

**HR & Payroll Foundations Series**

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# How modern HR & Payroll systems drive **operational** **efficiency**





## Invest in people and processes

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At a time of rising costs and concerns around the wider economy, and with the impact of the pandemic still ongoing, operational efficiency is paramount for every business. The HR and payroll function is no different, with a clear need for the basics to be done efficiently to free up professionals working within it to focus on other, more strategic, and value-adding initiatives. These could relate to the job – progressing digital initiatives, for instance – or more internal projects such as staff or team wellbeing initiatives.

According to research by HR & Payroll experts SD Worx, **operational efficiency** – implementing the systems, technology and processes required to ensure people can maximise their productivity – is now the number one priority for those working in HR.

“Organisations need to make sure they’re doing the basics right so they can remain compliant and meet the day-to-day transactional requirements, for both employees and service providers,” says Bob Rehill, founder and CEO of Bob Rehill Partnership Network. “But they also want to

reduce waste in processes in general, and the more they can make areas efficient, including payroll and other transactional areas, the more benefit there is to the wider business.

“By investing in their digital infrastructure, their ways of working and looking at how they use systems and technology, organisations can become more resilient, so if something like a pandemic comes along again they will be in a better position to cope.” Such investment also frees up people to look at other issues, he adds, for instance analysing payroll data to help glean information that could help the business in other areas, such as understanding why people may leave.

Yet while many organisations may be seeking operational efficiency, the gap between aspiration and reality is very real. Currently, fewer than 10% of companies claim their HR and payroll processes and systems are automated or integrated, and 70% of respondents find it “difficult” or “very difficult” to provide data to business leaders, according to SD Worx’s research.



**“If it’s working today, why change it? That mindset shift is one of the biggest challenges in the industry.”**

Bob Rehill, CEO  
Bob Rehill Partnership Network

## How inefficiencies happen

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There are a number of possible reasons why payroll processes are not as efficient as they could be, says Paul Thickett, Head of UK&I Payroll Services Centre of Excellence at SD Worx, including a lack of time to focus on such big-picture matters due to the demands of the day job. “You can break it down into people, processes and technology,” he says. “It might be because you haven’t trained your people properly, or you have trained them in what they need to do but not in keeping with a continuous improvement approach.

“Or it might be the process, where things are done in the way they have always been done. Or it could be due to the technology where there’s a lack of understanding around it, or where you haven’t developed relationships with all the key stakeholders to allow you to keep moving it on.” A lack of time – or a misconception over the amount of time that is required – is a common factor across the three elements, he adds.

Another issue can be the challenges in HR and payroll creating and presenting a compelling business case

for such transformation programmes, and outlining how these can benefit the organisation as a whole.

“At the moment the business case is often that HR and payroll will be able to do their jobs better,” says Chris Kirby, senior manager at Lace Partners. “It needs a shift in focus to emphasise what HR and payroll could then offer to employees and the business.”

Research by SD Worx underlines just how much of a challenge this can be. The research team found that 100% of UK CHROs believe data collection is made easier by having an expert payroll partner, yet just over half of CEOs at UK companies feel positively about outsourcing their payroll processing.

It’s an issue Rehill regularly encounters with clients. “The battle has always been convincing senior leadership about the benefits of investing in the business,” he says. “They think if it’s working today, why change it? That mindset shift is one of the biggest challenges in the industry.”

# Untangling legacy systems

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Historic mergers and acquisitions (M&A) can also cause issues which can prevent payroll teams from being as efficient as they would like to be. Thickett says this is often the case when payroll processes take far longer than would be expected for a company of a certain size and number of locations.

“You get to know over time how long a process should take,” he says. “If it’s coming in at double or treble that amount of time, that’s when you get an inkling that an M&A has happened in the dim and distant past, and terms and conditions weren’t harmonised, so processes have been built on top that a legacy system can’t handle.” Sometimes this might not be discovered until a person who knew how an existing system operated inside out has moved on, he adds, at which point it can become debilitating for a payroll team.

It’s not just the lack of technology, or its integration with the wider business, that can cause issues because of M&A activity. The processes that exist within the organisation itself can also be problematic, says Kirby. “With a company which has typically grown exponentially through M&A, there may be grandfathered historic terms and conditions so you could have 30 different ways of calculating overtime, for example,” he points out.





## Catalyst for change

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The pandemic accelerated the trend towards greater operational efficiency, helping organisations become more comfortable with the use of technology generally and cloud-based packages in particular, says Rehill. “It meant we all started to use technology a lot more,” he points out. “We all started to use Zoom and Teams, and to access information remotely.

