



Case Study: Reducing payroll processing time by 25%

Project

The payroll department in a multi-state managed services company consistently missed payroll processing deadlines when processing payroll for its 4,000+ employees. The time constraints caused the department to forgo sufficient quality control measures. Over the course of several months, the department received scrutiny from the CEO and other senior executives due to extensive errors and frequently missing or delayed paychecks.

Goal = Improve the payroll process to allow the timely and accurate delivery of all paychecks.

Actions

1. **Established a new departmental vision.** Prior to the start of this project, payroll department employees looked at their job as processing time cards and issuing paychecks. We reframed the department's vision as "ensuring all employees are paid accurately and on time".
2. **Problem Identification.** Facilitated value-stream mapping exercise with payroll department to document their workflow and identify problem areas.
 - **Job Aids.** Created job aids to help payroll team measure the time spent on each task in the payroll process.
 - **Eliminate waste.** Helped payroll team identify and eliminate non-value-added steps from their process.
3. **Implementation.** Documented revised payroll processing procedures and reviewed updated process with payroll team.

Results

- Reduced payroll processing time by 25%.
- Paycheck distribution was moved to 2nd day air delivery, instead of overnight, saving the department money on express shipping costs.
- The time savings allowed payroll department to re-institute quality control measures.