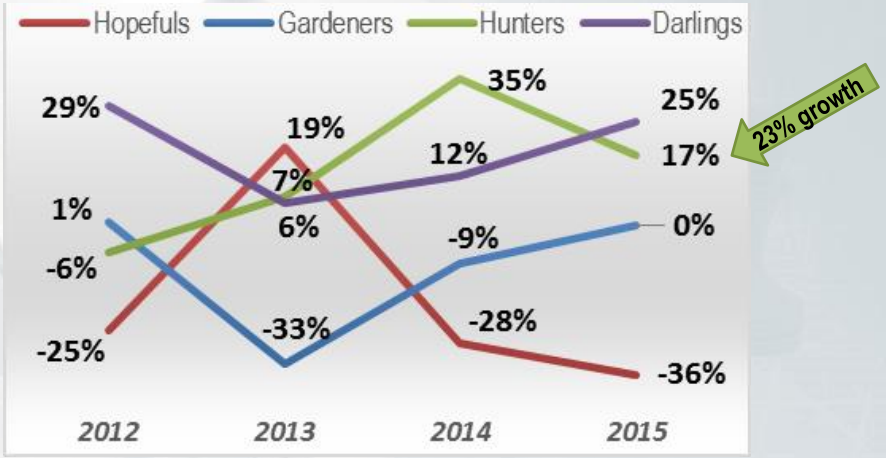

N = 129

ORGANIZATIONS ARE MOVING TO EVER MORE GLOBAL SERVICE DELIVERY FOR PAYROLL. GLOBALS (52%), TRANSNATIONALS (19%), AND HUNTERS (23%) GOING MORE GLOBAL.

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POV

#3 Global Payroll Service Delivery Model

Brent: Please describe your hybrid global / local model and when it makes sense to be local and when it makes sense to be global.

Linda: Please describe the steps you have been taking in moving to an ever more global model.

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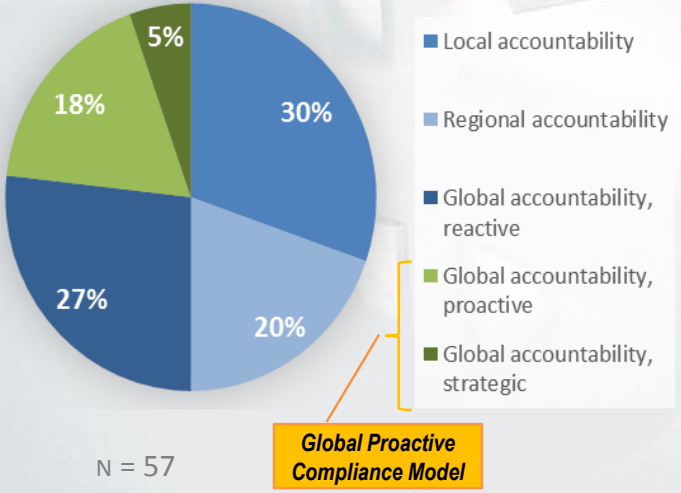
2015

#4 Global Proactive Payroll Compliance



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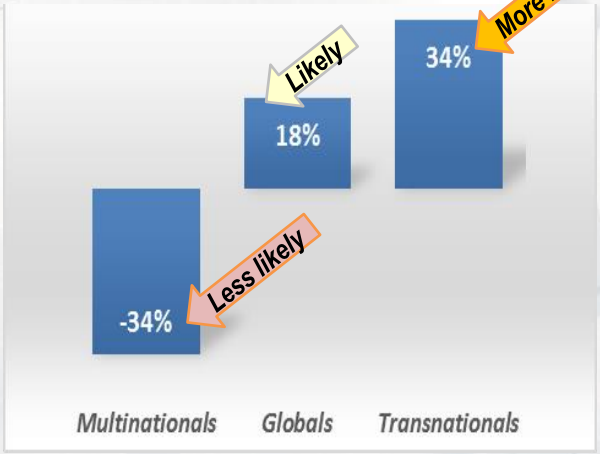