“Organisations started to realise that remote working provides not only flexibility, but also access to a larger talent pool. Diversity, equity and inclusion are high on the agenda now, and the pandemic has enabled us to make progress. We can start to recruit people from different cultures, backgrounds and industries because the geographic constraints have gone away.”

Rehill also notes that, from an HR and payroll perspective, the technologies required to operate remotely were already in place in many more modern systems. “It wasn’t the pandemic that made those available,” he points out. “But what it has done is made companies more aligned to where the software companies were going. It’s made them realise that these packages work and people want them.” He expects a rapid rise in the figure of fewer than 10% of companies claiming their HR and payroll processes and systems are

automated or integrated (cited earlier), suggesting this will increase to as many as 80% of firms looking at their back-office infrastructure.

The use of cloud-based software in particular meant those who had already migrated did not suffer from the same issues as those who still hosted software on their own premises, which they were suddenly unable to access. “With our customers, we removed the worry of logging into the system with people in a home environment because that was just there for them,” says Thickett. “There was an understanding that we were all going through the same thing. It moved us closer to a partnership than a supplier/customer arrangement. Now, people can’t wait to meet up again and collaborate on new ways to improve effectiveness and efficiency.”

Conversely, those relying on older technology found themselves struggling. “A lot of those systems could only be accessed on-site, and weren’t set up for remote access at all,” says Kirby. “It also highlighted that in many organisations there is often only one person who manually manages the whole process.” While some organisations were able to implement patchwork solutions to ensure people were paid, vital management information was often not available, he adds.

CASE STUDY

# Empowering Nobia's People & Culture

## Support teams with a cloud-based HR & Payroll solution

Nobia, Europe's leading kitchen specialist, needed to digitally transform its legacy payroll and in-house HR systems. Partnering with SD Worx, they developed a streamlined HR shared services centre, relying on cloud payroll technology and an integrated people management system to drive efficiency and add value.

### The challenge

Serving 60,000 customers and delivering over 10,000 kitchens a week, Nobia is a European kitchen manufacturer and retailer, home to four industry-leading brands – including Magnet – and a huge number of employees spread across different locations.

It's hard to imagine just how many processes and how much data a business like Nobia has to handle when it comes to HR and payroll. To make the situation even more complicated, Nobia's HR and payroll people were working in silos, with little communication between various parts of the business. That meant there were differences in processes and ways of working – a recipe for inefficiency.

Nobia was operating a legacy in-house payroll and HR system that forced the team to use multiple systems and spreadsheets, causing wasted time and double keying. Not to mention, filling up spreadsheets for hours on end is ripe for human error.



### Europe's leading kitchen supplier needed:

- A well-managed and accurate way to store and use large amounts of HR data
- A shared service function, streamlining the team so they consistently provide the same service in the same way to the same high standard
- A company that could be a real partner, advising on the best ways to work with HR data and systems. ►

### The SD Worx solution

Tasked with creating a streamlined HR shared service centre, SD Worx specialists collaborated with Nobia to implement new cloud payroll technology and an integrated HR system that made a dramatic difference, by:

- Making it easy and simple for Nobia employees to send and receive payslips online via cloud payroll technology
- Implementing SD Worx integrated HR software in combination with the payroll software as one bespoke package with a single interface
- Facilitating reliable HR data management and HR and Payroll data analytics, giving Nobia a competitive edge
- Transforming Nobia's internal communication and stakeholder management via an efficient, scalable workflow that encourages collaboration.

### Key business benefits

By achieving a close relationship based on trust, the partnership between Nobia and SD Worx was able to deliver exactly what the kitchen manufacturer needed. One of the core benefits was arming Nobia's in-house payroll team with the technology to be efficient, the freedom to self-serve and the insights to make data-driven strategic decisions.

SD Worx's cloud-based payroll and HR solution empowers Nobia's team to excel in their roles in a fast-paced and dynamic space. The result? Engaged colleagues with raised morale, released from the stress of an inefficient system and the repetitiveness of manual entry, and enjoying the peace of mind that automation brings. Ultimately, SD Worx's advanced all-in-one solution enabled the team at Nobia to focus on more strategic HR goals, such as employee wellbeing and recruitment.



**“We weren't quite sure whether we were going to meet the challenge [of HR transformation]. But I think we absolutely have engaged colleagues and managers in the use of SD Worx software. And the way we're now using it as a business is incredible.”**

Julie McHugh, People & Culture Partner and Support Team Manager, Nobia

# Looking forward

As organisations start to look past the pandemic, the focus for HR is on building the teams they need to thrive in the current competitive landscape. According to SD Worx's research, the main challenge identified by HR professionals is employee retention and attrition, followed by staff welfare and resilience. Other priorities include employee engagement, staff planning and attracting and recruiting fresh talent.

