BUYER'S GUIDE FOR SIMPLIFYING PAYROLL + HR

THE 3 MOST IMPORTANT THINGS TO LOOK FOR
IN A PAYROLL AND HR PROVIDER

Paycor

ASSESSING YOUR NEEDS

Do you need a payroll and HR solution?

You may be wondering if a payroll and HR solution is right for your company. Or, maybe you are already using a payroll or HR solution, but you wonder if it's still the right fit.

Managing your workforce can get complicated. There are a variety of payroll and HR issues you must attend to, including:

$ *Ensuring employees are paid correctly and on time*

Staying current with state and local taxes

Tracking hours worked

Managing employee data

Keeping up with compliance issues

Dealing with pay schedules and audits

Recruiting and hiring

Managing benefits enrollment

Driving employee retention and engagement

Managing your risk

Any organization with one or more employees can benefit from a payroll and HR solution. As a business leader, your focus should be on running your business and driving growth. The right technology can enable you to manage your people and make better strategic decisions. In fact, according to a study by Nucleus Research, the average company sees a return on investment of $7.88 for every dollar they put into workforce management applications.

It is worth your time to consider the benefits of a comprehensive solution—not only will it make your job easier and increase your profits, you will be able to **maximize efficiency, drive strategic thinking and minimize risk.** Missing the opportunity to reap these benefits could put you at a disadvantage compared to your competitors.

THE AVERAGE COMPANY SEES A RETURN ON INVESTMENT OF $7.88 FOR EVERY DOLLAR THEY PUT INTO WORKFORCE MANAGEMENT APPLICATIONS

WHAT YOU NEED TO KNOW ABOUT YOUR BUSINESS BEFORE PURCHASING

Choosing a provider should start with an information-gathering process. Start by taking thirty days to examine your daily behavior, including the behavior of anyone on your team or anyone to whom you may delegate tasks. Think about the different functions you have to perform each day, such as employee administration tasks. Consider the following questions:

If you hire a new employee, what is involved?

☐ *An offer letter*

☐ *An I-9 and W-4*

☐ *A confirmation letter*

☐ *An employee handbook*

☐ *A background check*

☐ *Issuing company property*

What are typical requests you receive from employees?

☐ *How much PTO they have remaining for the year*

☐ *What benefits they are eligible for or enrolled in*

☐ *Where can they find copies of their check stubs*

☐ *How to get their personal information updated in their file*

How do you and other company leaders gain insight into the business?

☐ *How much overtime is being paid in each department*

☐ *How much sick time has been used in a given year*

☐ *What bottlenecks are occurring in your recruiting process*

☐ *How recent compliance changes might impact your business*

☐ *Who are your top performing employees*

Once you begin to outline the functions that are critical to your business, you'll start to learn what you need in a payroll and HR system. We've included an example checklist on the next page to help you get started.
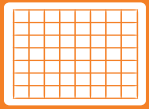
YOUR BUSINESS FUNCTION CHECKLIST SHOULD INCLUDE THE FOLLOWING:

- Date: When the function or task is performed
- Function/Task: Examples include creating a report, completing the bi-weekly payroll or processing employee benefit elections
- Requesting Party: Which people or agencies are asking for it
- Task Owner: Who on your team is managing the request
- Time Spent: Estimated time spent on the task

BUSINESS FUNCTION
CHECKLIST

✔ DATE
✔ FUNCTION/TASK
✔ REQUESTING PARTY
✔ TASK OWNER
✔ TIME SPENT

Make sure to fill out each section!
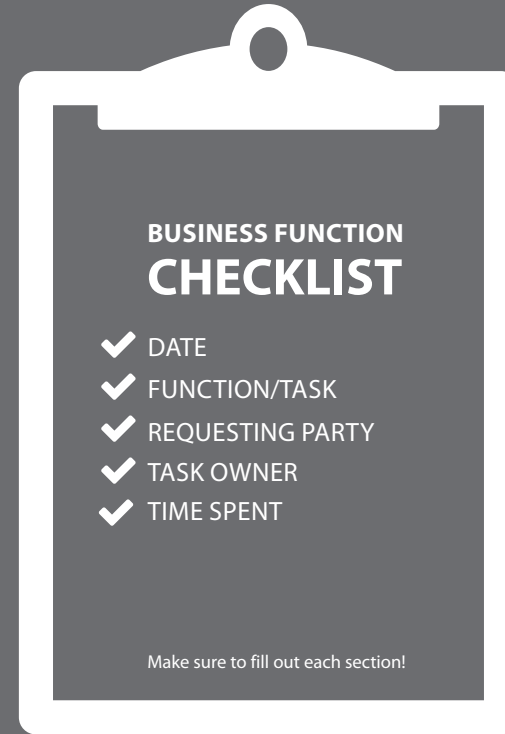
Even if you repeat a task in thirty days, you should still log it on your checklist. The goal of this process is not only to know what you're doing each day, but what things are the most time-consuming for you or your team. Additionally, this process should allow you to prioritize what you're doing each day—and determine which functions you may need most from a payroll and HR provider.

