

Speaker 1:

Welcome to PayTalk, the podcast for payroll professionals with your host, Nina Talley. In the podcast, we explore the human side of payroll by speaking with global industry leaders who provide their unique insights to help listeners better understand the issues important to them and their careers.

Nina Talley:

Welcome to PayTalk, the podcast that brings you payroll's human side. I'm your host, Nina Talley, and today we're looking into the findings from a groundbreaking global workforce management survey from Deloitte, the first of its scope and scale in the market. With data from over 500 organizations across multiple global regions and industry sectors, this comprehensive study conducted in collaboration with PayrollOrg and Deloitte offers powerful insights for payroll professionals. We're joined today for an in-depth analysis by Brian Proctor, principal and global payroll workforce management solutions practice lead at Deloitte Consulting, and Chip Newton managing director and global workforce management leader at Deloitte Consulting. Before we begin exploring the survey findings, could each of you share a bit about your background and your perspective on the global Workforce Management survey?

Brian Proctor:

Yeah, it's nice to chat with you, Nina. This is Brian Proctor and I really appreciate you taking the time to let us tell you about our survey. I'm really excited about it because I've dedicated my entire professional life to working with the world's most complex organizations to tackle their payroll and time challenges. And what I'm really excited about the survey is it gave me an opportunity to do something that's never been done before and that is create the world's preeminent workforce management survey where we surveyed the largest number of organizations. And I got to do that with my good friend, Chip Newton, who is easily one of the most talented and most experienced workforce management professionals in the marketplace.

Chip Newton:

Thanks, Brian. Nice to meet you, Nina. I've been a leader with Deloitte Consulting's Global Payroll and Workforce Management Solutions practice for over 17 years. And as Brian indicated, we've worked together for at least 10 of those years. I help clients solve their global payroll and workforce management most complex problems including strategy, vendor selections, operations and operating model and application system implementations.

Nina Talley:

Well, thank you both so much for joining us and sharing your insights. And for our listeners who are unfamiliar with this survey, can you tell us a bit about the scope and the purpose? Maybe a little bit about how many individuals participated, what industries they're from and maybe the regions that were represented. Brian?

Brian Proctor:

Yeah, I'd be glad to do that, Nina. We had over 500 clients reply to this, which makes it the largest such survey that's ever been done. There's been HR surveys, shared services surveys, payroll surveys, but nobody's dove into workforce management. And what we have found is at the end of the day, when you run one of the most complex organizations on the planet, it's really your wage in hour issues and your workforce management, making sure you have the right resources in the right place that create the

biggest challenges. So we're really proud that we had coverage from every major industry. We had energy, industrial products, the high tech companies participated, all the largest banks participated, as well as some of the largest hospitals and pharma companies in the marketplace. We have government representation as well as consumer brands. Consumer brands tend to have lots and lots of hourly workers and unique needs to meet their workforce challenges, their production lines. So we got a lot of representation from consumer.

Equally important to Chip and I was that this had global representation. Half of the companies were US-based multinationals, but the other half of the respondents and organizations really spread out across Europe, LATAM, and Asia Pacific. So we're really excited about it. And from an organizational geographical size perspective, we focused on a wide range of employees. Our smallest respondent had fewer than 250 employees and many, many of our organizations, the majority would've been in that 5,000 plus range of employees with some respondents having even more than 200,000 employees.

Nina Talley:

Wow. I'm really excited to hear about some of the finer details that you were able to find by taking this type of large scale scope. And so Chip, can you tell me a little bit about how organizations are currently managing their workforce technology investments and do you see any particular challenges that stood out and did the survey provide insights on how to overcome them?

Chip Newton:

There were a few surprises actually, Nina. In the past, I think clients were generally seeing these workforce management platforms as a practical or utilitarian need, but there is some increased focus now on getting more out of these operational systems to be a part of their enterprise systemness, which until now really wasn't front and center. Clients wanted to leverage next gen technologies. And when I say that I just mean AI, natural language processing, robotic process automation, those types of things better. They really wanted to leverage those things better and more strategically.