Against this background, it's no surprise that more organisations are looking to ensure they have the basic foundations in place to improve their operational efficiency, and that payroll is an increasing area of focus. In some cases, this could involve outsourcing; SD Worx's research finds payroll is now in the top three most desired outsourcing projects, up from eighth in 2020, with four-in-10 HR leaders saying they want to see their payroll function outsourced, either partly or entirely. Furthermore, three out of four HR leaders believe they should be responsible choosing HR systems, rather than procurement or IT. This will come as no surprise to those in the profession, given the increase in tech-savviness among HR leaders and the need for insights and automation.

The advice when pushing for projects designed to improve operational efficiency, says Rehill, is to focus on the wider benefits it would bring to the organisation, rather than just the improvements within payroll itself. "Look at operational risk," he says. "Can you afford in future not to pay your employees because you haven't got the right system? Should another pandemic or something else come and disrupt us, are you fit for the future? We got through the last one by the skin of our teeth, but we're not going to be able to do it that way again. This gives us

the agility; the resilience; the open talent pools. All of that can be achieved by investing in technology systems in the back office such as payroll and HR."

Thickett argues it's vital payroll has a presence at the top table, and is willing and able to make its voice heard. "The payroll function needs to be that central piece that should have really good communication relationships with finance, HR and product development," he says. "We need to be a willing, vocal partner rather than a subservient, old-fashioned payroll function. We shouldn't be afraid to talk about the things needed that ultimately will benefit the end-customer."



**"We need to be a willing, vocal partner rather than a subservient, old-fashioned payroll function."**

Paul Thickett, Head of UK&I Payroll Services Centre of Excellence, SD Worx

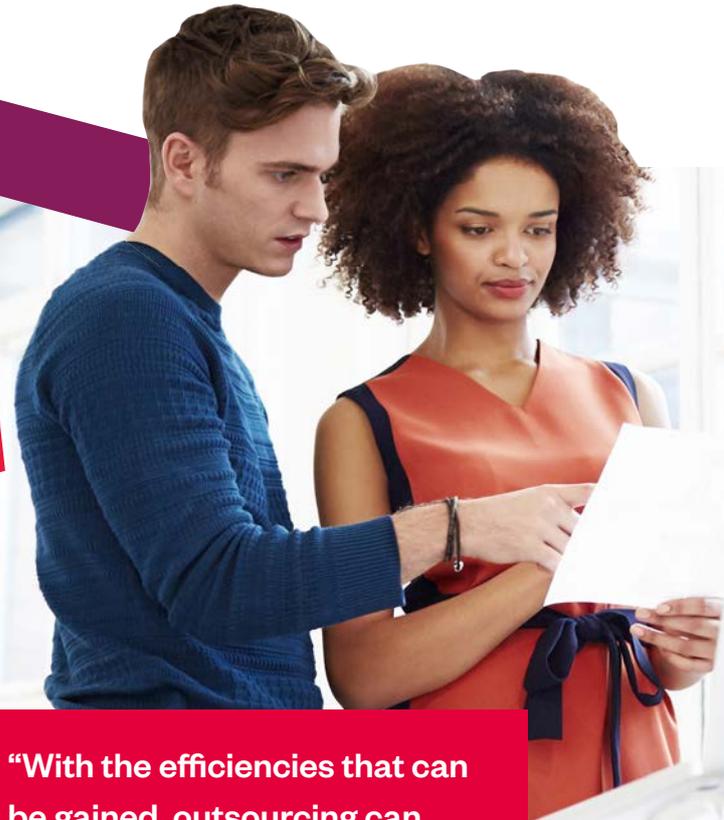


# Payroll's position

There's even an argument that payroll should be its own function, rather than one attached to HR or finance. "That would be a great thing from a payroll perspective," says Kirby. "It would be huge in terms of ensuring that holistic view and making sure that change is delivered in the right way. But the more budget-holders you have, the more chance there is of conflicting priorities. What's important is that people's priorities are aligned, and there's a danger that by having another function in that mix with another set of objectives and drivers, we enhance the problem of different silos in the organisation."

Rehill, meanwhile, thinks the answer could lie elsewhere. "At the moment it sits under either HR or finance," he says. "If payroll is its own function, then you need a payroll executive reporting to a board director, and that creates another additional management layer. But in some organisations, payroll exists in a shared services environment for operational and transactional processes. That to me feels like the right place, because payroll is, ultimately, a transactional process." He considers payroll should be seen as part of a broader 'people services' team, in much the same way as recruitment is part of a wider talent acquisition remit. "It's about being recognised for what you do, not what you are called," he adds.