In the appendix of this guide, you will also find a sample partner requirements checklist, which provides a more detailed look at specific features and competencies you should be looking for. Both your business function checklist and the partner requirements checklist will help you as you move into the next phase: starting your search for a new payroll and HR provider.

DATE	FUNCTION/TASK	REQUESTING PARTY	TASK OWNER	TIME SPENT

BEGINNING YOUR SEARCH:
THE 3 MOST IMPORTANT THINGS TO LOOK FOR

Once you know what you need, you're ready to begin your search. As you get started, keep in mind three key things you should be looking for in a provider: **usability, reporting and compliance, and a trusted partner.**

USABILITY

Ease of use is crucial when choosing an HR and/or payroll provider. It doesn't make sense to switch if you'll have to invest a lot of time learning how to use a new system. Plus, an easy-to-use system contributes to a higher adoption rate among your employees. As you evaluate the usability of a vendor's system, keep in mind these four factors: implementation process, the user experience, integration and employee self-service.

IMPLEMENTATION PROCESS

Your provider of choice should give you peace of mind from day one by giving you all the details of the implementation process, providing you with a timeline and letting you know who specifically will be handling each aspect of your implementation. The implementation process is a great time for you to make changes to your organizational structure or payroll submission process. Your provider can't do everything for you—they will require certain things from you to get started, such as **company departments, deductions, tax ID numbers and employee information**—but you should be able to relax during implementation, knowing you will soon be saving time and money with a new system.

THE USER EXPERIENCE

Great applications shouldn't be difficult to learn—they should guide you through processes in a logical way that's easy for you to remember. You should determine during the buying process if the solution seems intuitive and how much training it will require. Also, your provider should offer short training sessions that won't take up much of your time.

INTEGRATION

Do you have disparate systems for timekeeping, employee data and payroll? How are you keeping track of hours worked? Does your timekeeping solution communicate with your payroll solution? **Ideally, your timekeeping, payroll and HR systems will talk to each other so you can manage all of your employee data in one place.**

Aim for a provider with one platform than can provide this kind of integration. That way, you won't have to convert to a new platform when your company's needs change. Also, all of the provider's development and service resources will be dedicated to one platform, instead of spread out across many.

EMPLOYEE SELF-SERVICE

Your new system shouldn't just be easy for you to use, it should be easy for your employees to use. When assessing a system's ease-of-use, think of the casual user, not an HR or payroll "power user." The system you choose should be easy enough for all of your employees and managers to navigate. One of the main reasons for implementing payroll and HR technology is to **save time and help automate some of the tasks you perform when others ask you for information**— whether scheduling information for a manager or a PTO balance for an employee. In this regard, your solution should be efficient: your employees should be able to navigate the system easily to find their PTO balances, work schedules and pay stubs. Payroll and HR systems should also offer you 24/7 online and mobile access. If an employee has a question on Saturday, they should be able to locate the answer themselves, rather than waiting for you or your team to answer it on Monday. This type of round-the-clock availability saves you time, empowers your employees and makes answering payroll and HR questions easy for everyone.

2 REPORTING AND COMPLIANCE

Reporting is an important part of running any business. You probably have to provide reports to other departments, your employees, your accountant and any number of government agencies. Ease of reporting is one of the crucial factors you should look for when exploring your options.