So really there's two challenges. The first one was clients who struggle have no governance or operating model. These clients that did have a workforce management operating model are more inclined to manage their workforce management ecosystem with leading practice and with [inaudible 00:05:54] and are more satisfied with their systems and the surrounding capabilities. Those without an operating model did struggle with more basic issues, compliance and payroll leakage. The second challenge that we noted was that while many clients thought AI type technologies would be helpful and wanted to take advantage of them, many were unclear on how that would manifest itself. So think productive or payroll saving use cases within the applications or be best orchestrated to work with other AI type initiatives, they might have happen enterprise-wide.

Nina Talley:

That's so interesting, and I think it ties in with the actual how organizations are structuring their workforce management efforts. And I know that the survey looked at different approaches, but Brian, I wanted to talk with you about if you saw anything that emerged as key differentiators between organizations and who's doing it right and who is maybe not being as successful.

Brian Proctor:

Yeah, sure. I'd love to talk about that a little. I think what the survey really let us drill into, and Chip did a good job just, you were talking about it there, Chip. But there's this concept of a workforce management

center of excellence. And when we talk to some of the biggest clients on the planet, one of our survey findings found that there was confusion at organizations about 87% of organizations. It was unclear exactly who owned time, which is kind of shocking, was really kind of shocking. But having worked with organizations, I understand how they got there. Some organizations, finance may own it. Other organizations, the business operations, the front office component will own time and that'll lead to a lot of decentralization and duplicative investments.

So as Chip was talking about, when we find that when organizations have these workforce management centers of excellence to really govern investment decisions, pay practices, they are the ones that are emerging at the top of the class to essentially ensure that they have the most efficient processes, the most efficient technology investments, but they're also going to have fewer and fewer wage in hour compliance issues, which then allows them to focus not on just the mundane of what supervisors haven't approved time, but really optimizing the workforce to ensure they have the right resources in the right location with the right skills being provided at the right cost.

And so we find something as simple as investing in that center of excellence, that's who's doing it right. Who's doing it wrong are the complex organizations, and I understand how they got there. Maybe they grew rapidly through acquisitions, maybe they have decentralized business units and the retail business and the distribution centers don't really see how related they are and they want to leverage duplicative or differentiating technologies that then just creates confusion and it duplicates everything. Policy decisions, pay practice decisions, technology investments and the consequences can really be great, can lead to class action lawsuits. Why are you paying this one group of employees one way and a very similar group of employees a different way? So something as simple as just having a workforce management center of excellence eliminates a lot of that noise and allows you to optimize your function.

Nina Talley:

That's some great insight. And Chip with that in mind, I want to talk a little bit about the data and how organizations are leveraging their workforce management data. And did you identify any gaps through the survey? And again, I'd love to hear about if there were metrics that set successful organizations apart.

Chip Newton:

Yeah, many clients that we found want to do more mature leading activities with their labor data. If you think about it, the workforce management systems today from all the major vendors, there's just really data rich, a lot of good information about employees and how things are paid, the compliance and all those things that Brian just talked about. So if you think about the maturity moving beyond basic KPIs like payroll overspend metrics, things like canceled meal breaks and premium pay issues to things like pay and schedule equity metrics where employees can transparently see their schedules and the equity by which the employee shifts are awarded or provided, including things like team diversity and gender transparency. Those things really are starting to matter. And those more complex organizations who are doing those types of things are getting it more right than those who are not.

Nina Talley:

I love that. And it's always one of those things with data of what matters more to your employee and the transparency that matters to your employees is often just as valuable as what matters to the business's bottom line.

Brian Proctor:

And if I could add onto that, I mean like Chip, you hit the nail on the head. The European regulators in particular through CSRD reporting and the pay transparency directive, California has pay transparency requirements. So not only is it driving a greater employee experience, but it's also responding to regulatory requests that are really designed to help us eliminate societal challenges like the gender pay discrepancy. And so workforce management is at the heart of that and also a requirement for you to comply particularly for these European mandates that are impacting many multinationals. I think it's estimated about 50,000 multinationals are impacted by that one topic.