Kirby believes we're about to embark on a period of organisations looking to finally tackle any operational inefficiencies. This will be driven by the confidence HR and payroll professionals have gleaned from the pandemic around just what can be achieved once the right foundations are in place. "We're already seeing a lot more companies asking the questions," he says.



**"With the efficiencies that can be gained, outsourcing can effectively pay for itself."**

Paul Thickett, Head of UK&I Payroll Services Centre of Excellence, SD Worx

"They are now recognising the additional support that HR and payroll teams can and should be providing to their business. We're going to see an increase in that, but also in people getting sign-off on projects."

For Thickett, there's a window of opportunity now to tackle some deep-rooted inefficiencies and consider the potential of outsourcing functions altogether, which may not have been an option previously. "Generally, payroll can be last in the queue at the end of a process, which means inefficiency could have built up much further up the chain and nobody has really challenged it," he says. "Organisations now have a chance to change how they think, rather than accepting inefficiencies because something has always taken that long. With the efficiencies that can be gained, outsourcing can effectively pay for itself."



# Create a winning business case for HR & payroll investment

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The benefits of upgrading your people management systems to help achieve operational efficiency are evident, and there are strong commercial reasons for making the move. But those working in HR and payroll will need to be able to create a compelling business case for senior stakeholders and decision-makers.

**Working closely with a company such as SD Worx can help you with this, and the following tips can also provide some food for thought:**

## **Gather all the information**

You'll need input from various stakeholders around the business to strengthen and inform your case. Start this process early, as diaries may be full and they may need time to conduct their own research.

## **Include non-financial benefits**

Gather information about process efficiency, business continuity, employee benefits, accuracy and adhering to compliance standards to strengthen your case.

## **Choose your preferred supplier**

Make sure you outline which vendors you want to use and provide some background information. Each supplier will have different costs, timescales and implementation methodologies.

## **Don't skip the proofread**

Even the most brilliant business case will get ignored if it is littered with typos and grammatical errors so

ask someone with the requisite skills – such as your marketing or public relations team – to proofread it before submitting.

## **Get business buy-in**

Address the key stakeholders about your proposal ahead of time. Reading the business case shouldn't be the first time they are hearing about it.

## **Test it out first**

By presenting the business case to a small group of stakeholders first, you can test it and make any changes before it goes out to the wider stakeholder group.

## **Create an elevator pitch**

For your business case to be compelling, it must highlight a genuine business need or problem. Try and summarise your business need and the solution in a simple sentence.



**Need some help putting together your business case?  
Book a discovery session with the SD Worx team! [Click here](#)**

# Contributors



## Paul Thickett

Head of UK&I Payroll Services  
Centre of Excellence, SD Worx

Paul is the “Payrollers” Payroll Leader, and proud of it.

In the Payroll Industry for over 35 years, and in his 25th year with SD Worx, Paul uses his wealth of experience at Leadership level from his many roles within Payroll Delivery Teams, Customer Support Teams, Implementation Teams and latterly Transformation and Excellence Teams to simplify and bring the story of operational effectiveness & efficiency to life.

Focusing on the “Why” and the “Impact”, Paul puts people (and their mindsets & behaviours) at the heart of his collaborative approach to delivery and change, with customers & colleagues alike, with a transparent approach noted by many key stakeholders.



## Bob Rehill

Founder and CEO  
Bob Rehill Partnership Network

Bob Rehill is the Founder and CEO of Bob Rehill Partnership Network, a global network of trusted partners and independent associates, specialising in the supply of people resources for Transformation Projects and Programmes.

With over 20 years of experience, Bob is unique in his ability to firstly understand, advise and deliver the right resources, and his continued practice of hands-on delivery, coupled with his equally experienced and trusted network, are the perfect combination for any organisation looking for help in managing and driving through change and transformation.

