

HR Process Improvement: Payroll		STAGE	Prioritization
PROPOSAL OVERVIEW			
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Problem Statement	Payroll had the fourth most survey comments for an activity that took significantly longer than it should at MSU, and it had the third most comments as the process most critical to change and/or streamline.		
Proposed Solution	Assign a project team including central and distributed service providers with an external consultant to analyze and improve payroll processes. An external consultant is recommended because HR processes are complex and we do not have the staff capacity or expertise to adequately redesign HR processes.		
Key Performance Indicators or Outcome Measures	Payees processed per payroll FTE Percent off-cycle payments Percent employee self service utilization Payroll error rate		
General Time & Effort Required	MEDIUM. Exact figures to be determined upon Concept clearance. Effort investment with consultant to determine the current process state. Moderate training, communication and adoption management throughout Human Resources central and distributed.		
Alternative Solutions	• Conduct a payroll process improvement project without the assistance of an external consultant.		
ALIGNMENT			
Data Support	<input checked="" type="checkbox"/> Surveys <input checked="" type="checkbox"/> Focus Groups <input checked="" type="checkbox"/> Professional Expertise		
Initiative Objectives	<input checked="" type="checkbox"/> Operational Efficiency <input checked="" type="checkbox"/> Employee Satisfaction		
Departments Served	<input checked="" type="checkbox"/> Academic Depts <input checked="" type="checkbox"/> Agencies <input checked="" type="checkbox"/> Fin & Acct Central <input checked="" type="checkbox"/> HR Central <input checked="" type="checkbox"/> IT Central <input checked="" type="checkbox"/> Purchasing Central <input checked="" type="checkbox"/> Sponsored Programs <input checked="" type="checkbox"/> University Comm		
Constituents Served	<input type="checkbox"/> Service Users <input type="checkbox"/> <100 <input type="checkbox"/> 100-500 <input type="checkbox"/> >500 <input checked="" type="checkbox"/> Service Providers <input type="checkbox"/> <100 <input checked="" type="checkbox"/> 100-500 <input type="checkbox"/> >500		
Problems Addressed	<input type="checkbox"/> Paper process <input checked="" type="checkbox"/> Customer service <input checked="" type="checkbox"/> Central/Dist model <input type="checkbox"/> Lack of integration <input checked="" type="checkbox"/> Comm/Coord <input checked="" type="checkbox"/> Redundancy <input type="checkbox"/> Staff expertise <input checked="" type="checkbox"/> Staff capacity <input type="checkbox"/> Allocation/prioritization <input type="checkbox"/> Compensation		
Processes / Services Addressed	<input checked="" type="checkbox"/> HR Recruiting <input type="checkbox"/> Purchasing <input type="checkbox"/> IT Support <input type="checkbox"/> Sponsored Programs <input type="checkbox"/> Web Dev & Content <input type="checkbox"/> BPAs <input type="checkbox"/> Budget/Finance <input type="checkbox"/> EPAFs/Payroll <input type="checkbox"/> IT Governance <input type="checkbox"/> Employee Relations		
COST-EFFECTIVENESS			
DISCLAIMER: Conceptual cost-benefit analysis with an order of magnitude estimate range between -50% to +100%.			
Upfront Real Cost	\$	14,400	Upfront T&E Cost \$ 17,300
Ongoing Annual Cost	\$	-	Ongoing Annual T&E Cost \$ -
Benefits	<input type="checkbox"/> Cash Savings	<input checked="" type="checkbox"/> Incr. capacity	Estimated New Net \$ (30,200) *
COMMENTS AND RECOMMENDATIONS			
Alignment Rating	0%	Cost-Effectiveness Rating	0%
		Probability of Success Rating	0%
* Although it is probable that a process improvement project would lead to increased time & effort capacity, the estimated percentage reduction to result from process improvement is unknown at this time.			