72%

28%

BUSINESS PROFESSIONALS SPEND 72% OF THEIR TIME ORGANIZING DATA AND ONLY 28% OF THEIR TIME ON VALUE-ADDED ANALYSIS

CREATING REPORTS

Did you know that most business professionals spend 72% of their time organizing data and only 28% of their time on value-added analysis? Your system should be able to quickly generate meaningful reports with just a few mouse clicks. Thinking back to those everyday functions of running your business, you might need to access reports for your own decision making, such as when you want to assess your total labor costs. You might need to run a report on employee overtime to decide whether you need to add staff or adjust scheduling. There are countless reports you may need to run, and your provider should have easy solutions that consolidate and present information to you.

You've no doubt heard about "the cloud." It's not just for your smartphone. Your payroll and employee data can be stored in the cloud, too. Look for providers who store information in the cloud not just to make access fast and easy, but also to save space on your internal servers. If you're a small business owner, you probably don't have endless storage for data and reports. Keeping data in the cloud helps you get the reports you need when you need them without worrying about system crashes or overloaded hard drives.

TAX FILING SERVICES

Your provider should make tax filing and reporting to various government agencies easy. This aspect of your process must work seamlessly and be up-to-date with the latest tax and compliance changes, so you don't have to worry about IRS penalties or other legal issues.

If you have an in-house payroll and HR system, how do you stay on top of minimum wage and other tax compliance changes? You likely have to research and act on that information yourself, and that leaves room for errors. **One of the benefits of outsourcing is that your provider automatically updates your tax tables when there are changes to state and federal regulations.** You should know when a change happens, and you should also know it's been taken care of. That's one less thing to worry about.

Tax reporting can be cumbersome. For example, what if you have to take involuntary deductions such as child support or garnished wages? If you don't stay on top of those details, you may end up facing costly fines. Ideally, your payroll provider will offer an option to file reports to government agencies for you, further increasing your peace of mind when it comes to taxes.

COMPLIANCE MANAGEMENT

Your payroll and HR system must provide you with what you need to stay compliant with IRS guidance, the Fair Labor Standards Act, the Equal Employment Opportunity Commission, the Affordable Care Act and other federal and state requirements. Your provider should also be able to help reduce your risk of an audit, and give you peace of mind in case one does happen. What if an auditor shows up and you need to immediately access time and attendance data for your employees? If data is stored in multiple spreadsheets and file folders—or worse, not tracked or stored at all—you could be in a difficult spot. **Your system should help you be prepared and empowered to handle any auditing situation that comes your way.**

3 A TRUSTED PARTNER

Your provider should be a partner who is looking out for the best interests of your business. All providers are not the same, so how do you know if you have found the right partner?

LISTENS TO YOUR FEEDBACK

Your HR and payroll provider should be interested in learning about you and what you need to run your business. This should start at the very beginning with the sales process. Do they just show you a product demo, or do they ask questions to understand your business needs? Once you become a client, you may find there is a gap between what you need and what your provider can do. Are they willing to go out of their way to address client needs?

Your payroll partner should not only listen to you when you have an idea, but they should make it easy for you to see the status of your feedback. Some applications have feedback buttons embedded in them, so you can share ideas, see other suggestions and view the status of your ideas.

GROWS WITH YOU

You want your business to grow, and your provider should be able to grow with you. When you are first starting out, you may not need anything more than basic payroll and HR functionality. As your business grows, you may find you need to add a time and attendance system. You expand even further and you need a full-featured HR management system, and so on. For the best ease-of-use and integration, make sure you select a provider that can meet your future needs as well as your present ones.

You also want a provider that is going to continue to be a valued business partner well into the future. They should be investing in the future of their products and services to provide you the best solution over the long term.

GOOD ROI

Choosing a new payroll and HR system requires an investment on your part, and you should make sure you're reaping the benefits of that investment. Outsourcing your payroll and streamlining HR tasks should free up the administrative time you've been spending entering hours, managing tax and compliance issues and answering requests your employees can now answer themselves. **This gives you more time to focus on your strategic business initiatives and your biggest investment: your employees.**

A good return on investment may also take the form of a great user adoption rate. After all, what's the point of purchasing a new system if nobody uses it? An easy-to-use, intuitively designed system ensures that employees will use it for report-writing, benefit elections and other self-service tasks.

SECURITY

Any provider you choose should be bonded and insured, have a frequently tested disaster recovery plan in place, and have regular financial audits. They should also have regular SOC 1 audits, which consist of tests and controls related to payroll processing. You should ask any potential provider about how your funds will be handled—will they be kept separate from the company's operating funds? Will they be held at large commercial banks? Will the provider perform a daily reconciliation of your account? If the provider will be entrusted with handling your money, paying your employees and paying your taxes, you need to be confident that they are a trustworthy company.