Chip Newton:

Wow. Yeah. I'd add one more thing to that if you don't mind. And we're starting to see this in the U.S. as well, only it's shaping itself slightly differently. So we're thinking things like Fair Work Week. So New York City has a version of this. San Francisco has the version of this. Chicago has a version of this. I believe Seattle has a version of this as well. And there's other legislation that's out right now that is looking to get passed in various major cities. So we do have a form of this now. And those types of legislation are meant to bring more transparency to employees schedule and ultimately their timesheet.

Nina Talley:

So we've talked a little bit about data, but now I want to see if the survey informed us in any way about how organizations are planning their future investments into technologies and if there were any indicators as to what is currently driving technology decisions for the organizations that are doing it right.

Brian Proctor:

Chip and I joked about it over lunch just a couple weeks ago. We feel this is the golden age of workforce management. And the reason it's the golden age of workforce management, it's easily one of the most complex employee processes. So if you just look at human capital technology spend over the last 25 years, quite frankly, the industry boomed with something as simple as just getting off these mainframe solutions for Y2K. If you could remember back that far, it literally was as simple as how do we retire all these mainframes? And then people started investing in HCM technology in a big way because talent is a strategic priority. So everybody moved to the cloud and cloud HCM was what everybody invested in. And then if you're going to tackle cloud HCM, you've got to tackle global payroll because at the end of the day, we got to get employees paid.

And so that investment over the last 24, 25 years has really created the workforce management to be an area that was under invested in, and it was under invested in because it was easy for CHROs to say, "We're going to get this new shiny HCM system that's going to help us do talent, management, performance reviews self-service." And they didn't have to tackle the real complexity in their workforce, which was, are we able to forecast our labor demands? Are we going to be able to apply our labor to basically our sales metrics and put the right resources in the right locations?

So they decentralized that. They let whatever business unit tackle time, and as long as people got them a time file that they could load into payroll, they didn't really care what was happening from a workforce management situation. Well, in this age of gig workers, daily pay, the ability to have labor pools that you can deploy to the right location at the right time, CHROs and finance executives can really only meet the needs of their business through workforce management solutions. When people feel regulatory scrutiny, it's rarely because of a performance management based process. It's oftentimes about, as Chip

mentioned, fair work week stuff. How are you basically deploying your resources? So what that has led us to believe is, if you could imagine, we surveyed 500 organizations, 50% of them are planning to expand or change their workforce management solution in the near term. That's 50% of these organizations who are like, "We need to do something." Now, the other 50% I think are still struggling with that COE and that governance concept we've been talking about.

So if you don't have a centralized decision body to make investment decisions, you're going to continue to get left behind. But the 50% that are making investment decisions, they're doing it in really specific areas. Advanced scheduling and labor forecasting, without a doubt is what everybody is focused on. There is still remediation to be had on what I would call traditional timekeeping. About 20% of organizations said they were going to invest there, and that's really to eliminate pay discrepancies and pay practice discrepancies from duplicative systems, but advanced scheduling, forecasting, and then realistically, agentic AI where people can interact with. I know Chip and his team, they developed a product called Amelia, which basically an employee, imagine a nurse needs to do a shift swap, can engage with an AI tool that basically will help them manage that shift swap without having to involve a shift supervisor, without having to involve human intervention, and most importantly, ensuring that that patient is getting the care they need. So the combination of AI, advanced scheduling and forecasting is where the leading organizations are going to be focused.

Nina Talley:

Although we have been discussing the effective use of analytics in achieving optimal workforce management outcomes, payroll is also a strategic asset in this age of digital transformation and big data. This data can be leveraged to improve business strategy, employee experience, and the organization's financial well-being. The data that payroll is responsible for drives business results across the entire organization. Today, every payroll staff member is accountable for understanding and interpreting that data. That's why PayrollOrg's two payroll analytics courses are a must attend for payroll professionals who want to ensure their seat at the table and participate in planning business strategy, demonstrate dynamic leadership, leverage the value of data, identify trends for process improvements, and measure real success in your payroll operations with the first level in understanding payroll analytics.

