Payroll Administration and Management

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Start by doing what's necessary; then do what's possible; and suddenly you are doing the impossible.

Francis of Assisi
Scope of Management Functions

Planning
Organizing
Staffing
Leading
Controlling (Evaluating)
Planning

Planning is the function of management that involves setting objectives and determining a course of action for achieving those objectives.
Planning

• Consists of several key activities, including:
  • Defining goals and objectives
  • Defining the time frame
  • Defining the subtasks
  • Analyzing available resources
  • Evaluating costs
SMART Goals

Specific - the goal is clear and unambiguous

Measurable - stresses the need for concrete criteria for measuring progress toward the attainment of the goal

Attainable - goals that are realistic and also attainable – while the goal may stretch a team in order to achieve it, the goal is not extreme

Relevant - Goals that relate to your organization’s vision and mission

Time Bound - stresses the importance of grounding goals within a time-frame, giving them a target date
CLEAR Goals

Collaborative - Goals should encourage employees to work together collaboratively and in teams.

Limited - Goals should be limited in both scope and duration.

Emotional - Goals should make an emotional connection to employees, tapping into their energy and passion.

Appreciable - Large goals should be broken down into smaller goals so they can be accomplished more quickly and easily for long-term gain.

Refinable - Set goals with a headstrong and steadfast objective, but as new situations or information arise, give yourself permission to refine and modify your goals.
Organizing

Organizing requires the manager to determine how he or she will distribute resources and organize employees according to a designated plan aimed at achieving organizational goals.
Organizing

- Consists of several key activities, including:
  - Identifying roles and responsibilities
  - Assigning work
  - Coordinating the right resources to carry out the objectives
Staffing

Staffing is the management function devoted to acquiring, training, appraising, and compensating employees.
Staffing

- Consists of several key activities, including:
  - Hiring the right employees
  - Directing employees in work activities (as individuals or as teams)
  - Training to improve skills and knowledge
  - Delegating tasks and responsibilities
  - Coaching employees by observing and offering suggestions for improvements
  - Listening
  - Providing feedback
Leading

Leading is the manager’s ability to create an inspiring vision of the future and then motivating and inspiring employees to engage in that vision to achieve organizational goals.
Leading

• Consists of several key activities, including:
  • Having a vision
  • Building team support
  • Motivating employees
  • Seeking partners
  • Problem solving with employees
  • Accepting accountability
  • Making decisions and taking action
  • Leading by example
Conducting and Attending Meetings

Meetings are an important vehicle for managers to make their ideas known and to show their leadership ability.
Conducting and Attending Meetings

• Guidelines for conducting meetings:
  • Plan according to the type of meeting
  • Prepare for the meeting
  • Keep the meeting on track
  • Promote participation
  • Keep a written record of the meeting
Controlling (Evaluating)

Managers continuously evaluate and measure results against organizational goals and take corrective actions as necessary to ensure adequate progress and also record such experiences as information to be used as contributions to future initiatives.
Controlling / Evaluating

- Consists of several key activities, including:
  - Setting standards to meet specific and measurable goals
  - Motivating employees to better performance
    - Motivators can include money, achievement, leadership, affiliation, recognition
  - Monitoring actual progress
  - Comparing progress with standards
  - Taking corrective actions if progress toward standard is not sufficient
Delegating

Delegation is the assignment of responsibility or authority to another person (normally from a manager to a subordinate) to carry out specific activities. It is one of the core concepts of management leadership.
Delegating

• Broken down into three components:
  • Responsibility – lies with the individual who is assigned to get the job done
  • Authority – needed to get the job done, should be well defined
  • Accountability – can never be delegated to the staff, managers are accountable for the work that is performed by their subordinates

• Benefits
  • Get more done through the efforts of others
  • Developing others
  • Help make yourself “replaceable”
Reporting

Because employee salaries and benefits comprise a significant expense for any business, the need for information about changes in the business (event-based management) and the speed of turn-around are critical to making the right business decisions and to setting a clear strategic vision for the future.
Reporting

- Communicate with immediate supervisor, other department heads, and executive management
- Important points to keep in mind when reporting:
  - Include only information needed by the person receiving it to make a decision
  - Provide the report in the timeframe needed for decisions to be made based on the information provided
  - Write clearly and be brief whenever possible
  - Leave out the payroll jargon
Management Theory