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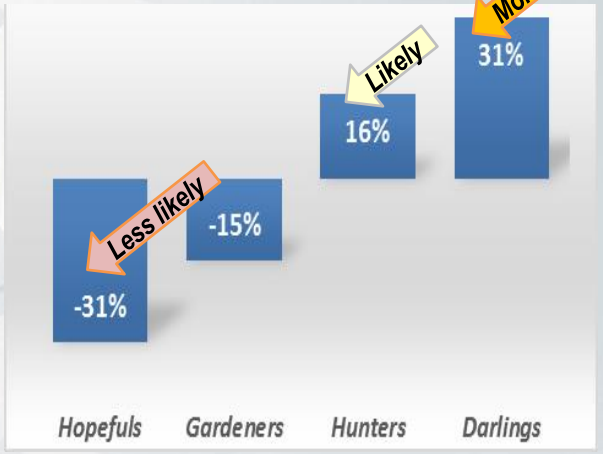

N = 44

23% OF RESPONDENTS HAVE GLOBAL, PROACTIVE APPROACH TO PAYROLL COMPLIANCE. TRANSNATIONALS (34%) AND DARLINGS (31%), FOLLOWED BY GLOBALS (18%) AND HUNTERS (16%), ARE MORE LIKELY TO HAVE GLOBAL, PROACTIVE COMPLIANCE.

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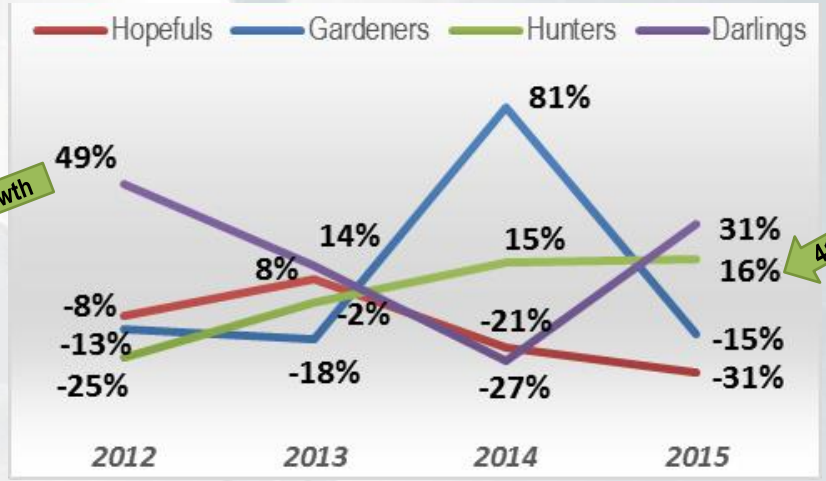
FOUR YEARS

#4 Global Proactive Payroll Compliance

N = 147



N = 121

GLOBALS (24%) AND HUNTERS (41%) SHOW THE GREATEST INCREASE IN MOVING TO A MORE GLOBAL AND PROACTIVE APPROACH TO PAYROLL COMPLIANCE.

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#4 Global Proactive Payroll Compliance

Linda: Please describe Wells Fargo's strategic compliance structure for global payroll.

Brent: At Starbucks, what role do you have versus your vendor(s) in managing compliance?

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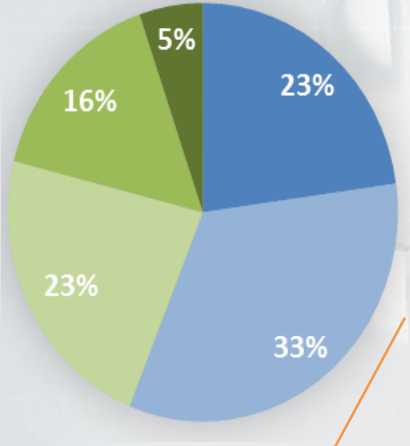
#5 Greater HR/Payroll System Integration

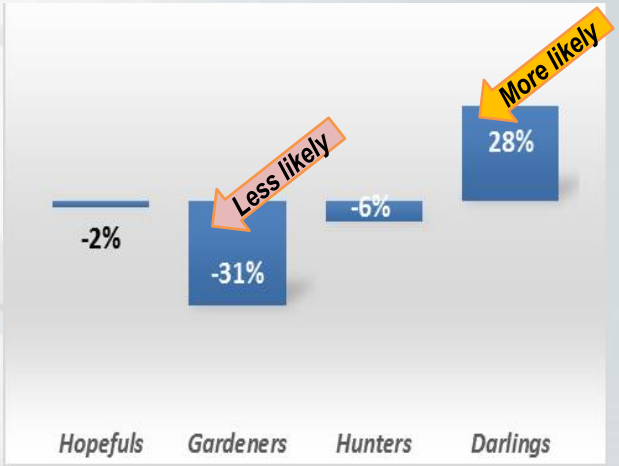


N = 57

- No integration, Double Data Entry
- Partial Integration <3 countries
- Partial Integration, 3+ countries
- Full Integration, Multiple Systems
- Full Integration, One Single System

Greater System Integration

N = 57



N = 44

MAJORITY OF ORGANIZATIONS HAVE LESS THAN 3 INTEGRATIONS IN PLACE (56%). TRANSNATIONALS (55%),GLOBALS (40%), AND DARLINGS (28%) ARE MORE LIKELY TO HAVE A GREATER NUMBER OF PAYROLL INTEGRATIONS IN PLACE.