PayrollOrg's, Foundations of Payroll Analytics course, then learn how to demonstrate the value of analytics in payroll operations and timekeeping with the skills to create a payroll process without errors. In this next analytics course, PayrollOrg's Intermediate Payroll Analytics, you'll be taught how to utilize payroll analytics to develop key performance indicators or KPIs for tracking your payroll department's performance. Don't get left behind. Register today for both of these interactive programs offered virtually or in person at [Payroll.org/Analytics](https://Payroll.org/Analytics). Again, that's [Payroll.org/Analytics](https://Payroll.org/Analytics).

One of my favorite things to talk about right now is process standardization, which says a lot about where my life is.

Brian Proctor:

How's standardizing your personal life going? Is it going well [inaudible 00:19:21]?

Nina Talley:

We're all trying. We're all trying to standardize. So let's talk a little bit about what the survey showed us about process standardization and what opportunities are highlighted. And maybe, I love a best practice, maybe I can apply it to my personal life and Chip, I would really love to hear from you on that one.

Chip Newton:

Well, we'll see how well this does for your personal life, but I can tell you that there were several areas that were standardizing, but some of the top two, one or two findings were standardizing across global, regional and statutory pay and work rules. So work is eligibility, right? Pay is how much they get paid or what is their unit of measure, including where there might be CBA requirements. So bargaining agreements. What we find with that in particular, and I would just say of all the work we've done on analyzing agreements and the different rules and how those impact how you might configure your workforce management system, what we found is that a lot of the rules that are in the CBA are not actually followed by a majority of the employees. And it's not to say that they're in breach of the CBA, but more that it doesn't come up very often in the regular work week and the regular work shift.

And so it actually gives an opportunity for employers to really reevaluate, do they have a negotiation capability now that they didn't have before? Because no one's using this that we put in our contract 10 years and no one's looked at in the last five years. So that's one thing. The other is I think the 80/20 rule will apply across the board. I tell clients all the time, if you think there's a necessary customization in your business process, that customization should have one of two things in it for you to do it. One of them is it should impact your organization's EBITDA. If it does not as the earnings before taxes of depreciation, or if it doesn't do that or it doesn't have improved operational efficiency that can be measured effectively, then I would reconsider it. Because to do that, it really truly has to have true ROI for the organization, not just a custom process or convenience.

Nina Talley:

That's a really great thought, and I think that always comes down to how do you get the buy-in, how you get the buy-in, and you have to be able to show the return on the investment. I would love for everything that would make my job easier to just, I could do it, but in order to get the investment, you really have to show that. And there's a lot to chew on from this survey and a lot that different payroll professionals can review and take in and decide a plan of attack that would work for their organization. And thank you so much for your overall insights on it. But I really want to hear specifically from the both of you, what do you think are the top three key findings of this survey? Either the findings that surprised you, you really didn't expect to see, or maybe something that you think will matter the most in the upcoming year. And Brian, would you like to give us a few to start?

Brian Proctor:

Yeah, I'll get a start. I say the number one finding for me, kind of a takeaway from this is where people were on the artificial intelligence journey because it's impossible to literally go an hour, maybe two hours of a workday, whether you're reading articles, whether you're seeing emails, whether you're interacting with humans. It's virtually impossible to go two hours without hearing AI brought up once. So that creates this concept of FOMO, right? Like, I'm not as far along on the AI journey as everyone else is. And what jumped out at me was 23% of our respondents are somewhere on the AI journey, and that number was higher than I anticipated because the last time I did a survey in the payroll and time space, the number was about 5%. Now, it wasn't completely shocking to me from the standpoint of our prediction three years ago was that that number was going to triple and quadruple.

So what it tells me is, and it's kind of the players you would expect, the most sophisticated organizations that have essentially engineering resources on staff, they don't have to contract AI specialists into their organization, those are the organizations that are investing in artificial intelligence. And so getting to the point where 23% of the people are on the journey, and it could be as simple as that microservice I was talking about that Chip developed with shift swap, which is really impactful. But I definitely think three

to four years from now, that number's going to be in the 60 to 70% range. So though it feels overload and at times it's like, where are people on it? People are making small tactical investments and I think that is the right way to go about going after it. So I think seeing that 23% of organizations were somewhere on the AI journey, that jumped out to me as a big one. Chip, what are your thoughts? What was one of your findings?

