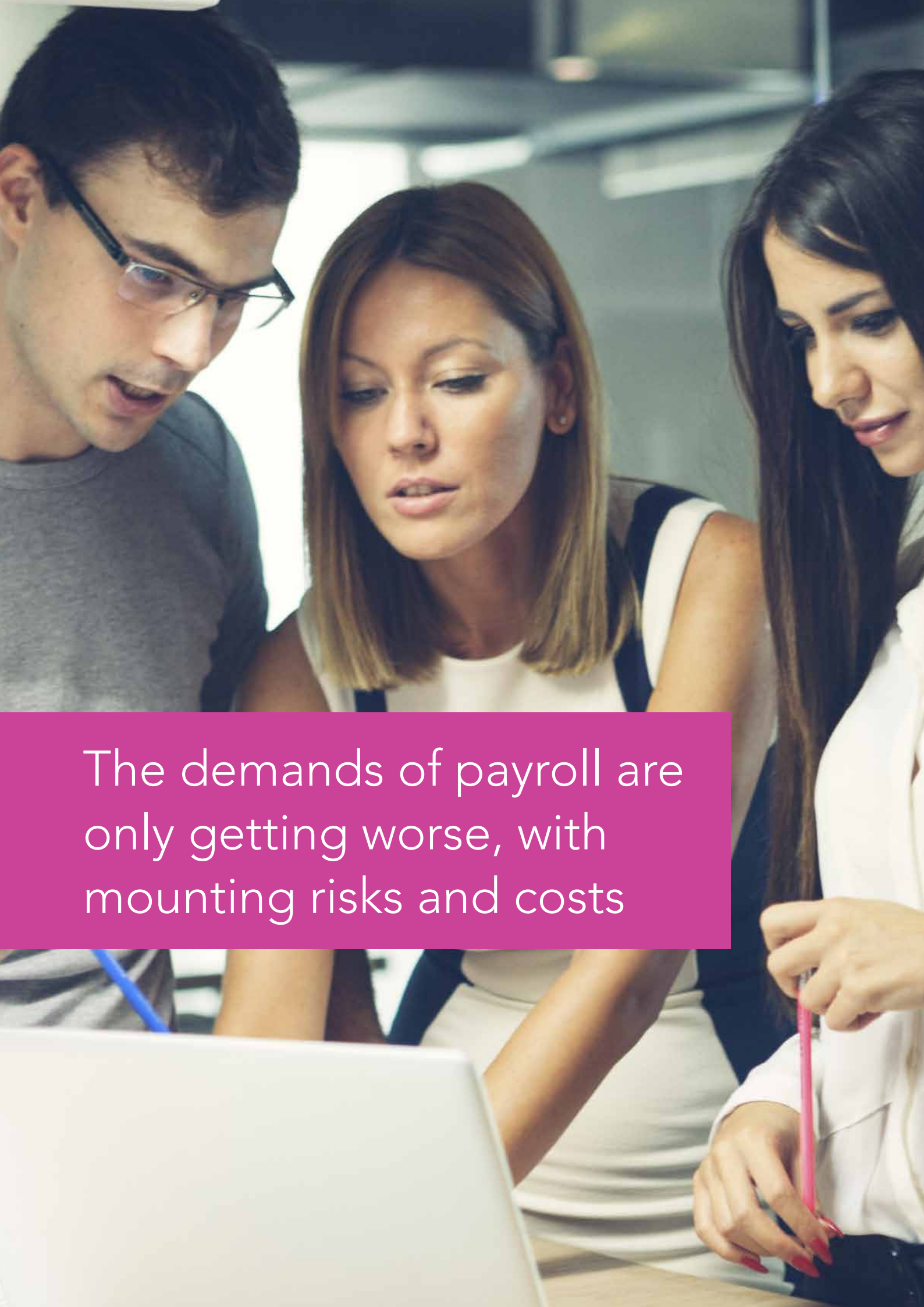




5 steps to rid your small business of payroll stress



A more human resource.™



The demands of payroll are only getting worse, with mounting risks and costs

Introduction

Human resources are crucial to any business success. As a small business owner, you know more than anyone that people are your most important asset. However, unlike large companies, you don't have the luxury of an HR department to deal with it all. According to the Small Business and Human Resources Outlook Survey, 79% of small businesses hired new employees last year (an increase of 17% from the year before), 65% plan for merit-based pay increases in the coming year and 63% plan to implement a bonus or incentive pay program. The demands of payroll are only getting worse, with mounting risks and costs. So here's a step-by-step 'how to' guide to help take the stress out of payroll:

How to:
Increase Profitability

How to:
Reduce Risk

How to:
Boost Growth

How to:
Support Your People

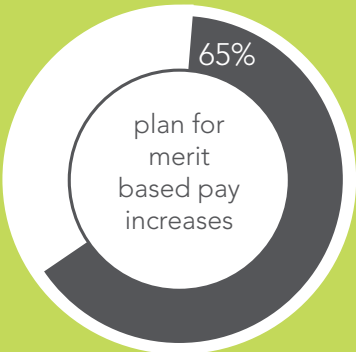
How to:
Become More Competitive

Small business

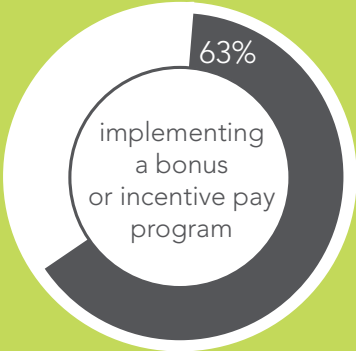
% of small businesses who hired new employees last year¹



% of small businesses who plan for merit-based pay increases in the coming year¹



% of small businesses who plan to implement a bonus or incentive pay program¹



1. The Small Business and Human Resources Outlook Survey (2015), Insight Performance



HOW TO: INCREASE PROFITABILITY

How to: Increase Profitability

As a small business owner, it's on your mind every day: how do I make more money and maximize what I'm already investing?

Small businesses face HR costs on an almost daily basis, including staffing and administration costs. Occasionally they can run into major problems too: an ADP CEB 2015 survey found that in the APAC, organisations had to pay payroll related non-compliance penalty costs upto \$1.24 million.²

Other costs of running payroll and HR systems in-house include:



Keeping track of on-the-road or remote workers



Online trading across international borders, bringing international tax and employment law compliance into play

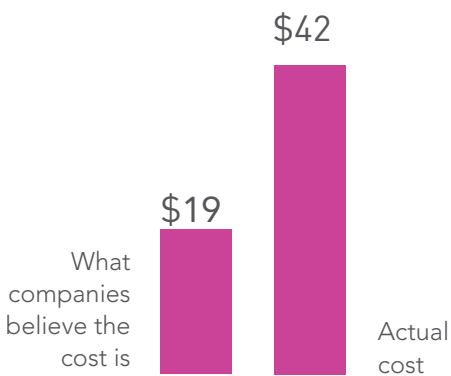


Ongoing IT maintenance fees



Labour costs of staff working to keep the payroll systems running on time

Cost per payslip per month



273 
unexpected costs
per employee per year

ADP finds that companies who process their payroll on internal systems believe the cost per payslip to be about \$19 per month; whereas the actual costs is closer to \$42 per pay slip per month. That is \$273 per employee per year in unexpected costs. It's a major headache, and one you could do without. Increasingly small businesses are finding that passing the responsibility onto third party experts is cheaper, more efficient and far more reliable. Run by experts, for you, at a transparent price.

2. ADP CEB 2015



HOW TO: REDUCE RISK

How to: Reduce Risk

Your reputation is your lifeblood. You need to protect your brand and your business so you're as secure as possible when mistakes happen or people leave.

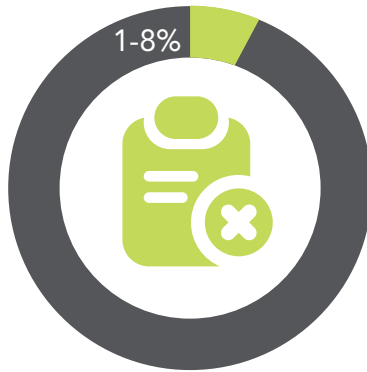
But the pressures and reality of running a small business sometimes mean that best intentions aren't always easy to follow. ADP research finds that 37% of companies' data is left sitting in Excel or similar types of databases.³ This is playing with fire. You're only a software crash away from people not getting paid accurately or on time. Or equally if the wrong person falls sick, and nobody can work out their unique spreadsheet system, then again you have a payroll nightmare on your hands.