- Principle-Centered Leadership
- Empowerment
- Situational Leadership
Situational Leadership

Paul Hersey, Ken Blanchard, and Dewey Johnson noted that the way managers handled their staffs often depended on the way they dealt with two factors: tasks and relationships.*

http://youtu.be/M1uyU3YSqes

Situational Leadership

• Task Behavior (guidance)
  • Emphasize control over lines of communication, work procedures, and patterns of organization

• Relational Behavior (support)
  • Place few restrictions on communication with staff and seek their support and friendship
  • Push employees to accept responsibility and reach their full potential
Situational Leadership

Hersey and Blanchard concluded that the different combinations of these factors led to four different management styles.

- **Low Task / High Relationship** – little control sought by the manager; good deal of mutual trust and support

- **High Task / High Relationship** – manager controls the job and procedures; also relies on personal communication with employees to coach them in performing the job

- **Low Task / Low Relationship** – most jobs delegated to staff; little personal contact desired by manager

- **High Task / Low Relationship** – manager seeks to control staff and direct performance, but with little feedback or dialogue with employees

Use the style that fits the demands of the particular job or function and the employee or group of employees seeking to accomplish it.
Situational Leadership

Supporting
Low Task
High Relationship

Coaching
High Task
High Relationship

Delegating
Low Task
Low Relationship

Directing
High Task
Low Relationship
Principle-Centered Leadership

Developed by Stephen Covey - Deals with four fundamental dimensions which grow out of leadership centered on principles such as integrity, justice, and the Golden Rule which become the internal sources of an organization’s strength.*

Principle-Centered Leadership

- Security – collective sense of strength and self-esteem felt by professionals who work in an organization
- Guidance – the direction on which we base our decisions and actions
- Wisdom – the ability to maintain balance and perspective among the diverse internal and external forces that influence the organization’s reality
- Power – the energy to decide, to act, and to change
Empowerment

Key objective is for the employee to take ownership of a process, leading to a motivated, effective, and responsible employee who derives satisfaction from being allowed to develop their own methods to accomplish an objective.
Empowerment

• The empowerment process involves five steps:
  • Step 1: Establish the desired results
  • Step 2: Provide guidance
  • Step 3: Identify resources available to accomplish the task
  • Step 4: Hold people accountable
  • Step 5: Identify consequences
Empowerment

- Step 1: Establish the desired results
  - Leverage knowledge and develop, advocate, and implement plans to achieve organizational goals
  - Set and communicate clear, well-defined expectations for outcomes and milestones
  - Create an environment that inspires and motivates employees to achieve targeted results
Empowerment

• Step 2: Provide guidance
  • Give employees the tools and knowledge needed to make and act upon decisions
  • Provide learning development opportunities that enable skills and knowledge development
  • Establish process for ongoing planning, review, and discussion
  • Lead by example demonstrating approaches to work and problem solving, creativity, and an acceptable level of risk-taking
Empowerment

• Step 3: Identify resources available to accomplish the task
  • Make arrangements to provide the appropriate resources to successfully complete the task
  • For example, resources needed to create a manual check would be check stock, a check printer, tax tables, company policy on creating manual checks, wage and hour guidelines, etc.
  • Leverage technology to reduce resource costs and streamline the processes performed to complete tasks
Empowerment

• Step 4: Hold people accountable
  • Clearly communicate and continually reinforce the organization’s mission and vision
  • Develop and share the departments mission statement that links back to the organization’s vision
  • Set the stage for success by teaching, coaching and developing individuals that allows them to take charge of their work
  • Connect empowerment to accountability with high expectations in a fair and supportive manner
Empowerment

• Step 5: Identify consequences
  In successfully accountable organizations mistakes are celebrated as learning experiences. The focus shifts from finger pointing to jointly determining what should be done differently in the future.
  • Ensure there is direct and regular feedback
  • Publicly own up to mistakes and accept the consequences
  • Focus on the future – correct the problem and outline a plan to prevent it from happening again
Management Styles

Autocratic

Open-Ended

Management Styles

Bureaucratic

Participative (Democratic)

Diplomatic
Management Styles

Autocratic

• Must have complete control
• Tend to engage in one-way communication
• Decisions made without the input of others
• Perceived as tyrants, cold and insensitive to the feelings and needs of their subordinates
Management Styles