Chip Newton:

Yeah, I would say is one thing about clients who, the 23%, is that while a lot of clients want to use AI technologies, many just simply aren't ready for it. So their desire is there, but their skill set is not. So I think we're going to see a lot more upskilling. And to Brian's point around whether they have an armory of people who can do this or not, you're going to start to see bespoke type solutions either from the vendors themselves or they're going to partner with someone to help bring to you that solution that Brian was talking about, where it'll take those most commonly needed use cases and we're going to see those focused in an area of user experience. So what's the employee's experience when they interact with your workforce management platform? And then the second one, I think that's also going to be pretty high, probably one A, one B on that list is compliance, things that auto look at compliance and then self-heal or self-correct, the compliance issue, think missed punches as an example, right?

That is probably the single most largest issue for a lot of major organizations. The second thing that I'd say is that, that called out to me that I thought was pretty interesting, and we sort of touched on this earlier, is that while UKG Ultimate Kronos Group is still the leader for workforce management overall, the other HCM packages are putting a lot of R&D spend into their WFM solutions and gaining ground. I also expect there'll be additional disruptors coming in the market to partner with these various vendors. We're starting to see mergers and acquisitions occur with multiple major vendors, including some of the top HCM vendors that we all are very familiar with.

Nina Talley:

Well, thank you both so much for this analysis of the survey. I know that nothing of this size or scope has ever been done and that these are really, really vital statistics and metrics that our listeners are going to take with them. And so thank you for that. And for our listeners, do you have any thoughts or questions about the global workforce management survey? We want to hear from you, so join the conversation and send an email to [Podcasts@Payroll.org](mailto:Podcasts@Payroll.org). So now is the time in our podcast for something that we like to call payroll nightmares. And given the absolute size and scope of this survey, I'm sure that you both have heard a few workforce management nightmares along the way. So do you have any that you would like to share with us, Chip?

Chip Newton:

Sure. Mine is workforce management and payroll combined a bit. This was early on in my career, so this was something that I worked on specifically is when we were preparing for that all important go live weekend where the payroll, the schedule starts out a couple of weeks in advance, and then the payroll first punch, if you will, starts on that Saturday night or Sunday night, and then you go the whole week and you finally get to the payroll day, that payroll Monday if you will, and you're ready to flip the switch. Well, the client was ready to do that, and the client's lead payroll supervisor who happened to be a WFM [inaudible 00:27:36] as well, was out, just immediately got sick and had severe flu. She was just devastated, but really nothing we could do about it. And so we had a few late nights, but we were able to get the payroll out the door by the Wednesday evening. But lesson learned for me was plan for

sickness and out of office and the proverbial bus hitting somebody. That's important to make sure that you have the right staff and to support the team.

Nina Talley:

That is such a good, good lesson that we all need to learn and take with us, is that you really do need to prepare for the hypothetical bus that could just be barreling down towards one of your team members at any moment.

Brian Proctor:

Yeah, and I think the nightmare I would add, I mean one of my former clients and good friends joined a new organization as the head of payroll, and this individual inherited one of those tech portfolios that had been under invested in.

And so she's running payroll, doing a great job, managing everything, zero payroll errors, minimal off cycles, minimal W-2 C's, but then got hit with a class action lawsuit that basically was inherently because workforce management was under invested in. So this was an individual who joined an organization to stabilize core operations and then literally had two to three years of their life disrupted by having to deal with wage and hour compliance. And it wasn't that anybody was doing anything wrong, it was just legacy pay practices that were not coordinated, that were not enforced consistently that created risk for the organization. Now, this is a very resilient professional, so she rose to the top, got it under control. But it was one of those situations that just because you have a low number of off cycles, just because you're not producing a lot of W-2 C's and payroll's getting out on time doesn't necessarily mean that your entire process is healthy.