It is estimated that mistakes caused by using manual methods of payroll costs companies 1% to 8% of their total payroll.⁴ That's an awful lot of money. To reduce any risk, you turn to experts for help. By outsourcing Human Capital and payroll technology you reduce risk by having:

-  A team of local and global experts constantly supporting your business
-  Instant software upgrades
-  Instant compliance to new payroll regulations
-  The latest in cyber security
-  Standardised technology that would continue to work even if all your team fell sick!



37% of
companies' data
is in Excel³



Manual methods
mistakes cost
companies
1% to 8%
of their total payroll⁴

3. ADP Global HCM Study, January 2014
4. The American Payroll Association

HOW TO: BOOST GROWTH

How to: Boost Growth

You're working in a highly competitive environment, always trying to find new clients and money for expansion. By partnering with an established global provider and having a consolidated payroll system, you can free up your time to focus on what matters.

Payroll outsourcing supports growth by providing:



HR and payroll in the cloud, accessible anytime, anywhere—be that on the road, or even while opening a new office



Local payroll knowledge - you don't need local payroll knowledge as you look into new markets and territories, there's a whole team in the background able to do that for you

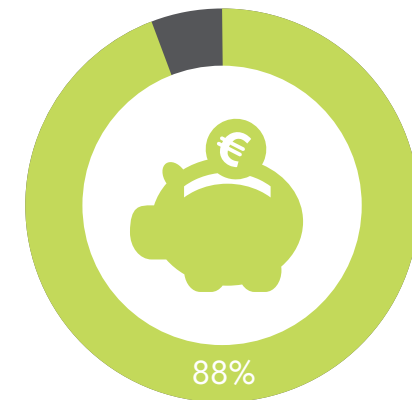


A clear line of sight between digital investments and their business objectives.



The latest in software innovations, increasing employee engagement for employees and managers, which impacts on your customer satisfaction.

A survey of small businesses by the Manchester Business School actually found that 88% of cloud users experienced cost savings and 56% found that cloud services helped them to boost profits.⁵ That's the recipe for growth.



88% of cloud users experienced cost savings⁵



56% found that cloud services helped them to boost profits⁵

5. Rackspace Survey in conjunction with the Manchester Business School and Vanson Bourne (2013)



HOW TO: SUPPORT YOUR PEOPLE

How to: Support your People

Good quality people are critical to the success of your business, and you need to attract, retain and grow the right people. The direct labour costs involved in running in-house payroll are high because payroll is only one small part of the job you, and your finance staff, have to do.

Large organisations can keep their direct labour costs relatively low by getting entry-level employees to handle administrative tasks and investing in process automation.

Small businesses typically use fewer automated processes and employ more senior people to do admin roles. Not only would their skills and time be much better used to do other things, but they are only able to keep half an eye on payroll and HR tasks. This means you are not utilising the talent in your organisation, and at the same time are exposing your business to risks of getting payroll wrong through human error (or simply lack of knowledge, if new minimum wage or tax legislation has come into force).

Remove payroll from your small band of employees' job responsibilities, and your business benefits by:

-  Freeing up time to operate on people core job roles
-  Improving performance and job satisfaction
-  Having reassurance that payroll is always up-to-date
-  Gaining experts on hand to answers any pay and tax queries

Large organisations can keep their direct labour costs relatively low by getting entry-level employees to handle administrative tasks and investing in process automation.



HOW TO: BECOME MORE COMPETITIVE






How to: Become More Competitive

Small businesses that outsource payroll to a trusted expert partner often find that the benefits can go far beyond just costs. Organisations that outsource payroll spend on average 30% less,⁶ but having a partner that can also provide expertise, technology and understands your business can help you become more competitive due to the flexibility they provide.