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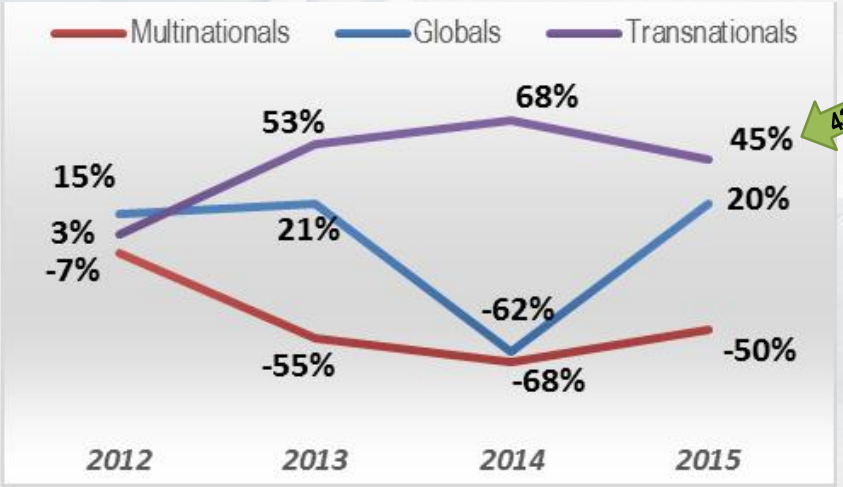
FOUR YEARS

#5 Greater HR/Payroll System Integration



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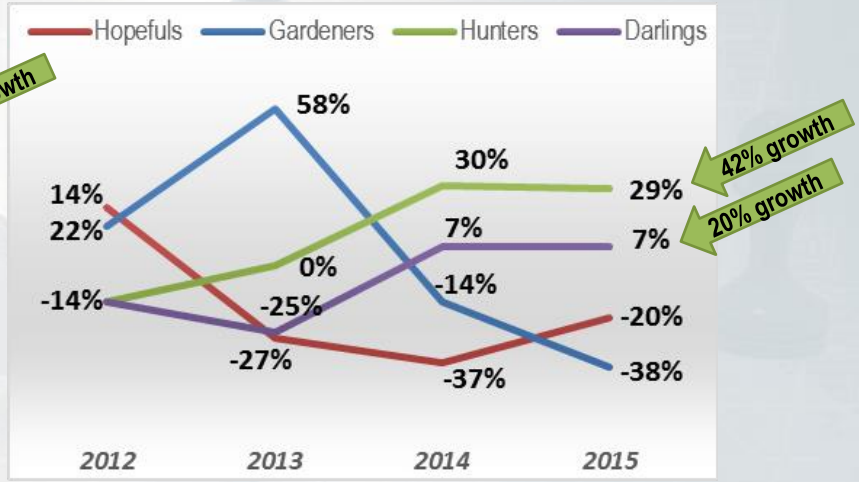

N = 129

TRANSNATIONALS (42%), DARLINGS (42%), AND HUNTERS (20%) LEAD THE WAY IN DEVELOPING GREATER NUMBERS OF HR/PAYROLL INTEGRATIONS.

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#5 Greater HR/Payroll System Integration

Brent: Please describe how Starbucks handles integration between your HR/Payroll systems.

Linda: Please describe how Wells Fargo handles integration between your HR/Payroll systems.

