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
2015 Mercer Payroll Benchmarking Survey Sneak Peek

Moderator

Jim Medlock, CPP
Director of Education and Training
American Payroll Association
Panelists

Karen Beaman, HRIP
Founder/Lead Researcher
Mercer Payroll Benchmarking Survey
2015 Mercer Payroll Benchmarking Survey Sneak Peek

Panelists

Karen Piercy
Partner
Mercer, HR Effectiveness Practice
Panelists

Brent Gow
Director, Global Payroll
Starbucks
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
2015 SURVEY DEMOGRAPHICS
Slightly more than a third of participants responded to the survey from a global perspective, mostly managers & directors of payroll.
# 2015 Global Survey Participants

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<tr>
<th>Abercrombie &amp; Fitch</th>
<th>Fidelity</th>
<th>NBC Universal</th>
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<tr>
<td>Aruba Networks, Inc.</td>
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<td>Avery Dennison</td>
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<td>Baltimore Aircoil Co., Inc.</td>
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<td>Bank of America</td>
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<td>Blount International</td>
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<td>Bristol-Myers Squibb</td>
<td>Linear Technology Corp</td>
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<td>Cargill</td>
<td>Marathon Oil Corporation</td>
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<td>Mapletree Investments Pte Ltd</td>
<td>Starbucks Coffee Company</td>
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<td>Concur Technologies</td>
<td>Mastercard</td>
<td>Stuller, Inc.</td>
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<td>McKesson Corporation</td>
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<td>Equinix LLC</td>
<td>Mine Safety Appliances Company</td>
<td>Wells Fargo Corporation</td>
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Global Survey Demographics (2 of 3)

Global Workforce Size

- >60K: 21%
- 40-60K: 7%
- 20-40K: 26%
- 5-20K: 12%
- <5K: 34%

N = 57

Number of Countries

- >60: 19%
- 40-60: 19%
- 20-40: 18%
- 5-20: 32%
- <5: 9%
- NA: 3%

N = 57

This year’s respondents include a larger number of organizations under 5,000 employees and in fewer countries than in prior years.
THE VAST MAJORITY PARTICIPANTS ARE U.S. MULTINATIONAL FIRMS ACROSS A BROAD CROSS-SECTION OF INDUSTRY SECTORS.
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.
Most organizations have a multinational payroll structure (52%).
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2015 Efficiency-Innovation Models

Efficiency Index

Innovation Index

Internationals

Transnationals

Multinationals

Globals

N = 57

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Four Categories of Financial Performance Based on Last Five Years of Revenue Growth and Margin Improvement.
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2015 Financial Performance Models

- Darling: 27%
- Hopeful: 34%
- Hunter: 23%
- Gardener: 16%

N = 44

Respondents cover all categories of financial performance.
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2015 Financial Performance Models

N = 44

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STRATEGIC GLOBAL PAYROLL TRENDS
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.

Note: Correlation does not imply causation.
#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?
OVERALL, PAYROLL IS SLIGHTLY MORE LIKELY TO REPORT TO HR (52%). HOWEVER....
#2 Payroll Reports To ... HR or Finance

PAYROLL IS MUCH MORE LIKELY TO REPORT TO HR IN GLOBAL ORGANIZATIONS (63%).
PAYROLL IS MORE LIKELY TO REPORTS TO HR FOR GLOBALS (80%), TRANSNATIONALS (76%), HUNTERS (70%) AND DARLINGS (75%).
#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?
TRANSNATIONALS (64%) & DARLINGS (25%) ARE THE MOST LIKELY TO HAVE A GLOBAL SERVICE DELIVERY MODEL FOR PAYROLL.
Organizations are moving to ever more global service delivery for payroll.Globals (52%), Transnationals (19%), and Hunters (23%) going more global.
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.
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.
#4 Global Proactive Payroll Compliance

Globals (24%) and Hunters (41%) show the greatest increase in moving to a more global and proactive approach to payroll compliance.
#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?
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.
TRANSNATIONALS (42%), DARLINGS (42%), AND HUNTERS (20%) LEAD THE WAY IN DEVELOPING GREATER NUMBERS OF HR/PAYROLL INTEGRATIONS.
#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.
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.
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.
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?
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.
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.
Three Weeks Still To Participate in 2014 Payroll Benchmarking Survey

Click here: [www.imercer.com/mpbs](http://www.imercer.com/mpbs)

Survey closes October 15th, 2015.