HR Process Improvement: Payroll				
REF	CATEGORY	FACTOR	METRIC	VALUE
ALIGNMENT				
A.1	Institutional:	Mission	Outcome aligns directly to support of MSU discovery, creativity, service mission.	0
A.2	Initiative:	Increased efficiency	Outcome results in optimized process, productivity, and throughput.	0
A.3	Initiative:	Improved satisfaction	Outcome results in improved employee job satisfaction.	0
A.4	Scope:	Horizontal problems	Outcome addresses all the identified horizontal problems of the organization	0
A.5	Scope:	Processes/services	Outcome addresses all the identified process or service problems	0
A.6	Scope:	Functional areas	Outcome addresses all of the functional area departments in the initiative scope	0
A.7	Constituents:	Constituent reach	Outcome directly addresses deepest identified constituent needs.	0
A.8	Constituents:	Constituent span	Outcome directly addresses needs of the widest number of constituents.	0
COST-EFFECTIVENESS				
C.1	Cost:	Ongoing	Ongoing cost is minimal or none.	0
C.2	Cost:	Upfront	Upfront cost is minimal or none.	0
C.3	Fiscal:	Cost Savings	Outcome reduces cash outflow.	0
C.4	Functional:	Time Savings	Outcome reduces time on process.	0
C.5	Opportunity:	Resource Availability	Necessary FTE and other resources are available and underutilized.	0
C.6	Opportunity:	Alternatives Availability	Time & effort cannot be better spent on any possible alternative.	0
PROBABILITY OF SUCCESS				
P.1	Institutional:	Critical Success Factors	CSFs are achievable with a high probability of occurring easily.	0
P.2	Institutional:	Funding Availability	Upfront and ongoing funding is sufficient for the life of the project.	0
P.3	Institutional:	Cultural willingness	The institutional culture is ready and willing to adopt this solution over alternatives.	0
P.4	Planning:	Training	Training needed is minimal and has been adequately planned for.	0
P.5	Planning:	Measurement	Outcome performance is measurable and will be reported.	0
P.6	Planning:	Stakeholders	Stakeholders are identified; expectations are reasonable and manageable.	0
P.7	Scope:	Complexity	Complexity is minimal; scope is defined and manageable.	0
P.8	Sustainability:	Ongoing Support	Ongoing support needed is minimal or readily available at low cost.	0

OpenMSU Objectives Addressed

- **Increase capacity-** implement processes that take less service provider time to create additional service provider capacity.
- **Reduce cycle times-** implement processes that take less service provider time.
- **Coordinate activities-** implement processes that improve coordination between central and distributed service providers.
- **Improve service provider satisfaction-** meet campus demand for improved payroll processes.
- **Improve service customer satisfaction-** meet campus demand for improved HR processes.

Supporting Data

- In response to the OpenMSU Service Provider Survey:
 - 8% of responses (28 comments) commented that payroll was the process most critical to change and/or streamline at MSU. This was the third most comments for any process in response to this question.
 - 6% of responses (27 comments) commented that payroll was an activity that took significantly longer than it should at MSU. This was the fourth most comments for any activity in response to this question.
 - 5% of responses (18 comments) commented that HR processes overall were the processes most critical to change and/or streamline at MSU. This was the fourth most comments for any process in response to this question.
- In response to the OpenMSU Service Customer Survey, 28 out of 80 process overall themed comments (processes take too long, too difficult, duplicate effort, paper/manual) were about the HR function.
- New York University's benchmark for "Payees processed per Payroll FTE" is about 984 employees. As of October 12, 2012, MSU's payees processed per payroll FTE was about 846 employees. Based on that benchmark, it appears MSU has room for improvement.

Detailed Problem Statement

According to the OpenMSU surveys, there is significant campus demand for improved payroll processes.

Detailed Solution Statement

Assign a project team of relevant stakeholders, including central and distributed service providers, to work with an external consultant to analyze and improve payroll processes to reduce cycle times, increase the capacity of the HR Office and to meet campus demand for improved HR processes. An external consultant is recommended because HR processes are inherently complex and because MSU does not currently have the staff capacity or expertise to adequately redesign HR processes.

Alternative Solution

- Conduct a payroll process improvement project without the assistance of an external consultant.