FINDING THE RIGHT FIT:
BENEFITS OF PARTNERING WITH PAYCOR

You have a lot of choices when it comes to payroll and HR providers. What value can Paycor bring to your business?

WE GIVE YOU PERSONALIZED CARE

When you partner with Paycor, you'll have the benefit of working with a dedicated contact who knows you by name, as well as access to self-service technical support within our applications. Clients love our personalized service so much, they voted us the People's Choice Stevie® Award Winner for best customer service in the financial services industry—twice.

WE HELP YOU BE MORE EFFICIENT

Organizations are constantly being pushed to do more with less, cut costs and streamline processes. Paycor's solutions help you optimize your "people processes," such as benefits enrollment, payroll processing, employee scheduling and time off management. In many cases, we have been able to help clients cut their process time in half.

WE HELP YOU DRIVE STRATEGY

Business strategy thrives on data and analytics, and Paycor's solutions make it easy to capture and report on all kinds of employee information.

Our reporting application lets you create meaningful reports in minutes, giving you more time to analyze them for valuable insights. From total labor costs to 401(k) enrollment to employee birthdays, the information you need is right at your fingertips.

WE LISTEN TO YOUR IDEAS

On average, two thirds of the new features that are added to our products come from clients' ideas. No one else in the industry lets their clients drive innovation the way we do. When you use our feedback button, you don't have to wonder if your request will be heard. You will actually receive updates on your suggestions and potentially see them in the application as functionality is updated every quarter.

WE DELIVER INTUITIVE AND MODERN DESIGN

We believe payroll and HR administration is complicated enough. Thanks to our focus on the user experience and the valuable feedback we get from our clients, Paycor's solutions have an intuitive and modern interface that's easy to learn and easy to use. In fact, our Perform platform won the 2013 People's Choice Stevie® Award for best new human capital management solution. When your payroll and HR processes are streamlined, you have more time to focus on driving your business. Plus, quarterly functionality updates mean our applications just keep getting better and better.
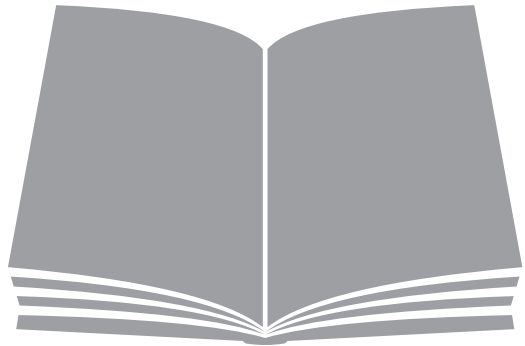
SOURCES

NUCLEUS RESEARCH, *ROI Case Study* (2011)
QUANTRIX RESEARCH, *Budgeting, Forecasting and Planning Survey* (2012)

Want to learn more? Contact your Paycor representative today or schedule an appointment with us at **paycor.com/contact**. *We'll show you where to start.*

PARTNER REQUIREMENTS CHECKLIST
FOR PAYROLL, HR, TIMEKEEPING AND REPORTING

PARTNER NAME:

IMPLEMENTATION   Y   N

Dedicated implementation team

Parallel processing prior to conversion to ensure correct setup

All input handled by vendor

TIMEKEEPING REQUIREMENTS   Y   N

Downloadable to payroll (automatic transfer preferred)

Employee self-service: request time off, view balances, view timecard

Option to purchase or lease clocks

Multiple clock options: swipe, proximity, biometric, online (via PC)

Easy-access reporting capabilities so that supervisors and administrators can easily pull department-level and employee-level information, especially for OT tracking

A variety of reports and summaries available

Rounding ability for punches

TIMEKEEPING REQUIREMENTS *(cont.)*   Y   N

Manual adjustment functionality

Ease of use for managers and supervisors

Automatic holiday input based on your company's schedule

Ability to handle a variety of pay rules per location

Quick and easy access to employee time cards, pay period summaries, PTO balances, punch information, and employee schedules

Utilizes schedules to notify managers of tardiness, absences, and exceptions

PAYROLL REQUIREMENTS   Y   N

Unlimited earning and deduction codes with the ability to add and make changes

True cloud-based technology—access from anywhere, anytime, with no real software or hardware requirements (other than a compatible web browser)

Direct deposit, paycard, and live check options

Automatic new-hire reporting with EVS (SSN verification) in each state

Ability to track and maintain all 401(k) YTD data (including employer match calculations, employee contributions, loans, and eligible wages)

Third party checks—FSA/HSA/etc.