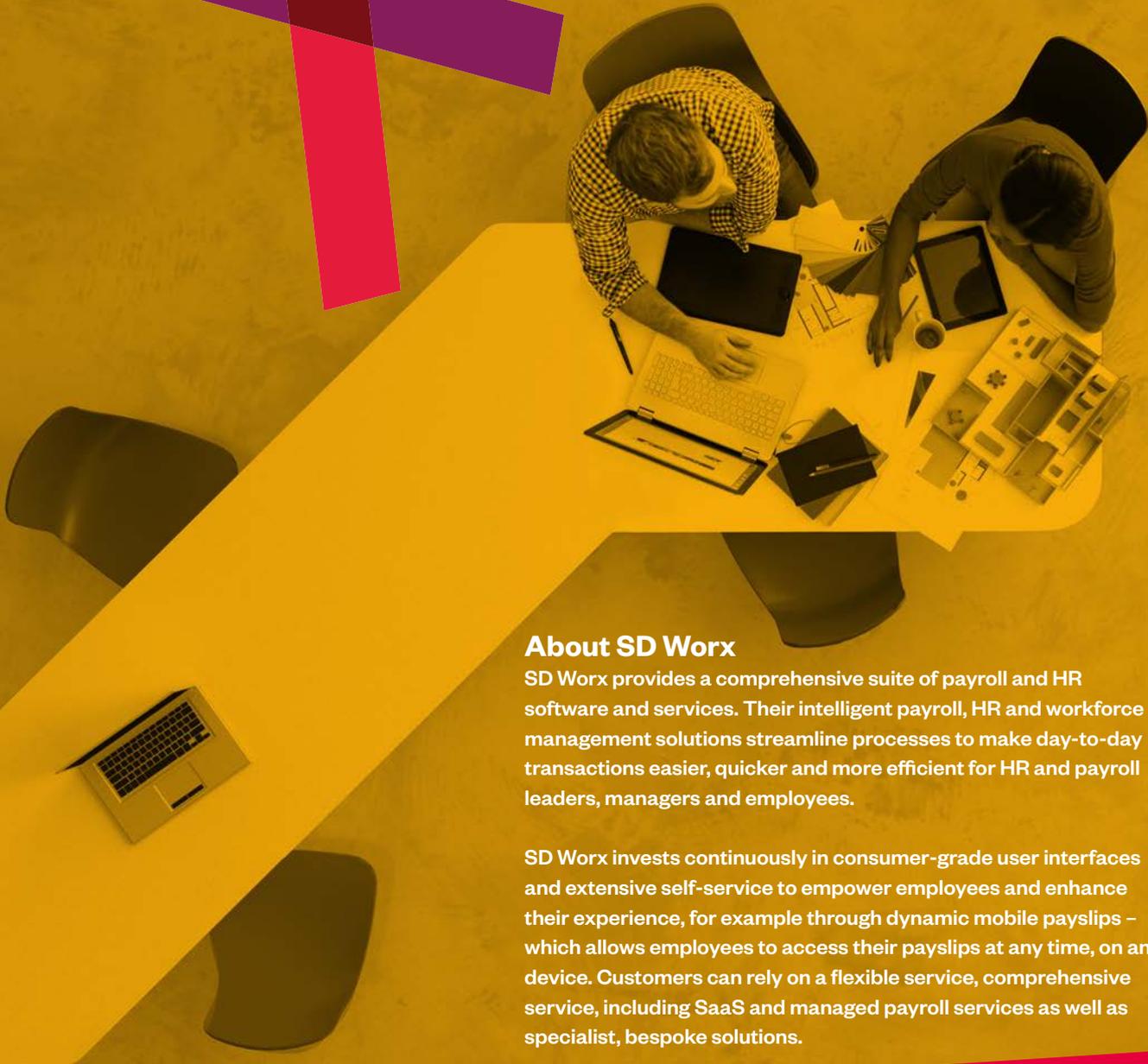


## Chris Kirby

Senior Manager  
Lace Partners

Chris joined LACE Partners in 2021 as a Senior Manager in the HR Transformation team, specifically heading up their payroll offering. His passions are payroll and change, and he has worked in both senior operational roles (Global lead for Barclays) and as a consultant (easyJet, Barclays, Colt Technology) in both owning/receiving and executing global change.

Known as the in-house payroll ‘doctor’ at LACE, Chris has worked with a vast array of payroll solutions and providers across c50 countries, in the setup and maturing of shared services, and on many HR transformation programs covering the wider HR landscape.



### About SD Worx

SD Worx provides a comprehensive suite of payroll and HR software and services. Their intelligent payroll, HR and workforce management solutions streamline processes to make day-to-day transactions easier, quicker and more efficient for HR and payroll leaders, managers and employees.

SD Worx invests continuously in consumer-grade user interfaces and extensive self-service to empower employees and enhance their experience, for example through dynamic mobile payslips – which allows employees to access their payslips at any time, on any device. Customers can rely on a flexible service, comprehensive service, including SaaS and managed payroll services as well as specialist, bespoke solutions.

**Schedule your free discovery session with SD Worx**

**To find out more about how SD Worx could help your business unlock operational efficiency, book a free one-hour session [by clicking here](#)**