And so I know her lesson learned moving forward was doing basically audit and compliance tests as part of that workforce management COE, to have a group that was dedicated to that on a consistent basis to ensure pay practices were being consistently enforced. And that nightmare turned out to have a happy ending, but I really felt for my friend over those, I think it was about a 30-month timeframe, and that's a lot to deal with in addition to keeping the trains running on time on a bi-weekly basis. So that's probably the nightmare that influences me as I give counsel to clients.

Nina Talley:

I love that. And I like the lesson that you gave us with that as well, which is that there is an occasion to rise to the challenge, and the problem was not her creation, but it was her problem and she rose to the occasion. And I think that there is opportunity there for payroll professionals to show who they are and what they can do in those times of extreme testing like where your skills are just tested, but if you can rise to it, it'll make your career.

Brian Proctor:

Oh, without a doubt. If you rise to that challenge well, not only are you impacting the brand of the payroll department, which many people will say is a thankless job sometimes, though it's a profession we've dedicated our lives towards. Not only do you improve the brand of the payroll department, but you really improve the brand of the company as an employer when you rise to those challenges. And I have seen it, even this individual's case, it's frequently, frequently rewarded with greater scope, bigger scope, global scope, and just a key member of a finance operations team.

Nina Talley:



So not wanting to leave things on a nightmarish note, I have one more question for the both of you, and that is what is the best piece of professional advice you've ever been given? Or what is the piece of advice that you wish somebody had given you?

Chip Newton:

I'll go ahead and go first. So this advice is from someone else early on in my career and it's advice that I give out to folks that I work with that might report to me or are part of client teams. And it's no matter what decision that you make, see that decision through three lenses. The first is your client or your employee or manager or whoever you're trying to serve, their best interest. Is this decision going to be in their best interest? The second one would be your organization, your firm, your enterprise. Is this their best interest and low risk for them or has the right risk profile for them? And then finally, what's the best thing for you? In that order. So that's the best advice I've been given and I consequently share with my clients.

Nina Talley:

That's wonderful. And Brian, do you have any for us?

Brian Proctor:

Yeah, and it's kind of funny how it's come full circle. When I was 22 years old, I remember sitting in this executive's office and he was pontificating, as executives sometimes do, but he threw out a nugget of advice that was incredible. And basically the advice was the more narrowly you define what you need to be happy in your career, so the more specific and the more narrow you get, it was like the less likely it is you're going to be happy in your career. Now, he was giving that advice to a 22-year-old who was trying to figure out which assignment to take and trying to find the perfect assignment, which is very common for people that are early in their career. But what I have found and enjoyed about it as I grew from that 22-year-old professional to somebody in my mid-forties and working with others in their mid-forties is I thought that advice applied as much at the middle stage of the career as it did at the early stage.

And the big reason being technology has disrupted everything. And so you have to be very open to the next 10 to 15 years of what's going to be coming your way and not narrowly define what it is you need to be happy in your career because there's just a wealth and an abundance of opportunities out there and experiences, and if you're open to them, one of them's going to be the right hit, and then you're going to drive meaningful impact off that for a few years. So that was interesting to me that it applied at the early stage and the middle stage of a career.

Nina Talley:

That's always the best advice, is advice that grows with you and grows with your career. I love that. Well, Brian and Chip, I just want to thank you again for sharing your analysis with me and with our listeners. The scope of the survey was incredible, and your insights were so, so valuable, and the context that you provided our listeners I know is going to make this data so much more powerful for them. So thank you both for joining us.

Brian Proctor:

Thank you.

Chip Newton:

This transcript was exported on Dec 05, 2024 - view latest version [here](#).

Thank you, Nina.

Brian Proctor:

Yeah, this was a great time. Thank you very much.

Nina Talley:

I also want to take a moment to thank all of our loyal listeners out there. Without you, PayTalk would not be possible, so please make sure you rate, review, and subscribe on your preferred podcast streaming service. That is the best way to support this podcast and to ensure that we can continue to bring you the human stories that make payroll so personal. Until next time, folks, this has been your host, Nina Talley with PayTalk.

Speaker 1:

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