Bureaucratic

• Always does things “by the book,” hiding behind rules and regulations – to the point of being inflexible
Management Styles

Diplomatic

- Have good interpersonal communication skills
- Persuade by selling ideas, concepts and rules
- Provide explanations of the policies and procedures with employees
- Generally enjoys the enthusiastic cooperation of employees
Management Styles

Participative (Democratic)

- Make decisions by considering the input of others
- Staff are aware they have an active part in the decision-making process and tend to be supportive of decisions when those decisions are contrary to their wishes

Open-ended

- Remain accountable for results, but give “free rein” to employees to get the job done
- Works well when managing extremely professional self-motivated employees
Managing a Diverse Work Force

Today’s workforce has workers from more diverse backgrounds than ever before.

The ability to manage the diverse workforce successfully requires that managers be flexible and use the management style for each situation that will get the most out of the employee and the most for the organization.
Business Policies, Processes and Procedures

Policies

• A deliberate system of principles to guide decisions and achieve rational outcomes
• Ensure consistency and compliance with the company’s strategic direction
• Addresses what the Policy is and its classification, who is responsible for the execution and enforcement of the Policy, and why the Policy is required
Business Policies, Processes and Procedures

Processes
• A set of activities and tasks that, once completed, will accomplish an organizational goal
• Indicate where there is a separation of responsibilities and control points
• Address who is responsible to perform the Process (department, division), what major functions are performed, and when the function is triggered.
Business Policies, Processes and Procedures

Procedures

• A series of actions conducted in a certain order or manner to achieve a desired result
• Can take the form of a work instruction, a desk top procedure, a quick reference guide, or a more detailed procedure (SOP)
• Details who performs the procedure, what steps are performed, when the steps are performed, and how the procedure is performed
Keep Written Policies & Procedures

Time and money spent on documentation will pay off in higher quality service to employees, government agencies, and upper management.
Examples of items that should be documented are:

- Company policies on overtime, benefits, vacations, sick leave, terminations, recordkeeping, etc.
- Procedures for handling payroll, tax deposits, quarterly returns, liabilities, direct deposit, account reconciliations, etc.
- All aspects of, and tasks involved in, the payroll process from beginning to end
- Disaster recovery plans (business continuity)
- Payroll computer system user manuals
- Payroll Department job descriptions
Keep Written Policies & Procedures

Company Policies and Procedures

- Keep up to date on the latest changes in company-wide or other departmental changes in policies and procedures
- Develop a functioning network of colleagues throughout the company to be kept abreast of coming changes
- Keep documented policies and procedures up to date when new company policies or procedures are implemented or when changes are made to existing policies and procedures
Crisis Management

A crisis is any event that has a direct impact on the department’s and organization’s ability to accomplish its objectives
Crisis Management

Precautionary measures a payroll manager can take to minimize the chances that a crisis will occur:

- Make sure the tools are available to do the job
- Plan and schedule for the “worst case scenario”
- Make sure there is a “back-up” for all your systems
- Maintain an open communication network
- Cross train payroll personnel
Precautionary measures a payroll manager can take to minimize the chances that a crisis will occur:

- Conduct a regular review of all department policies, procedures, and documentation
- Deal promptly and effectively with issues that adversely affect employee attitudes and morale
- Conduct a regular and comprehensive review of all payroll department output
- Keep your priorities flexible
Crisis Management
Manage or Control the Crisis

Steps to consider to minimize damage to the department’s mission of quality service when a crisis occurs:

• Present a calm, cool exterior to the employees
• Control and isolate the crisis and the people who will deal with it
• Tackle the problem at hand and do not worry about what went wrong in creating the crisis
Crisis Management
Manage or Control the Crisis

Steps to consider to minimize damage to the department’s mission of quality service when a crisis occurs:

• Analyze the situation for multiple solutions and rank them from an overall business perspective
• Keep the lines of communication open
• Determine the appropriate course of action and initiate decisive action and responsibilities in carrying it out
Crisis Management
Manage or Control the Crisis

Steps to consider to minimize damage to the department’s mission of quality service when a crisis occurs:

• Document and carefully monitor the progress of the plan to resolve the crisis
• Document the results of the crisis and the action taken to deal with it
• When the crisis is over express your appreciation to all concerned
Steps to consider the lessons it taught are not forgotten:

- Conduct a meeting with the team to discuss the crisis and determine which of the problems that occurred were preventable
- Initiate a plan to prevent these problems from reoccurring
Steps to consider the lessons it taught are not forgotten:

- List the successful results of the crisis management operation and include them in a “Crisis File” for future reference
- List all issues that were not successfully resolved and formulate procedures to resolve them
- Express your appreciation to your staff once again for their hard work during the crisis
There are several ways to take something positive away from a crisis situation, including:

• Meeting with your manager to discuss the crisis and the outcome, new controls and procedures to prevent future crises, the performance of the payroll department staff, and any changes in working conditions or tools that might be needed

• Share your experiences with other payroll professions and find out how they solved similar problems
There are several ways to take something positive away from a crisis situation, including:

- Assess your staff and take note of those who displayed outstanding skills under stress
- Assess your own performance during the crisis and work toward improving your weaker skills
Crisis Management
Extracting Positive from the Crisis

There are several ways to take something positive away from a crisis situation, including:

- Follow through to ensure all new procedures have been implemented and tested
- Use the opportunity of the crisis to build on the team spirit of the payroll department staff
Time Management

Managers must find time to do the things they were hired or promoted to do – plan, organize, develop, evaluate, measure, etc.
Time Management

Demands on a manager’s time are categorized as follows:

- **Urgent and important** – crisis management, immediate attention needed
- **Not urgent but important** – planning and prevention activities
- **Urgent but not important** – pressing activities that may be easy to accomplish
- **Not urgent and not important** – easily accomplished, time-wasting activities
Time Management

Prioritize duties and responsibilities so enough time is spent in the “not urgent but important” quadrant, which includes the activities of planning and prevention, the “real” management activities.
Team Building

Team building was originally a group process intervention aimed at improving interpersonal relations and social interactions. Over time, it has developed to include achieving results, meeting goals and accomplishing tasks.
Team Building

Alone we can do so little; together we can do so much.

Helen Keller
Team Building

Successful teams can increase productivity, use resources more effectively, reduce costs while improving quality, and make better use of innovation to solve problems because of the increased commitment and involvement of the team members.
Team Building

Four stages of team development (adapted from Tuckman’s Team Development Model) http://youtu.be/MNgzjYb02JM

- **Forming** - In the *first stages* of team building, the *forming* of the team takes place
- **Storming** – The group will next enter the *storming* stage in which different ideas compete for consideration
- **Norming** - The team manages to have one goal and come to a mutual plan for the team
- **Performing** - High-performing teams are able to function as a unit as they find ways to get the job done smoothly and effectively without inappropriate conflict or the need for external supervision
Tuckman refined his theory around 1975 and added a fifth stage to the Forming Storming Norming Performing model.

- Adjourning - The break-up of the group, hopefully when the task is completed successfully, its purpose fulfilled; everyone can move on to new things, feeling good about what's been achieved
Managing different employee styles

• Contributors – willing to share their expertise and information and are organized and dependable

• Collaborators – flexible and open and believe in broad participation by team members

• Communicators – excellent communication skills, often the “peacekeepers” during team meetings, maintain a positive approach, even when tension and friction threaten to envelop the team and bring it down

• Challengers – willing to disagree with other team members, open about problems and are likely to look for innovative ways to solve them
Performance Reviews

Annual performance reviews are a key component of employee development. The performance review is intended to be a fair and balanced assessment of an employee's performance.
Performance Reviews

Formal way of giving feedback

- Provide a formal, written record of how employees are performing relative to preset goals that are designed to help the department and company meet their overall business objective.

Several elements are generally found in effective performance evaluation systems

- Objective job-related goals and performance criteria
- Manager’s conducting the evaluations are trained in delivering feedback
- There are written guidelines
- Employees who disagree with the evaluation are allowed to challenge it
- The evaluation system does not place unreasonable technical and time constraints on managers
Performance Reviews

• Evaluation is an ongoing process

• Even though the formal evaluation is on an annual cycle, managers should be constantly monitoring their employees’ performance to ensure it is on track for meeting the goals and objectives set out during the previous evaluation period
Quality Customer Service in Payroll

Customer service in the payroll department goes beyond providing accurate and timely payment information to employees. Other payroll department customers inside and outside the organization (finance, upper management, government agencies, etc.) also expect and demand that the information they receive be totally accurate and on time.
Quality Customer Service in Payroll