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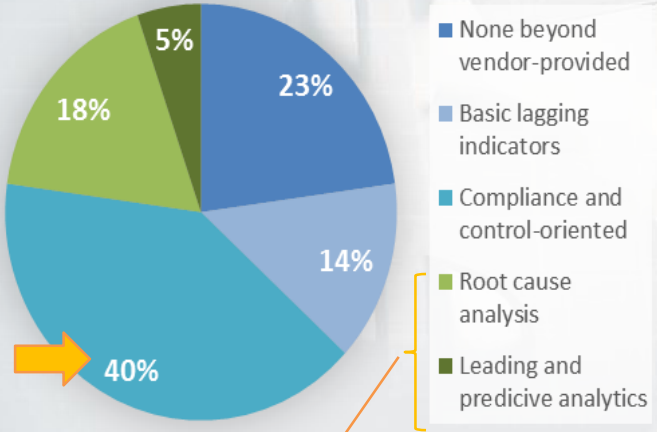
#6 Advanced Payroll Metrics Framework



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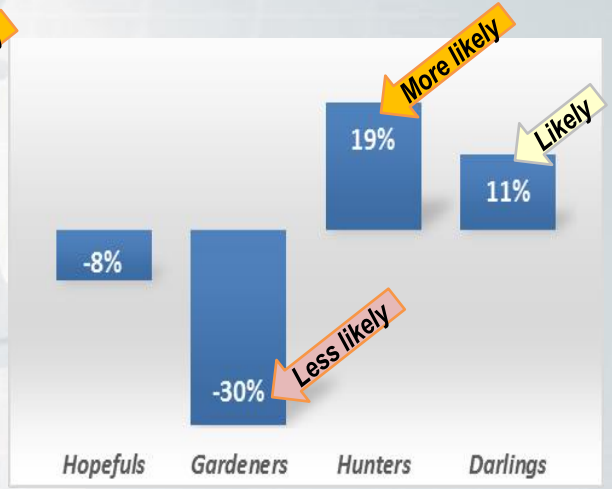
N = 57



N = 44

MOST ORGANIZATIONS ARE FOCUSED ON COMPLIANCE & CONTROL METRICS (40%). GLOBALS (-25%) AND GARDENERS (-30%) ARE THE LEAST METRICS FOCUSED. TRANSNATIONALS (18%) AND HUNTERS (19%) ARE THE MOST METRICS FOCUSED.

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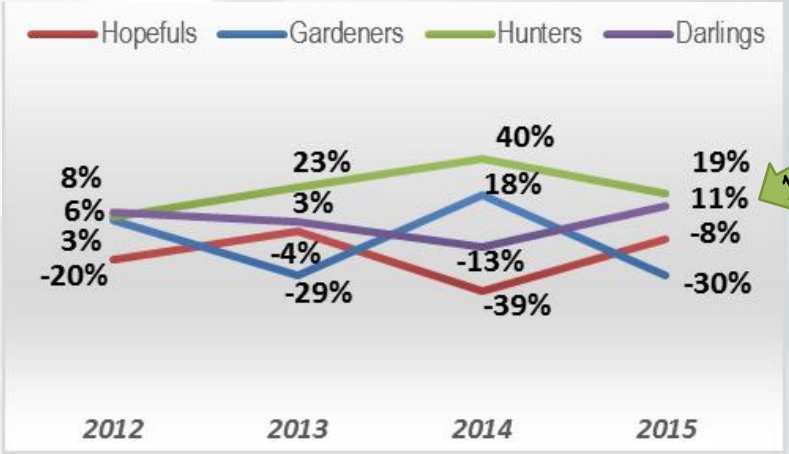
FOUR YEARS

#6 Advanced Payroll Metrics Framework

N = 158



N = 129

LITTLE PROGRESS HAS BEEN MADE OVER THE LAST FOUR YEARS IN DEVELOPING MORE STRATEGIC METRICS AND LEADING/PREDICTIVE INDICATORS IN PAYROLL. ONLY THE HUNTERS (14%) SHOW A SLIGHT INCREASE IN USE OF PAYROLL METRICS.

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#6 Advanced Payroll Metrics Framework

Linda: What types of metrics are most important to Wells Fargo in managing global payroll?

Brent: What types of metrics are most important to Starbucks in managing global payroll?

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SUMMARY

2015 Trends in Global Payroll (1 of 2)

Top-Performing organizations, “Darlings,” are:

1. more likely to have a Transnational organizational model for payroll.
2. more likely to have payroll reporting to HR rather than Finance.
3. more likely to have hybrid global/regional service delivery model for payroll.

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2015 Trends in Global Payroll (2 of 2)

Top-Performing organizations, “Darlings,” are:

4. more likely to have a global, proactive and anticipatory compliance model.
5. more likely to have built integrations between HR and Payroll across more countries.
6. more likely to have advanced metrics in place focused on root-cause analysis and leading analytics.

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Three Weeks Still To Participate in 2014

Click here: www.imercer.com/mpbs

Survey closes October 15th, 2015.

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Q&A