Fully automated PTO tracking (no need to key in new balances each year)

Instant gross-to-net capability, without having to transmit payroll data first

Automatic and real-time transfer of new hire data into time system (no keying the same info into 2 locations)

No limit to number of direct deposit transactions with the option to have multiple direct deposits per employee

Effective dating ability for pay raises and deduction amounts

Employee online and mobile access to check stubs and W-2s (minimum of 3 years of history available for both stubs and W-2s)

Ability to easily make changes to employee file through payroll entry

Multiple file imports: timekeeping as well as spreadsheets

Ease of use and trainability with on-site payroll managers

Ongoing dedicated support (not just during implementation) with team backup

Automatic feed from time into payroll to avoid keying of hours

Support available via phone and email

Overnight delivery of live checks and non-negotiable checks

Automatic check signing and stuffing

Ability to add taxes at client level

Auto-fill earnings for ease of payroll entry

Handles all garnishments (child support and otherwise) electronically or via check; understand all state requirements for garnishment calculations and calculate appropriately

In-house or web-based training for all administrators with ongoing training videos, documents, and other resources available online

Payroll preview documents available instantly, prior to any transmission

Ability to create and report on custom fields, unique to each location, which would help to track HR data, certifications, dates, etc.

I-9 tracking and verification fields with expiration date tracking

PARTNER REQUIREMENTS

HR REQUIREMENTS   Y   N

Manages employee records electronically

Unlimited document storage on an employee record

Unlimited storage for company/manager documents

Configurable workflows

Provides a portal for company communication

Empowers employees through the use of Employee Self Service (update direct deposits, W-4, address, beneficiaries, dependents, etc.)

Empowers managers through Manager Self Service (direct report information, discipline tracking, training history, performance reviews, assets, etc.)

Allows for online benefit open enrollment

Sends benefit data to carriers to avoid self-reporting of benefit data

Manages performance reviews

Easy to generate HR reports such as EEO/OSHA 300/ licenses & certifications/assets

Scheduled report delivery

Access to an employee directory

Access to an organization chart

Training class calendars and self-enrollment completion

REPORTING REQUIREMENTS   Y   N

Multiple export options: PDF, CSV, EXCEL, HTML

Unclaimed wage reports/tracking and notice of uncashed checks

Global reporting tool—pulls data across all FEINs into a single report

Reporting tool that can cross calendar years

Online access to all standard payroll reports with availability over more than 12 months; no purging of data

Ability to create formulas in custom reporting

Canned reports that are customizable by the user

Access to at least 3 years of customizable data (no purging of historical information)

Ability to create reports for all payroll and HR data, based on the fields within payroll and HR

INTERFACE CAPABILITIES   Y   N

GL interface for upload to accounting system, based on each location's Chart of Accounts

File layouts for upload or transmission

401(k) file for upload or transmission to provider

TAX & COMPLIANCE AND SYSTEM REQUIREMENTS   Y   N

Affordable Care Act compliance assistance

Automatic updates for all federal, state, local tax tables and global changes

Quarterly and annual tax filing as appropriate for all federal, state, unemployment and local jurisdictions

Single sign on for company-wide administrative users: access all companies through a single login

Multi-state payroll per location

W-2 filing and 1099 printing

Unlimited users (supervisors, managers, HR, controller) for all products

Provider accommodates different pay frequencies and pay schedules (including period start/period end dates) across multiple companies

Provider researches all tax notices and applicable penalties received, beginning with date of service

GENERAL VENDOR AND SERVICE REQUIREMENTS   Y   N

References provided—a similar company with multiple FEINs across multiple states

Performs regular SOC 1 audits

Proof of Security statements, disaster recovery, and overall security compliance

Billing: breakout of charges for each location

Handles new state registrations and notifies company if additional information is needed

A dedicated and knowledgeable representative with proper training, tenure, and knowledge

Daylight Savings Time automatic changes

PARTNER REQUIREMENTS

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Call toll free
800.381.0053

Visit us online
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