Change can be hard enough without having old, inflexible internal systems and processes holding you back and limiting your competitiveness. Internal teams find that far too much time and resources get tied up in the monthly (or weekly) pay rounds instead of supporting the business.

Centralisation is key. A network of in-country payroll specialists with deep knowledge of local legislation and HR details would lighten the load of any organisation, small or large.

Outsourced payroll can provide strategic value to your business and makes you more competitive, with:

-  Predictable and scalable fees, with one pricing scheme and a single invoice
-  No maintenance and infrastructure costs
-  Up to date compliance knowledge
-  Clear overall payroll costs
-  A single, easy to use, cloud based platform.

An outsourced partner also helps to protect your business from errors stemming from lack of knowledge or visibility while helping to drive organisational growth and international expansion.

Ultimately, it comes down to this: focus on what you do best, outsource what isn't core to your skill set.



Organisations that outsource payroll spend on average **30% less⁶**

6. PwC (2013), 'How much is your organization really spending on Payroll and HR Administration?'

Case study



A leading diamond company in Canada was in the process of reshaping and revamping its business as it had decided to scale up its operations globally. One of the countries they expanded to was India where they saw an increasing demand.

The company's office in India was relatively small with a low employee headcount. However, when it started scaling up, the company decided to streamline existing processes in various business functions - including the HR department.

The payroll and compliance processes were managed manually and pay slips were printed and dispatched. As the company started scaling up their operations, the employee headcount reached more than 60 and it became a challenge for the HR department to manage payroll and compliances manually. The company's HR head was looking for a vendor to help them streamline their payroll process.

The company's corporate office in Canada was also facing similar problems. They decided to outsource their payroll and compliance processes to ADP and were very satisfied with the engagement. They wanted

to replicate the same processes in their office in India. Their requirement was a payroll outsourcing company with the ability to manage pay structures across multiple locations.

Following an extensive research, the top management decided to outsource their payroll and statutory processes to ADP and concentrate solely on their business objectives. ADP's payroll and statutory services were implemented efficiently with a quick turnaround time and without any additional investment in software or infrastructure.

After the company started outsourcing their payroll and compliances services to ADP, the HR manager started observing the following changes in their overall process:

- Improved accuracy and on-time delivery of pay slips to the employees.
- Adherence to state level statutory compliances.
- Ability to meet the timelines to file the challans and other compliance related documents to the respective authorities

Conclusion

Payroll becomes a business asset

Outsourcing means you can see all your people, digital investments and business objectives, in one clear snapshot.

The New York Times bestselling Small Business Expert, Susan Wilson Solovic, believes that 2016 is the year for major changes in the way small businesses use technology to find increased profits and ongoing success: "Legacy small business service providers will be replaced by cloud-based services. The in-house bookkeeper or local consultant - or the old-style payroll service, for example - will be replaced by software as a service that's available on the cloud... [And] IT and data storage will move to the cloud. Small businesses will be able to reduce overhead by cutting their IT payroll and hardware expenses via farming out IT and data storage/backup services. They will get improved networking that can be scaled on the fly to the size of their current demand."⁷

Why this sudden shift? Yes, the technology is great and getting better by the year. But it's the expertise that you ultimately pay an outsource partner for. They offer true oversight of your entire operation, your employee needs, your sector, your national and international legislative requirements, and all your software systems. These are not issues that can be left to amateurs. If a provider just does payroll, they cannot offer a truly holistic service that can help your business. The best partnerships become relationships, with trust and understanding becoming stronger the longer they last. ADP clients find that five years after replacing their in-house systems, the costs savings can reach 62%.⁸ The best providers know your business inside out, and have the technology solutions and expertise always at hand to help you.

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62% costs savings five years after replacing in-house systems⁸

7. Solovic, S (2016), Top 10 Trends for Small Businesses in 2016, The Huffington Post, 04 January
8. Sourcing Analysis (2012)



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About ADP (NASDAQ-ADP)

Powerful technology plus a human touch. Companies of all types and sizes around the world rely on ADP's cloud software and expert insights to help unlock the potential of their people. HR. Talent. Benefits. Payroll. Compliance. Working together to build a better workforce. For more information, visit ADP.com.