There are several basic principles that should serve as goals and objectives in this effort:

- Reliability
- Responsiveness
- Assurance
- Empathy
- Tangibles
Quality Customer Service in Payroll

Reliability

• Provide consistent, *reliable* and predictable service

• Provide dependable, accurate and timely payments and payment information to employees and other parties inside and outside the organization
Quality Customer Service in Payroll

Responsiveness
• Respond promptly to customer questions
• Recognize and react quickly to changing customer needs

Assurance
• Convey competence to customers, especially employees, by projecting confidence and by providing accurate and courteous responses
Quality Customer Service in Payroll

Empathy

• No matter how basic their questions may be, treat employees with respect and caring due to the personal nature and importance of employee financial information

• Provide individual attention to employees and assure them that their personal information will be kept confidential
Quality Customer Service in Payroll

Tangibles

• Employees should be able to reach Payroll easily by telephone, by submitting a ticket via an issue tracking system, by e-mail, etc.

• Maintain a neat, organized and professional environment to inspire confidence
Quality Customer Service in Payroll

Training

• Employee training is needed to achieve the desired result when employees and other parties have a question or concern about payments or information they are receiving from payroll

• Training aids may include:
  • Interactive Role Play – encourage payroll department employees to put themselves in the shoes of the customer and allows other payroll staff to give feedback on how the situation was handled and whether they would have handled it differently
Quality Customer Service in Payroll

Training

• Training aids may include:
  • Case Studies – written or videotaped examples of actual customer service scenarios used by payroll staff to evaluate the performance of those involved in the case studies and make recommendations for improvement based on their experiences
Quality Customer Service in Payroll

Tools:

- Telephony System – toll free number used by employees to contact a payroll representative with the capability to monitor calls and capture metrics (call volume, abandoned calls)
Quality Customer Service in Payroll

Tools:

• Issue Tracking System (trouble ticket system, support ticket, incident ticket system) - a computer software package that manages and maintains lists of issues, as needed by an organization.

• Commonly used in an organization's customer support call center to create, update, and resolve reported customer issues as well as issues reported by that organization's employees.

• A ticket element, within an issue tracking system, is a running report on a particular problem, its status, and other relevant data.
Research Needs

One of the most important aspects of a payroll manager’s responsibilities is keeping on top of current developments in the payroll field. The payroll manager is treated as the payroll expert by other company departments and upper management.
Research Needs

Payroll practitioners will benefit by taking the initiative to keep up with the latest developments in the field and by obtaining an FPC and/or CPP certification.
Research Needs

Tracking Tax Laws and Regulations

IRC and IRS regulations

• The Internal Revenue Code comprises Title 26 of the United States Code, a compilation of all federal laws
Research Needs

Tax Laws and Regulations

Other IRS guidance

- Revenue Procedures (Rev. Proc.)
- Revenue Rulings (Rev. Rul.)
- Private Letter Rulings (PLR)
- Internal Legal Opinions
- Publications (Pubs.)
- Announcements, Notices, and News Releases
Research Needs

Tax Laws and Regulations

Federal government resources

- Congressional Record
- Federal Register (F.R.)
- Internal Revenue Bulletin (IRB)
- Cumulative Bulletin (CB)
- SSA/IRS Reporter
- IRS on the internet
- SSA website
Research Needs

Tax Laws and Regulations

State government resources

• Each state has its own tax laws and regulations contained in publications that are similar in many aspects to the U.S. Code and the Federal Register

Nongovernment resources

• Several major tax publishers offer printed and electronic information to help payroll practitioners better understand their obligations
Research Needs

Employment Laws and Regulations

- Fair Labor Standards Act 29 USC §201
- Portal-to-Portal Act 29 USC §251
- Walsh-Healey (Public Contracts Act) 41 USC §6501
- Service Contract Act 41 USC §6701
- Immigration Reform and Control Act 8 USC §1324a
- American With Disabilities Act 42 USC §12101
- Civil Rights Act of 1964 (Title VII) 42 USC §2000e
- Age Discrimination in Employment Act 29 USC §621
- Consumer Credit Protection Act 15 USC §1671
- Family and Medical Leave Act 29 USC §2601
- Social Security Act 42 USC §401

Thank you for listening to me today and for sharing a few hours of your valuable time with me.
Don't find fault, find a remedy.

Henry Ford